

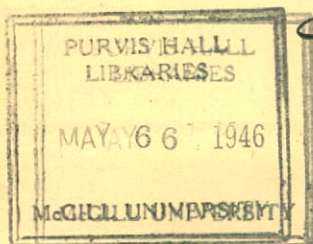
# *York Knitting Mills* *Limited*

*Toronto*

*Canada*

## *Thirty-fifth* *Annual Report*

*Year ending December 31st*  
*1945*



# *York Knitting Mills, Limited*

To the Shareholders:

Your Directors are pleased to submit the Annual Report on the operations of the Company for the year ended December 31st, 1945.

Earnings before depreciation, bond interest, contingencies, income and excess profits taxes were \$445,241, compared with \$551,309 as reported in 1944 and \$395,463 in 1943.

Operating profits for the year are down considerably from the previous year, which was the highest in recent years. The reduction reflects the difficult conditions which prevailed and in general still prevail. After all charges, the balance carried to surplus was \$178,884, against \$191,820 in 1944. After payment of the same dividends, the working capital of the Company now stands at \$2,026,496.

The Department of National Revenue has not concurred in the Company's methods of inventory valuation, although these were established upon the advice of your auditors. Consequently, certain disallowances will be made for which reserves were provided in prior years. The balance sheet gives effect to these adjustments so far as they can be determined. It should be further noted that renegotiation proceedings with the Department of Reconstruction and Supply have been initiated with regard to the Company's production of war supplies. The amount of refund, if any, should not be significant, as has been noted by your auditors.

At the present time supply of wool tops and all yarns is most difficult. The Company has taken all practical steps to maintain adequate stocks of raw material in both cotton and wool, and these should permit uninterrupted operations. Help generally, but in particular in the Spinning Division, has been insufficient to maintain a satisfactory volume of output and for the immediate future little improvement is in prospect. Subsidies receivable on raw materials were reduced early this year and as from the first of this month price increases were authorized on the Company's products containing the materials affected. The Company is applying for authority to increase wages generally as of the same date. Sales, so far this year, show a fractional increase over last year.

After allowing for sale of premises in Toronto which had not been used by the Company for a number of years, fixed assets are carried in the balance sheet at a net figure of \$1,118,741. All these assets are in good condition, although there will be replacements with later types of machinery in a number of instances.

As intimated a year ago, extensive plans have been made for plant improvement and use of the latest types of knitting and spinning machinery. Equipment in limited quantity will begin to arrive very



soon, and during the year it is hoped that the total of such purchases will amount to \$500,000; if present forecasts are realized, in 1947 there should be a greater amount of machinery received, and probably 1948 will be comparable with 1946. These machines would be installed in existing buildings, including a building in Woodstock acquired two years ago, and should add to the efficiency of your plant; in a limited degree they should also increase the variety of products.

The Company's subsidiary, **kroy** Unshrinkable Wools Limited (formerly York Unshrinkable Wools Limited) is now operating commercially, although its volume is curtailed by lack of labour and materials among its customers. It is expected that at a later date operations will be undertaken in the United States.

Recent investigation of the opportunity for production and sale of fine gauge ladies' hosiery in the United Kingdom has proved most encouraging. In view of this, your Company is taking the controlling interest in a company being incorporated to produce these goods and merchandise them in the British Isles. Because of the generally favourable conditions under which this company is expected to operate, it should in due course add materially to the stability and extent of your Company's earnings.

The extension of operations of **kroy** Unshrinkable Wools Limited into the United States and the establishment of a hosiery plant in the United Kingdom should require an investment by your Company of approximately \$600,000 during the next two years if both projects are actively pursued.

To finance these several expenditures, which it will be realized are considerable, your Directors recommend that presently outstanding bonds be retired and that authority be obtained to issue new bonds to a maximum of \$3,000,000. If approval is obtained, \$2,000,000 would be issued, under most favourable terms, which would include sufficient new money for immediate requirements. Such action would permit additional borrowings under these proposed bonds to a maximum of \$1,000,000 if required. We trust you will favour this proposal, so that the program as outlined may be fully implemented.

It is with a sense of the deepest gratitude that we acknowledge our debt to those who fought and died to preserve our freedom. We extend our sincere sympathy particularly to the families of our own people who have suffered loss in the great struggle. We are glad to welcome back our many men and women who have been on military service.

Your Directors wish to record their appreciation of the co-operation received throughout the year from the entire personnel of the Company.

On behalf of the Board,

J. DOUGLAS WOODS,  
President

April 29th, 1946.

# YORK KNITTING

(Incorporated under The

BALANCE

As at 31st D

## ASSETS

### CURRENT ASSETS:

|  |    |           |             |
|--|----|-----------|-------------|
| Cash on hand and in bank.....  | \$ | 4,570     |             |
| Investment in Dominion of Canada bonds at cost (market value \$200,250).....   |    | 200,000   |             |
| Accounts and subsidies receivable, less reserve for doubtful accounts.....   |    | 829,158   |             |
| Inventories of merchandise, materials and supplies as determined and certified by the management and priced at the lower of cost or market value with the exception of raw cotton which is valued at prices which it is estimated can be realized upon conversion into yarn without profit or loss, less inventory reserve of \$125,000..... |    | 1,838,749 |             |
| Life insurance—cash surrender value.....   |    | 54,606    |             |
| Total current assets.....  |    |           | \$2,927,083 |

### PROPERTY ACCOUNTS:

|   |             |           |
|---|-------------|-----------|
| Land, buildings, machinery and equipment at cost..... | \$2,759,494 |           |
| Less reserve for depreciation.....                    | 1,640,753   | 1,118,741 |

### OTHER ASSETS:

|   |    |         |         |
|---|----|---------|---------|
| Investments in and advances to subsidiary and associated companies..... | \$ | 230,248 |         |
| Prepaid expenses.....   |    | 29,455  | 259,703 |

### GOODWILL

1  
\$4,305,528

## AUDITORS' REPORT T

We have made an examination of the above balance sheet of York Knitting Mills, I year ended on that date. In connection therewith we examined or tested the accounting records and income accounts for the year, but we did not make a detailed audit of the transactions.

Renegotiation proceedings with the Department of Reconstruction and Supply have co date what renegotiation refund, if any, might be involved but in our opinion the amount should

We report that in our opinion the above balance sheet and the attached statements of the state of the Company's affairs at 31st December 1945 and of the results of its operations given us and as shown by the books. All our requirements as auditors have been complied

Toronto, Canada,  
23rd April 1946



CLARKSON, GORDON, DILWORTH & NASH,  
Chartered Accountants.  
WILTON C. EDDIS & SONS,  
Chartered Accountants.

# YORK KNITTING MILLS, LIMITED

## STATEMENT OF PROFIT AND LOSS

For the Year Ended 31st December, 1945

|  |           |                     |
|--|-----------|---------------------|
| Net operating profit before provision for depreciation,<br>bond interest and income taxes..... |           | \$ 445,241          |
| Deduct:  |           |                     |
| Provision for depreciation.....  | \$123,227 |                     |
| Bond interest.....   | 44,510    | 167,737             |
|  |           | <hr/>               |
| Add dividends received.....  |           | \$ 277,504<br>5,435 |
|  |           | <hr/>               |
| Net profit before provision for income and excess profits<br>taxes.....                        |           | \$ 282,939          |
| Provision for income and excess profits taxes.....   |           | 104,055             |
|  |           | <hr/>               |
| Net profit for year ended 31st December 1945.....  |           | <u>\$ 178,884</u>   |

## STATEMENT OF SURPLUS

For the Year Ended 31st December, 1945

|  |           |                    |
|--|-----------|--------------------|
| Balance, 31st December 1944.....   |           | \$1,076,961        |
| Add net profit transferred from statement of profit and<br>loss.....                     |           | 178,884            |
|  |           | <hr/>              |
|  |           | \$1,255,845        |
| Deduct:  |           |                    |
| Dividends on first and second preferred<br>shares for year to 30th June 1945—<br>7%..... | \$ 31,500 |                    |
| Dividends on common shares—40 cents<br>per share.....                                    | 91,605    | 123,105            |
|  |           | <hr/>              |
| Balance, 31st December 1945.....   |           | <u>\$1,132,740</u> |

## *Directors*

J. DOUGLAS WOODS

H. H. LAWSON

W. P. WALKER

W. B. WOODS

K. W. HARVEY

R. PRESGRAVE

H. M. REEDY

## *Officers*

J. DOUGLAS WOODS

President

W. P. WALKER

Vice-President and General Manager

H. H. LAWSON

Vice-President

J. S. LEWIS

Secretary

### TRANSFER AGENTS

Royal Trust Company  
66 King Street West  
Toronto

### AUDITORS

Clarkson, Gordon, & Co.  
and  
Wilton C. Eddis & Sons



# YORK KNITTING MILLS LIMITED

## OPERATING DIVISIONS

**TORONTO:** York Spinning, Toronto Hosiery, Harvey-Woods Hosiery

**HAMILTON:** Zimmerknit

**WOODSTOCK:** Hosiers, Harvey-Woods Underwear

## SALES OFFICES

Toronto, Montreal, Quebec, Halifax, Ottawa, Winnipeg,  
Calgary, Vancouver

## WAREHOUSES

Toronto - Winnipeg - Vancouver

## PRODUCTS

Hosiery (Circular and Full-fashioned), Underwear, Sweaters,  
Outerwear, Bathing Suits - for Men, Women and Children.  
Yarns - French Dry Spun Worsted - Cotton - Woollen.

## TRADE MARKS AND BRANDS

HARVEY  
*Woods*



fine  
Hosiery

**Lancaster**

HATCHWAY

YORKNIT

*Sensation*

**TWIN-LINE**

**P.D.Q.**

**QUICKEES**