

C
Stores



BRANTFORD - ONTARIO



**NINETEENTH
ANNUAL REPORT**

for the
Year Ended
MAY THIRTY-FIRST
1947

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AGNEW-SURPASS SHOE STORES, LIMITED

BOARD OF DIRECTORS

LEETA L. BAUSLAUGH	K. R. GILLELAN
J. L. EDMONDSON	R. KARN
H. H. GIBAUT	W. D. MUIR
A. L. SCOTT	

OFFICERS

R. KARN, President and General Manager
A. L. SCOTT, Vice-President
K. R. GILLELAN, Secretary-Treasurer
W. D. MUIR, Assistant Secretary-Treasurer

REGISTRAR and TRANSFER AGENTS

NATIONAL TRUST COMPANY LIMITED

AUDITORS

THORNE, MULHOLLAND, HOWSON & McPHERSON

DIRECTORS' REPORT

TO THE SHAREHOLDERS:

Your Directors submit herewith their Nineteenth Annual Report on the operations of the Company and its Subsidiary for the fiscal year ended May 31, 1947, together with Consolidated Statement of Earned Surplus and Profit and Loss and Consolidated Balance Sheet as at May 31, 1947.

Sales, after eliminating sales from factory to stores, amounted to \$6,986,816.32 representing an increase over the previous year of \$361,702.60. Net operating profits for the year were \$855,131.45. After deducting \$408,951.92 for Income and Excess Profits Taxes, \$32,594.21 for depreciation and \$345.00 for directors' fees, the net earnings for the year were \$413,240.32, equivalent to \$4.10 per share on 100,736 shares of Common Stock issued.

Dividends were declared during the fiscal year on the common shares amounting to \$191,398.40 being at the rate of \$1.90 per common share. Surplus Account has been charged with \$25,474.04 being net adjustments relating to prior periods. A net amount of \$14,450.00 has been charged to Surplus Account representing 10% premium on 3,088 preferred shares redeemed July 1, 1946, less premium on 1,643 preferred shares held by the Subsidiary Company. As required under Section 61 of the Companies Act, 1934, an amount of \$308,800.00 has been transferred from Earned Surplus to Capital Surplus. On granting of Supplementary Letters Patent, applied for in accordance with By-law 31, passed by the Directors, this Capital Surplus will be transferred back to Earned Surplus.

Working Capital at the end of the fiscal year amounted to \$1,609,676.48. In addition thereto, the Refundable Portion of the Excess Profits Tax now amounts to \$289,191.96.

Capital expenditures totalling \$97,585.66 were made, during the fiscal year, on stores, warehouse, buildings and improvements. Continuing our policy of pre-war years, we have resumed our plan of modernizing store fronts and store fittings to provide better shopping service for our customers.

Notices calling a Special General Meeting of the Shareholders to be held on September 4, 1947, to approve By-laws 31 and 32, as passed by the directors, have been mailed to the shareholders. By-law 31 provides for the cancellation of the authorized preferred shares, the split four for one of the common shares and increasing the authorized capital to 600,000 common shares. By-law 32 relates only to the authorization of signatures on share certificates.

AGNEW-SURPASS SHOE STORES, LIMITED

During the year new stores were opened in Chicoutimi and Val d'Or, Quebec and Toronto, Ontario, making a total of 84 stores in operation as of May 31 last. Leases have been signed for five new locations and these will be put into operation as soon as possession of the premises is obtained.

The John Ritchie Company, Limited (wholly owned subsidiary) manufacturer of men's welt footwear, continues to operate at capacity and production during the past fiscal year was the highest in its history.

Since the close of the fiscal year, Mr. J. L. Edmondson, of Brantford, Ontario, who has been associated with the Company for many years, has been appointed a director to fill the vacancy on the Board.

Your company gives employment to 1,013 employees, a substantial number of whom are shareholders of the company. There were 881 shareholders at the end of the year.

At this time, your directors wish to express their sincere appreciation for the continued loyal support and co-operation of Department Officials, Store Managers and employees throughout the year.

The accounts and records of the company have been audited by Messrs. Thorne, Mulholland, Howson & McPherson, Chartered Accountants, Toronto, Ontario and their report is presented herewith.

On behalf of the Board of Directors,

ROY KARN,
President.

Brantford, Ontario.

July 8, 1947.

AGNEW-SURPASS SH

AND ITS WHOLLY
THE JOHN RITCHIE

Consolidated

ASSETS

	May 31, 1947	May 31, 1946
Current Assets:		
Cash on hand and in banks	\$ 2,402.20	\$ 205,220.35
Dominion of Canada Bonds		126,375.00
Equity in Bonds and Shares held for Employees	23,987.10	37,000.00
Accounts and Bills Receivable, less Reserve for Bad Debts	281,820.97	236,848.89
Merchandise Inventories, determined by physical stock-taking for subsidiary company and book inventories, periodically verified, for stores and warehouses, and valued at the lower of cost or market, as certified by the management	2,390,779.46	1,897,176.10
Prepaid Expenses and Accrued Revenue	18,172.97	10,689.65
	<u>\$2,717,162.70</u>	<u>\$2,513,309.99</u>
Life Insurance and Fire Insurance Deposits	\$ 17,607.21	\$ 16,714.18
Refundable Portion of Excess Profits Tax	\$ 289,191.96	\$ 316,160.84
Fixed Assets at depreciated appraisal values per appraisals of Canadian Appraisal Company, Limited, dated May 17 and 18, 1928, plus subsequent additions at cost (except for Lasts, Dies and Patterns which are shown at nominal value):		
Land	\$ 68,115.00	\$ 67,615.00
Buildings	233,709.71	215,458.47
Plant, Machinery, etc.	109,650.14	109,650.14
Furniture and Fixtures	281,328.65	230,615.38
Improvements to Leasehold Properties	47,369.06	47,023.88
Lasts, Dies and Patterns	33,000.00	33,000.00
	<u>\$ 773,172.56</u>	<u>\$ 703,362.87</u>
Less Reserve for Depreciation	458,281.84	453,443.60
	<u>\$ 314,890.72</u>	<u>\$ 249,919.27</u>
Patents under Lease and Producing Revenue	\$ 15,000.00	\$ 15,000.00
	<u><u>\$3,353,852.59</u></u>	<u><u>\$3,111,104.28</u></u>

Approved: ROY KARN H. H. GIBAUT,
Directors of Agnew-Surpass Shoe Stores, Limited.

DE STORES, LIMITED

OWNED SUBSIDIARY

COMPANY, LIMITED

Balance Sheet

LIABILITIES

	May 31, 1947	May 31, 1946
Current Liabilities:		
Accounts Payable	\$ 721,515.52	\$ 529,787.60
Accrued Wages and Expenses	99,449.24	92,866.53
Provision for Income, Excess Profits and Other Taxes, less payments on account	236,153.46	267,356.66
Dividend Payable	50,368.00	12,145.00
	<u>\$1,107,486.22</u>	<u>\$ 902,155.79</u>
Fire Insurance Reserve	\$ 25,817.78	\$ 25,817.78
Capital and Surplus:		
Capital Stock:		
7% Cumulative Convertible Redeemable Preferred:		
Authorized, 15,000 shares of \$100.00 each:		
Issued, None (May 31, 1947)		858,300.00
Less Shares held by subsidiary company		164,300.00
		<u>\$ 694,000.00</u>
Common:		
Authorized, 135,000 shares of no par value:		
Issued, 100,736 shares (May 31, 1947)	957,656.14	408,156.14
Capital Surplus	308,800.00	
Earned Surplus	954,092.45	1,080,974.57
	<u>\$2,220,548.59</u>	<u>\$2,183,130.71</u>

Note:

The provision made by the Subsidiary Company for Excess Profits Tax has been calculated after the application of an inventory reserve as permitted by the Act, which reserve is not recorded in the books nor included in the above statement.

<u>\$3,353,852.59</u>	<u>\$3,111,104.28</u>
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AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accounts of Agnew-Surpass Shoe Stores, Limited, and its subsidiary company for the year ended May 31, 1947, our examination of the individual store records consisting of a test of the periodic cash reports.

We have obtained all the information and explanations we have required and report that, in our opinion, the above Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the affairs of said companies, according to the best of our information and the explanations given us, and as shown by their books.

THORNE, MULHOLLAND, HOWSON & McPHERSON,
Toronto, Canada, July 8, 1947. Chartered Accountants.

AGNEW-SURPASS SHOE STORES, LIMITED
AND ITS WHOLLY OWNED SUBSIDIARY
THE JOHN RITCHIE COMPANY, LIMITED

Consolidated Profit & Loss and Earned Surplus Account

	Year Ended	
	May 31, 1947	May 31, 1946
Net Operating Profit for year after deducting remuneration of executives and legal fees of \$116,543.09 for the 1947 period	\$ 855,131.45	\$ 823,151.66
Deduct:		
Provision for Income and Excess Profits Taxes	\$ 408,951.92	\$ 526,914.91
Less Refundable Portion of Excess Profits Tax		59,043.47
	\$ 408,951.92	\$ 467,871.44
Provision for Depreciation	32,594.21	26,301.05
Directors' Fees (other than Executives)	345.00	615.00
	\$ 441,891.13	\$ 494,787.49
Net Earnings for year	\$ 413,240.32	\$ 328,364.17
Earned Surplus at beginning of year	1,080,974.57	915,347.00
	\$1,494,214.89	\$1,243,711.17
Deduct:		
Dividends on Preferred Stock (excluding Subsidiary Company's Portion)		\$ 56,019.25
Dividends on Common Stock	\$ 191,398.40	106,717.35
Premium on redemption of Preferred Stock	14,450.00	
Net Adjustments relating to prior periods	25,474.04	
Amount Transferred to Capital Surplus as required under Section 61 of The Companies' Act, 1934, created as a result of the redemption of Preferred Shares	308,800.00	
	\$ 540,122.44	\$ 162,736.60
Earned Surplus, as per Balance Sheet	\$ 954,092.45	\$1,080,974.57

AGNEW-SURPASS SHOE STORES, LIMITED

ONTARIO

Barrie	Midland	St. Thomas
Belleville	Napanee	Timmins
Brantford	Niagara Falls	Toronto
166 Colborne St.	515 Queen St.	563 Bayview Ave.
16 Market St.	1904 Main St. So.	952 Bloor St. W.
Brockville	North Bay	2310 Bloor St. W.
Chatham	Orillia	505 Danforth Ave.
Cobourg	Oshawa	686 Danforth Ave.
Dunnville	Ottawa	2040 Danforth Ave.
Galt	Peterborough	2948 Dundas St. W.
Goderich	330 George St.	1895 Eglinton Ave.
Guelph	385 George St.	992 St. Clair Ave. W.
Hamilton	Port Colborne	1232 St. Clair Ave. W.
71 King St. E.	Port Hope	252 Yonge St.
15 Market Sq.	Sarnia	729 Yonge St.
272 Ottawa St. N.	Sault Ste. Marie	1425 Yonge St.
Ingersoll	Simcoe	2512 Yonge St.
Kingston	Smith's Falls	3430 Yonge St.
Kitchener	Stratford	Wallaceburg
Leamington	Sudbury	Welland
Lindsay	52 Borgia St.	Whitby
Listowel	Elm St.	Windsor
London	St. Catharines	359 Ouellette Ave.
		1528 Wyandotte St. E.
		Woodstock

QUEBEC

Chicoutimi	Quebec
Montreal	10 St. John St.
897 St. Catherine St. W.	Val d'Or

NEW BRUNSWICK

Campbellton
Fredericton
Moncton
701 Main St.
922 Main St.
Saint John
677 Main St.
187-189 Union St.
St. Stephen

NOVA SCOTIA

Amherst
Glace Bay
Halifax
New Glasgow
Springhill
Sydney
Truro
Windsor

PRINCE EDWARD ISLAND

Charlottetown

CANADA' GREATEST CHAIN SHOE STORES

