

York Knitting Mills *Limited*

Toronto

Canada

Thirty-fourth *Annual Report*

Year ending December 31st

1944

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McGILL UNIVERSITY

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

V. W. SCULLY

Sec'y-Treas.

TRANSFER AGENTS

Royal Trust Company
66 King Street West
Toronto

AUDITORS

Clarkson, Gordon, Dilworth & Nash
and
Wilton C. Eddis & Sons

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, 1944.

Earnings before depreciation, bond interest, contingencies, income and excess profits taxes, were \$551,309, compared with \$395,463 in 1943 and \$512,041 in 1942.

Although bond interest has risen sharply in the past year because the new and retiring bond issues were outstanding concurrently, combined bond interest and bank interest are down slightly. The balance carried to Surplus, after all charges, was \$191,820. The same dividends were paid as in 1942 and 1943. Expenses of \$49,651 arising from the issue of new bonds have been charged against Surplus. The working capital of your Company is now \$2,020,580.

Plans have been made for a comprehensive program of development which should result in improved quality and quantity of output and also in substantial economies in production. Orders have already been placed for some of the new equipment required to implement this program.

Fixed assets now stand at a net value of \$1,213,224. However, buildings and machinery are insured for \$5,400,000, being their estimated replacement cost. The Company also carries insurance against loss of income due to fire, etcetera.

A new development of particular interest, which I referred to a year ago, is a process for rendering wools unshrinkable. This process is controlled in all countries except the United Kingdom by your subsidiary, York Unshrinkable Wools Limited. The process has been under investigation by your Company since 1938 and holds interesting possibilities. A plant has been built and equipped in Toronto to utilize the process, the product to be known as **kroy** wools—**kroy** being a registered trade mark in Canada of York Unshrinkable Wools Limited. Demonstrations are being made and experimental work preparatory to volume operations is now well advanced. The potential of other markets for **kroy** wools has been examined. An agreement has been made with important interests to develop the process in Australia, New Zealand and South Africa. Erection of a plant by these interests is a condition of the agreement. The American market is also promising and development there is contemplated in the near future. Although this process has already operated with marked success in the United Kingdom, it is proper to point out that there are other processes with which it will be in competition.

Sales of finished goods for the first six months of this year show a 4% decrease. Operations continue to be limited by shortage of help. This situation should ease in due course and fortunately your Company will not be confronted with serious reconversion problems when military production diminishes. It is anticipated that a large proportion of your 200 employees still in the Armed Services will be rejoining the Company.

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

July 26, 1945

YORK KNITTING

(Incorporated under The

BALANCE

As at 31st D

ASSETS

CURRENT ASSETS:

Cash on hand and in bank.....	\$ 4,670	
Investment in Dominion of Canada bonds at cost.....	710,000	
Accounts and subsidies receivable less reserve for doubtful accounts.....	623,069	
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 special wartime inventory reserve of \$125,000.....	1,833,981	
Life insurance—cash surrender value.....	52,525	
		\$3,224,245

PROPERTY ACCOUNTS:

Land, buildings, machinery and equipment at cost.....	\$2,741,789	
Less reserve for depreciation.....	1,528,565	
		1,213,224

OTHER ASSETS:

Investments in associated companies.....	\$ 137,034	
Prepaid expenses.....	28,323	
		165,357

GOODWILL..... 1

\$4,602,827

AUDITORS' REPORT T

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

We report that in our opinion, the above balance sheet and the attached statements of financial position and income for the year ended 31st December, 1944, and of the results of its operations for the year ended 31st December, 1944, and as shown by the books. All our requirements as auditors have been complied with.

Toronto, Canada,
25th June, 1945.

MILLS, LIMITED

(Incorporated in Ontario Companies Act)

STATEMENT OF FINANCIAL POSITION

As at December 31, 1944

LIABILITIES

CURRENT LIABILITIES:

Bank advances (secured).....	\$ 598,799
Accounts payable and accrued charges.....	284,866
Reserves for taxes and contingencies.....	270,000
First mortgage bonds maturing 15th March, 1945...	50,000
	<hr/> \$1,203,665

FIRST MORTGAGE REDEEMABLE BONDS:

Authorized.....	\$2,000,000
Issued (Series A):	
2½% to 3¾% serial bonds due 1945 to 1958....	\$ 700,000
4% sinking fund bonds due 1964.....	550,000
	<hr/> \$1,250,000
Less bonds due 15th March, 1945 included in current liabilities.....	50,000
	<hr/> 1,200,000

CAPITAL:

Authorized:	
1,500 7% first preferred cumulative shares of \$100 each.	
3,000 7% second preferred cumulative shares of \$100 each.	
300,000 common shares of no par value.	
Issued:	
1,500 7% first preferred shares.....	\$ 150,000
3,000 7% second preferred shares.....	300,000
229,012 common shares.....	672,201
	<hr/> 1,122,201

SURPLUS.....	1,076,961
	<hr/> 2,199,162

Dividends on preferred shares are paid to 30th June, 1944.

\$4,602,827

REPORT OF THE SHAREHOLDERS

The Shareholders have examined the accounts of the company as at 31st December, 1944, and of the statements of profit and loss and surplus for the year ended 31st December, 1944, and have made a general review of the accounting methods and of the operating and income

statements. They are of opinion that the accounts and statements of profit and loss and surplus have been drawn up so as to exhibit a true and correct view of the financial position of the company at the year ended on that date, according to the best of our information and the explanations given us

CLARKSON, GORDON, DILWORTH & NASH,

Chartered Accountants.

WILTON C. EDDIS & SONS,

Chartered Accountants.

YORK KNITTING MILLS, LIMITED

PROFIT AND LOSS ACCOUNT

For the Year Ended 31st December, 1944

Net operating profit before provision for depreciation, bond interest and income taxes.....	\$ 551,309
Deduct:	
Provision for depreciation.....	\$120,587
Bond interest.....	54,104
	<hr/> 174,691
	\$ 376,618
Add dividends received.....	5,065
	<hr/>
Net profit before provision for income and excess profits taxes.....	\$ 381,683
Provision for income and excess profits taxes.....	189,863
	<hr/>
Net profit for year ended 31st December, 1944.....	<u>\$ 191,820</u>

SURPLUS ACCOUNT

31st December, 1944

Balance, 31st December, 1943.....	\$1,057,897
Add net profit transferred from profit and loss account.....	191,820
	<hr/>
	\$1,249,717
Deduct:	
Dividends on first and second preferred shares for year to 30th June, 1944—7%..	\$ 31,500
Dividends on common shares—40 cents per share.....	91,605
	<hr/>
	\$123,105
Discount and issue expenses on bonds issued 15th March, 1944 and premium on bonds redeemed.....	49,651
	<hr/>
	172,756
	<hr/>
Balance, 31st December, 1944.....	<u>\$1,076,961</u>

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

