Twenty-fifth Annual Report

JULIUS KAYSER & CO.

Year ended June 30, 1928
TWENTY-FIFTH ANNUAL REPORT

of

JULIUS KAYSER & CO.
and Wholly Owned Subsidiaries

Showing

Consolidated Balance Sheet
Profit and Loss Account

and

Consolidated Surplus Account

For the fiscal year ended June 30, 1928

GENERAL OFFICES

353 Fourth Avenue
New York City
To the Stockholders:

The annexed Consolidated Balance Sheet and Consolidated Income Account, certified to by Touche, Niven & Co., the Company's accountants, summarize the result of the operations of the Company and of its affiliated companies for the fiscal year ended June 30, 1928, and their condition at the close of that period.

Exclusive of Employees' Preferred Stock, the Company had outstanding at the beginning of the year 198,332 shares of capital stock, all Common, and also $6,800,000 in principal amount of Twenty-Year Convertible 5 3/4% Gold Debentures, due March 1, 1947. During the year and for the purpose of providing the capital needed for the enlargement of the Company's manufacturing facilities made necessary by the increase in the volume of its business, additional stock was marketed—this by the offering to the Common stockholders of subscription rights up to ten per cent. of their respective holdings. Additionally, $150,000 in principal amount of the Company's debentures were purchased for retirement, and $2,501,500 of such debentures were converted into stock.

Because of such conversions of debentures into stock, the Company is free for the coming fifteen years from any sinking fund obligation under the provisions of the Trust Indenture securing the debenture issue.

The Company closed its year with $4,148,500 in principal amount of debentures, 258,475 shares of Common Stock and 6,308 shares of Employees' Preferred Stock outstanding, and with 3,364 shares of such Preferred Stock under subscription. The Employees' Preferred Stock has a par value of $50 per share, and the amount of it outstanding and under subscription represents a total investment of $368,611.88 by employees in the business of the Company.

The additional manufacturing facilities referred to have been contracted for and partly installed. As the installations are from time to time completed, these facilities will be paid for out of the capital provided for that purpose and as yet unexpended.
After the payment of dividends upon the Employees' Preferred Stock, the net earnings for the year were $2,085,386, being at the rate of $8.07 per share on the 258,475 shares of Common Stock outstanding at the close of the fiscal year, as compared with net earnings applicable to Common Stock dividends of $1,335,595 for the preceding year. The net sales for the year were in excess of $30,000,000, the greatest in the history of the Company. During the year, the dividend rate per share per year has been increased from $4.00 to $5.00. Ample provision has been made for Federal and State taxes and for depreciation of capital assets. The Company's earned surplus has been augmented by an amount in excess of $1,100,000.

It will be noted that the Company closed its year with no notes payable outstanding and with current liabilities of a trifle over $600,000, as against current assets of more than $12,000,000; and that, despite the very substantial increase in the volume of business done, inventories were almost $600,000 less at the close than they were at the beginning of the year.

In all respects the affairs of the Company are in a sound and healthy condition, and it enters upon its new year with an outlook entirely satisfactory.

Respectfully submitted,

EDWIN S. BAYER,
President.

By order of the Board.
July 31st, 1928.
JULIUS KAYSE
and Affiliated Co.
Consolidated Balance Sheet

ASSETS

CURRENT ASSETS:
Cash ......................................................... $1,622,399.43
Loans on call ........................................... 1,600,000.00
Customers’ notes receivable ........................... 5,837.48
Customers’ accounts receivable, less reserve for discounts ............ 2,868,516.36
Due from officers and employees ......................... 13,159.75
Deposits with Mutual Insurance Companies .................. 85,246.73
Sundry debtors ............................................ 83,065.87
Marketable securities ..................................... 8,151.92
Inventories of materials, work in process and finished goods, on the basis of cost or market, whichever is lower .................. 6,011,865.33

$12,298,242.87

DEFERRED CHARGES TO OPERATIONS ..................... 37,222.62

CAPITAL ASSETS:
Land, buildings, machinery and equipment, valued as to principal properties on basis of 1922 appraisals, plus cost of subsequent additions .................. $10,011,744.82
Less reserve for depreciation ........................... 4,596,796.20

$ 5,414,948.62

Patents, trade-marks and good-will ......................... 5,644,000.00

11,058,948.62

$23,394,414.11

NEW YORK, JULY 24, 1928:

We have examined the books and accounts of Julius Kayser & Co. and affiliated companies as at June 30, 1928, and the results of operations for the year then ended.
LIABILITIES

CURRENT LIABILITIES:
- Accounts payable, trade creditors $87,814.56
- Sundry creditors and liabilities accrued 179,206.72
- Due to officers and employees 103,730.79
- Federal taxes on income, due and accrued 232,822.50

FUNDED DEBT, etc.:
- Twenty-year convertible 5½% sinking fund gold debentures, due March 1, 1947:
  - Authorized and issued $7,000,000.00
  - Less retired and cancelled, or converted 2,851,500.00
  - Outstanding bonds and mortgages of affiliated companies 63,400.00

RESERVE FOR MARKET FLUCTUATIONS IN RAW SILK 500,000.00

CAPITAL STOCK AND SURPLUS:
- Capital stock:
  - Employees' preferred:
    - Authorized, 10,000 shares of a par value of $50.00 each $500,000.00
    - Issued and outstanding, 6,308 shares $315,400.00
    - Cash received on subscriptions to 3,364 shares 53,211.88

- Common:
  - Authorized, 500,000 shares of no par value.
  - Issued and outstanding, 258,475 shares 8,874,911.45

- Earned surplus, as per statement attached 8,049,404.88
- Capital surplus, arising from appraisal of properties made in 1922 786,011.33

CONTINGENT LIABILITY ON BILLS DISCOUNTED:
- Export business of parent company $849,323.03
- Export business of foreign subsidiary 226,163.98

$1,075,487.01

$23,394,414.11

Touche, Niven & Co.,
Public Accountants.
## JULIUS KAYSER & CO.

and Affiliated Companies

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### CONSOLIDATED INCOME ACCOUNT

Year ended June 30, 1928

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET SALES, twelve months ended June 30, 1928 (inter-company items excluded)</td>
<td>$30,290,884.02</td>
</tr>
<tr>
<td>Less cost of sales, selling and administrative expenses</td>
<td>$27,288,536.49</td>
</tr>
<tr>
<td><strong>INCOME FROM OPERATIONS</strong></td>
<td><strong>$3,002,347.53</strong></td>
</tr>
<tr>
<td>Add interest and discount earned</td>
<td><strong>$270,556.36</strong></td>
</tr>
<tr>
<td>TOTAL INCOME</td>
<td><strong>$3,272,903.89</strong></td>
</tr>
<tr>
<td>Less:</td>
<td></td>
</tr>
<tr>
<td>Interest on first mortgage bonds</td>
<td>$26,314.59</td>
</tr>
<tr>
<td>Interest on debentures</td>
<td>$351,405.24</td>
</tr>
<tr>
<td>Other interest</td>
<td>$59,853.49</td>
</tr>
<tr>
<td>Taxes on income, etc.</td>
<td>$335,109.12</td>
</tr>
<tr>
<td>Depreciation</td>
<td>$390,560.30</td>
</tr>
<tr>
<td></td>
<td><strong>1,163,242.74</strong></td>
</tr>
<tr>
<td><strong>NET INCOME FOR YEAR, added to surplus</strong></td>
<td><strong>$2,109,661.15</strong></td>
</tr>
</tbody>
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### CONSOLIDATED SURPLUS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>BALANCE, June 30, 1927</td>
<td>$6,879,808.48</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
</tr>
<tr>
<td>Net income, year ended June 30, 1928</td>
<td>2,109,661.15</td>
</tr>
<tr>
<td></td>
<td><strong>$8,989,469.63</strong></td>
</tr>
<tr>
<td>Deduct dividends paid:</td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>$915,789.75</td>
</tr>
<tr>
<td>Employees' preferred stock</td>
<td>24,275.00</td>
</tr>
<tr>
<td></td>
<td><strong>940,064.75</strong></td>
</tr>
<tr>
<td>BALANCE, earned surplus, June 30, 1928</td>
<td><strong>$8,049,404.88</strong></td>
</tr>
</tbody>
</table>
DIRECTORS

Jules S. Bache
Edwin S. Bayer
Russell K. Boadwee
Charles J. Hardy
Stephen J. Leonard

Louis Lewinsohn
Clarence W. Sinn
Walter T. Stern
Henry L. Van Praag
Elisha Walker

GENERAL OFFICERS

Edwin S. Bayer, President

H. L. Van Praag, Vice-President

C. W. Sinn, Vice-President and Treasurer

Chas. J. Hardy, Secretary and General Counsel