

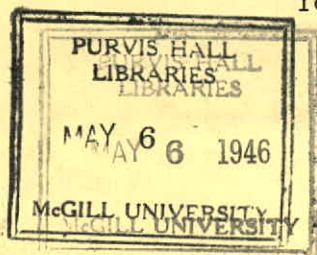
YORK KNITTING MILLS LIMITED

Mills at
TORONTO
HAMILTON WOODSTOCK

29th
ANNUAL REPORT

Year ending December 31st

1939



OFFICERS

SIR JAMES W. WOODS

President

J. D. WOODS

Vice-President and
Managing Director

W. A. CLARKE

Secretary

DIRECTORS

SIR JAMES W. WOODS

J. D. WOODS

W. A. CLARKE

H. H. LAWSON

W. B. WOODS

K. W. HARVEY

H. M. REEDY

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 have pleasure in submitting the Annual Report covering the operations of your Company for the year ended December 31st, 1939.

Gross earnings, before depreciation, bond interest, income taxes and preferred dividends, amounted to \$467,642, compared with \$222,764 in 1938. Net profits, after all provisions, including provision for income taxes and preferred dividends, amounted to \$228,514, compared with \$53,552 in 1938.

As forecast in our last report, capital additions were substantial, amounting to \$216,000 net, bringing the value of the net fixed assets to \$1,600,235. It is anticipated that the new equipment will contribute materially to future earnings of the Company.

After these capital expenditures, the retirement of \$50,000 maturing First Mortgage Bonds, and the payment of preferred dividends amounting to \$31,500, the working capital increased from \$1,200,000 at the end of 1938 to \$1,274,000 at the end of December, 1939.

During the year the Company extended to all employees a group life and sickness and accident insurance plan.

Shortly after the outbreak of war, wages were advanced by 10%. This was effective as from late October.

For the year sales were up 19% over 1938, and to date in 1940 are substantially greater than in the corresponding period of 1939. Orders on hand indicate good prospects for this year.

Your Directors wish to acknowledge the co-operation received from all members of the staff and employees of the Company.

On behalf of the Board,
J. W. WOODS,
President.

15th March, 1940.

YORK KNITTING

(Incorporated under Th

BALAN

As at 31st

ASSETS

CURRENT ASSETS:

Cash on hand.....	\$	1,821.97	
Accounts receivable, less reserve for doubtful accounts.....		668,713.49	
Inventories of merchandise, materials and supplies as determined and certified to by the management and priced at the lower of cost or market value.....		1,594,026.30	
Advance to associated company, less reserve.		45,828.12	
Life insurance—cash surrender value.....		39,564.00	
			\$2,349,953.88

PROPERTY ACCOUNTS:

Land, buildings, machinery, equipment, furniture and fixtures, motor cars and trucks, less reserves for depreciation..	1,600,235.02
---	--------------

OTHER ASSETS:

Mortgage receivable.....	\$	25,000.00	
Investments in associated companies.....		62,500.00	
Prepaid and deferred expense.....		18,840.43	
			106,340.43

GOODWILL.....	1.00
---------------	------

\$4,056,530.33

AUDITORS' RE

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, based upon our examination, the above balance sheet principles of accounting so as to exhibit a true and correct view of the position of the Company of our information and the explanations given us and as shown by the books. All our requirem

Toronto, Canada,
7th March, 1940.

MILLS, LIMITED

(Incorporated in Ontario Companies Act)

STATEMENT OF FINANCIAL POSITION

As at December 31, 1939

LIABILITIES

CURRENT LIABILITIES:

Bank advances.....	\$ 607,476.10
Accounts payable and accrued charges.....	373,172.49
Bond interest accrued.....	16,041.69
Reserve for Dominion and Provincial taxes..	79,518.74
	<u>\$1,076,209.02</u>

FIRST MORTGAGE REDEEMABLE BONDS:

Authorized.....	\$2,000,000
Issued (Series A), less redeemed:	
3½% serial, due 1940 to 1941.....	\$ 100,000.00
4% serial, due 1942 to 1945.....	200,000.00
4½% fifteen-year sinking fund bonds, due 1952.....	600,000.00
	<u>900,000.00</u>

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.....	\$ 150,000.00
3,000 7% second preferred shares...	300,000.00
229,012 common shares.....	672,200.91

\$1,122,200.91

SURPLUS..... 958,120.40

2,080,321.31

Dividends on preferred shares are paid to 30th June, 1939.

Contingent liability, \$22,000.

\$4,056,530.33

REPORT TO THE SHAREHOLDERS

At 31st December, 1939, and of the statement of profit and loss and surplus for the year ending 31st December, 1939, and made a general review of the accounting methods and of the operating and income accounts

and statement of profit and loss and surplus have been drawn up in accordance with accepted accounting practice at 31st December, 1939, and of the results of the operations for the year, according to the best of our knowledge and belief, and in accordance with the best of our judgment as auditors have been complied with.

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, 1939

Net operating profit before provision for depreciation,
bond interest and income taxes.....\$467,641.76

Deduct:

Provision for depreciation.....\$ 94,806.94

Bond interest..... 39,520.85

134,327.79

\$333,313.97

Add dividends received..... 2,700.00

\$336,013.97

Provision for Dominion and Provincial income taxes.. 76,000.00

Net profit for the year ended 31st December, 1939..\$260,013.97

SURPLUS ACCOUNT

31st December, 1939

Balance 1st January, 1939.....\$712,466.94

Add:

Net profit transferred from profit and
loss account.....\$260,013.97

Adjustments affecting operations of
prior years..... 17,139.49

277,153.46

\$989,620.40

Less first and second preferred dividends for year
to 30th June, 1939—7%..... 31,500.00

Balance 31st December, 1939..\$958,120.40

