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1951

1845



* A progressive
family-owned Store
serving Canadians for
over five generations.

1951

HENRY MORGAN & CO. LIMITED

MONTREAL
TORONTO
OTTAWA

Annual Report

1951

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*Privileged to play a part in Canada's welcome to
Princess Elizabeth, now Queen Elizabeth II,
and her husband, Prince Philip,
the Duke of Edinburgh, Morgan's proudly
holds these records in its century-old archives.*

THE ROYAL TOUR . . .

HIGHLIGHT OF 1951

*A pageant of Quebec Fashions, staged by
Morgan's at the fiftieth anniversary
performance of l'Orchestre
Symphonique de Québec.*



*The costume for the
carefree barn dance at
Government House in
Ottawa supplied by
Morgan's.*



*The Hall of Honour, Montreal's
City Hall, decorated by Morgan's.*



*Prince Edward Island's gift to royalty—
a superb fox cape. Fashioned from
native pelts by Morgan's fur experts.*



HENRY MORGAN & CO. LIMITED

PHILLIPS SQUARE, MONTREAL

BOARD OF DIRECTORS

HENRY W. MORGAN, *President*

F. CLEVELAND MORGAN, *Vice-President*

J. BARTLETT MORGAN, *General Manager*

A. ERNEST WALFORD, C.A., F.C.I.S., *Secretary-Treasurer*

THEODORE G. MORGAN

HUGH M. WILSON

D. STEWART PATTERSON, 360 St. James St. West, Montreal

AUBREY H. ELDER, Q.C., 507 Place d'Armes, Montreal

Transfer Agents — ROYAL TRUST COMPANY

Bankers — BANK OF MONTREAL

Registrars — MORGAN TRUST COMPANY

Auditors — McDONALD CURRIE & Co.

FOREIGN OFFICES

U.S.A. — 11 West 42nd Street, New York 18, N.Y.

U.S.A. — 756 South Broadway, Los Angeles, California

ENGLAND — 76 Grosvenor Street, Mayfair, London

FRANCE — 8 rue Ambroise-Thomas, Paris

FRANCE — 93 avenue des Champs-Élysées, Paris

SWITZERLAND — Binzstrasse 23, Zurich

ITALY — 1 Piazza S. Trinita, Florence

ITALY — 8 Via Ugo Foscolo, Milan



HENRY MORGAN & CO. LIMITED

To the Stockholders:

The fiscal year just closed has been a difficult but challenging one. In common with other retailers we report lower earnings, which are a matter of concern and regret to your officers, but in the process of meeting the many problems of the year, our organization has improved and our financial position has never been stronger.

Rapid price changes of many raw materials added to the normal difficulties of advance buying. The swing in public opinion from fears of war shortages to expectations of falling prices affected buying levels and made sales volume forecasts more liable to error than usual. Credit restrictions, high taxes, high costs of food and housing, all have increased pressure on the average family's budget. The Company's budget has experienced a strain as well, particularly from rising payroll costs. Nevertheless, the year ended with an increase in sales and a strong working capital position, although the margin of net earnings is smaller than last year.

Total sales excluding Ottawa, were \$28,617,770, an increase of 5.1% over last year. Net earnings at \$411,122 were \$204,800 or 33.2% below last year. Proceeds of the 5% preferred stock issue sold to the public last May have been used for general financial purposes and working capital at the year-end was \$6,020,757 as against \$5,035,332 at the first of the year.

An interesting development during the year was the extension of our business into the City of Ottawa. The R. J. Devlin Company Limited, generally recognized as Ottawa's leading women's and men's wear specialty store, was acquired at the end of April. The store was operated for the balance of the year under the Devlin name while merchandising policies and procedures were brought into line with those of this Company. From the beginning of the current fiscal year this business has been operating in every respect as an Ottawa branch of Henry Morgan & Company Limited.

Another important highlight during the past year was the planning of a food market in the downstairs store. The need for a modern super-market enabling customers to do all their shopping under one roof had long been felt, and received much serious study. In June of last year arrangements were made to lease the greater part of the downstairs store to Steinberg's Limited, leading specialists in this field, for the operation of a new, super-modern food market. Although the only financial connection between the businesses is as tenant and landlord, your Management

believes we are offering our customers the best, most efficient and most conveniently located food service — one consistent with the Company's 107-year-old policy of fine quality at a fair price.

The Company's Directors join with me at this time in recording our warm appreciation of the fine work done by our staff during the past year. Many of them with their families have been associated with Morgan's for three or four generations, furthering the "family" tradition of the Company.

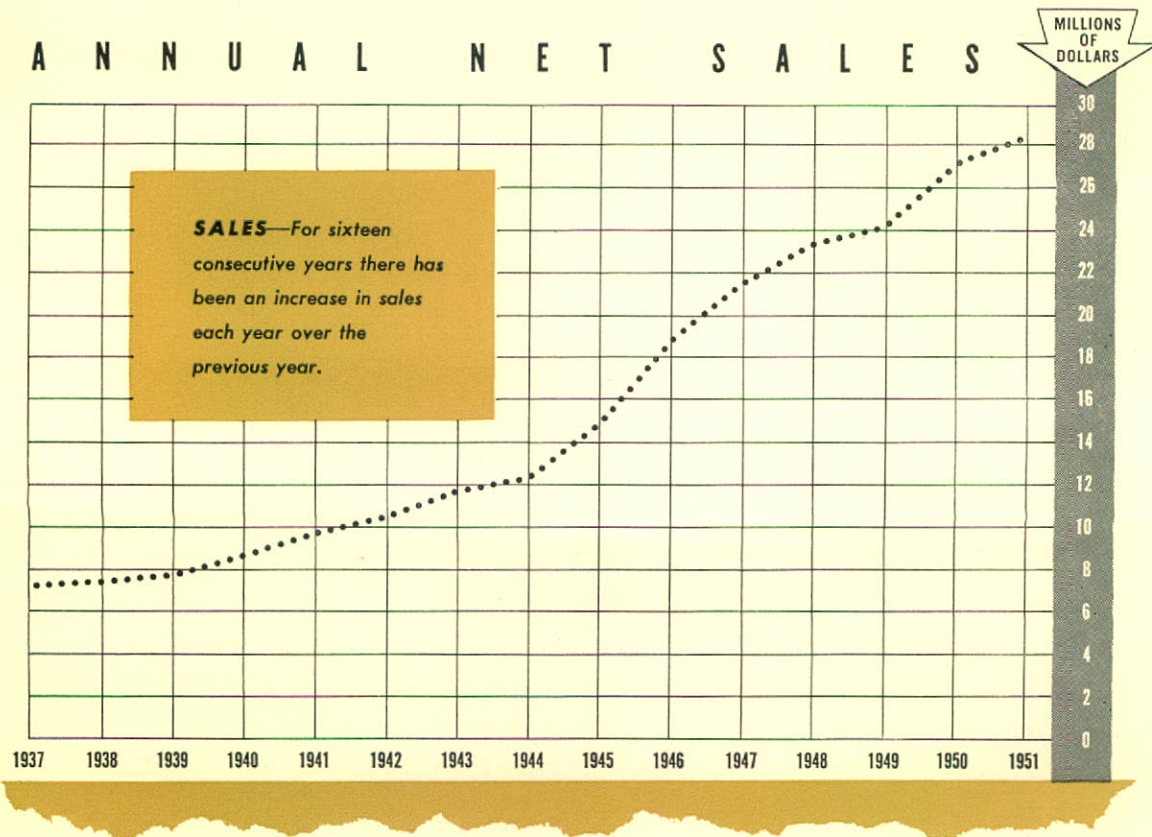
Morgan's now has stores in Montreal, Toronto and Ottawa. Each of these cities is contributing to and sharing in the remarkable development of Canada whose prospects for the future are, as Mr. Churchill proclaimed recently in Ottawa, without equal among all the nations of the world. Under these circumstances we cannot be other than confident despite difficulties and uncertainties ahead. We believe that, with the same policies which have brought the Company from its small beginnings in 1845 to its present position, we shall continue to build soundly for the future.

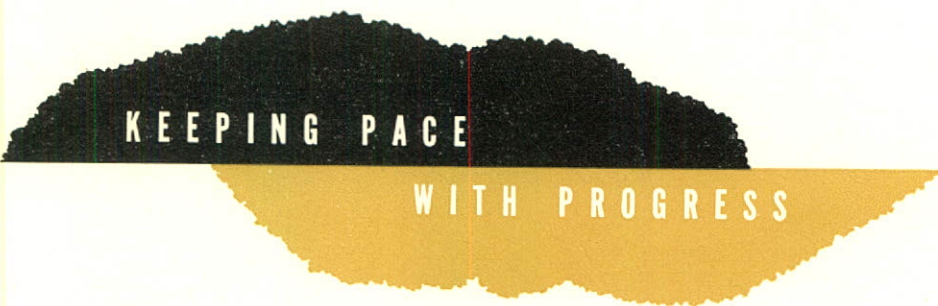
For the Board of Directors,

HENRY W. MORGAN,

Montreal, 14th March, 1952.

President.





KEEPING PACE

WITH PROGRESS

Changing times bring changing needs,

and every retailer in a growing community

must be continually

on the lookout for effective ways

to improve customer services

SHOPPING CONVENIENCE • Latest in a long list of customer services provided by Morgan's is the super-modern food market in the downstairs store which has been leased to Steinberg's Limited, outstanding specialists in this field. Improvements have also been made in many of the following services: restaurants, telephones, lounges, washrooms, check-rooms, a post office, travel bureau, lost-and-found office, credit facilities, shopping service, gift wrapping, local delivery, as well as packing and shipping to all outside points.

INCREASED SHOPPING TIME • With many more women employed in business and industry than ever before and the shortage of household help for young mothers, it is a great problem for many to find time to shop. To serve these shoppers Morgan's is open six days a week and Friday nights. The staff, however, only works a five-day week through a rotation system of days off. Staggered working hours enable the store to remain open Friday nights with the staff working the usual eight-hour day.

Additional part-time and temporary staff are employed to maintain full customer service over the busy lunch-hour period and for Friday night and Saturday.

TRAFFIC PROBLEM • During the past year a new parking lot opened by the Company has doubled parking accommodation available to Morgan customers.

A truck shuttle service conveys all customer purchases from the main store to the Company's warehouse on Cote de Liesse Road from which all deliveries are made. This service relieves the pressure on congested downtown areas and speeds up delivery time to customers.

SUBURBAN GROWTH • To accommodate customers in suburban and out-of-town areas Morgan's has developed a variety of services including: a zone telephone shopping service which takes incoming calls without charge from many areas not on Montreal

exchanges; deliveries to almost all points within a radius of about 40 miles from the city's centre.

The Snowdon suburban store which carries children's and women's wear is meeting the needs of many young mothers in the district who find it difficult to make frequent trips to the main store with their children.

STREAMLINED OPERATIONS • To assist the staff and increase their effective sales output, Morgan's management has a continuing policy of improving methods and mechanizing operations wherever possible. Only by increasing the output of each employee can business be increased and working conditions improved.

Charga-Plate, cycle billing, micro-film recording of accounts, and a complete floor audit system are some of the important postwar developments designed to improve efficiency. An internal dial telephone system has speeded up communications. Calculators, comptometers and billing machines are being supplemented by specialized payroll, accounting, billing and ticketing machines to perform a wide range of routine work necessary to the business.

Canada's first department store continues to thrive on its 107-year-old policy of providing fine quality merchandise at a fair price. Adhering firmly to this policy, the management has, at the same time, endeavoured to adapt the store's operations to the changing needs of customers, staff and the community.

O P E R A T I N G R E S U L T S					
FISCAL YEAR	SALES	EARNINGS BEFORE TAXES ON INCOME	INCOME AND EXCESS PROFITS TAXES	NET EARNINGS INCLUDING REFUNDABLE PORTION OF EXCESS PROFITS TAX	% TO SALES
1937/38	\$ 7,222,664	\$ 232,424	\$42,550	\$189,874	2.6
1938/39	7,464,306	192,991	34,000	158,991	2.1
1939/40	7,724,911	296,309	65,000	231,309	3.0
1940/41	8,658,981	330,870	145,000	185,870	2.1
1941/42	9,517,341	383,305	170,000	213,305	2.2
1942/43	10,479,379	493,418	237,000	256,418	2.4
1943/44	11,687,113	637,096	335,000	302,096	2.6
1944/45	12,354,211	805,704	390,000	415,704	3.4
1945/46	14,886,826	928,137	529,000	399,137	2.7
1946/47	18,981,907	858,501	477,000	381,501	2.0
1947/48	21,626,294	853,725	415,000	438,725	2.0
1948/49	23,434,281	997,694	550,000	447,694	1.9
1949/50	24,077,457	1,067,235	500,000	567,235	2.4
1950/51	27,216,778	1,165,922	550,000	615,922	2.3
1951/52	28,617,770	896,122	485,000	411,122	1.4



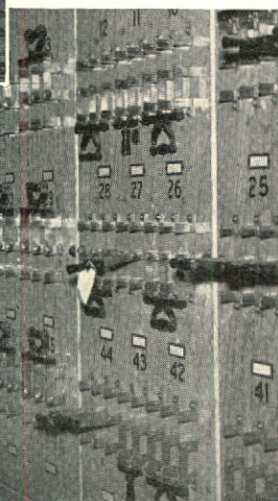
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BEHIND THE

Interior display studio. 1

Counting the cash. 2

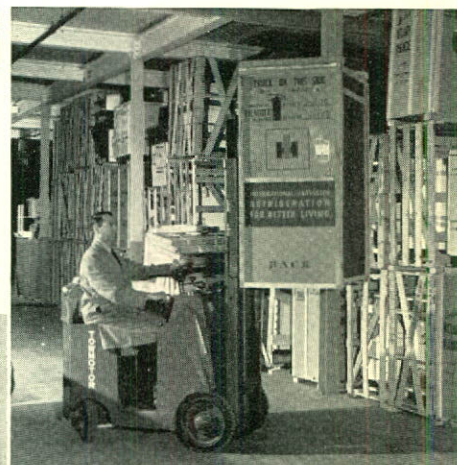
Drapery workroom. 3

Electrical Control Panel. 4

One of Morgan's fur experts. 5

Warehouse stockroom. 6

6



SCENES



12



11



10

- 7 Boiler Room.
- 8 Telephone order service.
- 9 Keeping the accounts.
- 10 Marking prices.
- 11 Staff training.
- 12 Swiss pastry kitchen.

9



8



7



HENRY MORGAN AND

BALANCE SHEET AS AT

ASSETS

	1952	1951
CURRENT ASSETS:		
Cash	935,406	122,275
Accounts and bills receivable, less reserve	3,843,931	3,646,703
Inventories — valued at the lower of estimated cost or market (less reserve of \$550,000)	3,117,700	3,248,900
Investment in government bonds — at par (quoted market value \$342,650)	350,000 8,247,037	1,000,000 8,017,878
SUNDRY ASSETS:		
Life insurance — cash surrender value	144,395	124,210
Insurance deposits, less reserve	15,639	16,504
Prepaid supplies and expenses	174,658	207,040
Refundable portion of excess profits tax	88,389 423,081	123,895 471,649
FIXED ASSETS:		
Store, office and garage equipment and fixtures — at cost, less amounts written off for depreciation	295,815	344,308
Improvements to leasehold properties — at cost, less amounts written off	215,985 511,800	233,574 577,882
	<u>\$9,181,918</u>	<u>\$9,067,409</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Henry Morgan and Company Limited as at 30th January 1952 and the statements of profit and loss and surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of profit and loss and surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at 30th January 1952 and the results of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the company.

McDONALD, CURRIE & CO.,
Chartered Accountants.

COMPANY LIMITED

30TH JANUARY 1952

LIABILITIES

CURRENT LIABILITIES:

	1952	1951
Accounts payable	846,228	1,608,874
Customers' deposits and accrued liabilities	726,710	853,716
Provision for income and other taxes	528,342	394,956
Provision for contingencies	125,000	125,000
	2,226,280	2,982,546

CAPITAL STOCK AND SURPLUS:

Capital stock —

Authorized — in accordance with supplementary letters patent dated 14th May 1951 —

15,000 4 $\frac{3}{4}$ % cumulative redeemable preferred shares of the par value of \$100 each	1,500,000	2,500,000
10,000 5% cumulative redeemable preferred shares of the par value of \$100 each	1,000,000	—
430,000 common shares without nominal or par value	—	—

Issued and fully paid —

15,000 4 $\frac{3}{4}$ % preferred shares	1,500,000	1,500,000
900 4 $\frac{3}{4}$ % preferred shares redeemed (including 450 redeemed during the year)	90,000	45,000
14,100 4 $\frac{3}{4}$ % preferred shares outstanding	1,410,000	1,455,000
10,000 5% preferred shares (issued during the year for cash)	1,000,000	—
312,057 common shares	1,733,100	1,733,100

Capital surplus — set aside in respect of the redemption of preferred shares

	90,000	45,000
Earned surplus	2,722,538	2,851,763
	6,955,638	6,084,863
	<u>\$9,181,918</u>	<u>\$9,067,409</u>

NOTE 1: There is a contingent liability under a guarantee of the bonds of Henry Morgan Properties, Limited.

NOTE 2: An amount of approximately \$200,000 is required to provide for the balance of the estimated past service cost of the staff retirement plan.

APPROVED ON BEHALF OF THE BOARD:

HENRY W. MORGAN }
A. E. WALFORD } *Directors.*

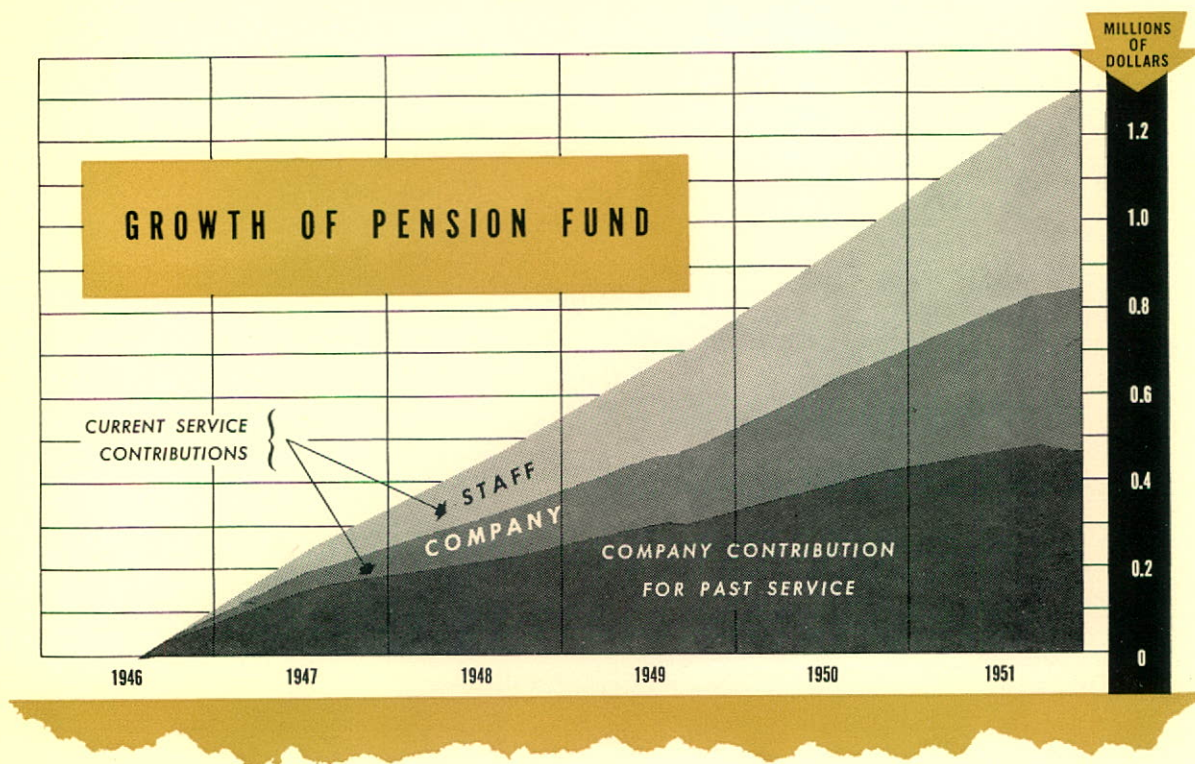
HENRY MORGAN AND COMPANY LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30th JANUARY 1952

	1952 52 weeks	1951 53 weeks
SALES	28,617,770	27,216,778
COST OF GOODS SOLD, SALARIES, WAGES AND EXPENSES, exclusive of items shown hereunder (including in 1951 a provision of \$150,000 for possible decline in inven- tory values)	27,457,801	25,778,207
Executive salaries	172,250	199,317
Provision for depreciation of fixed assets	82,378	93,421
Improvements to leasehold properties written off	14,038	15,822
Pension fund—past service	50,000	100,000
Legal fees	5,326	3,686
Directors' fees	8,000	8,000
	27,789,793	26,198,453
	827,977	1,018,325
SUNDRY INCOME:		
Income from investments	18,487	53,250
Interest and miscellaneous income	49,658	94,347
	68,145	147,597
	896,122	1,165,922
PROVISION FOR INCOME TAXES	485,000	550,000
NET PROFIT FOR THE YEAR	\$ 411,122	\$ 615,922

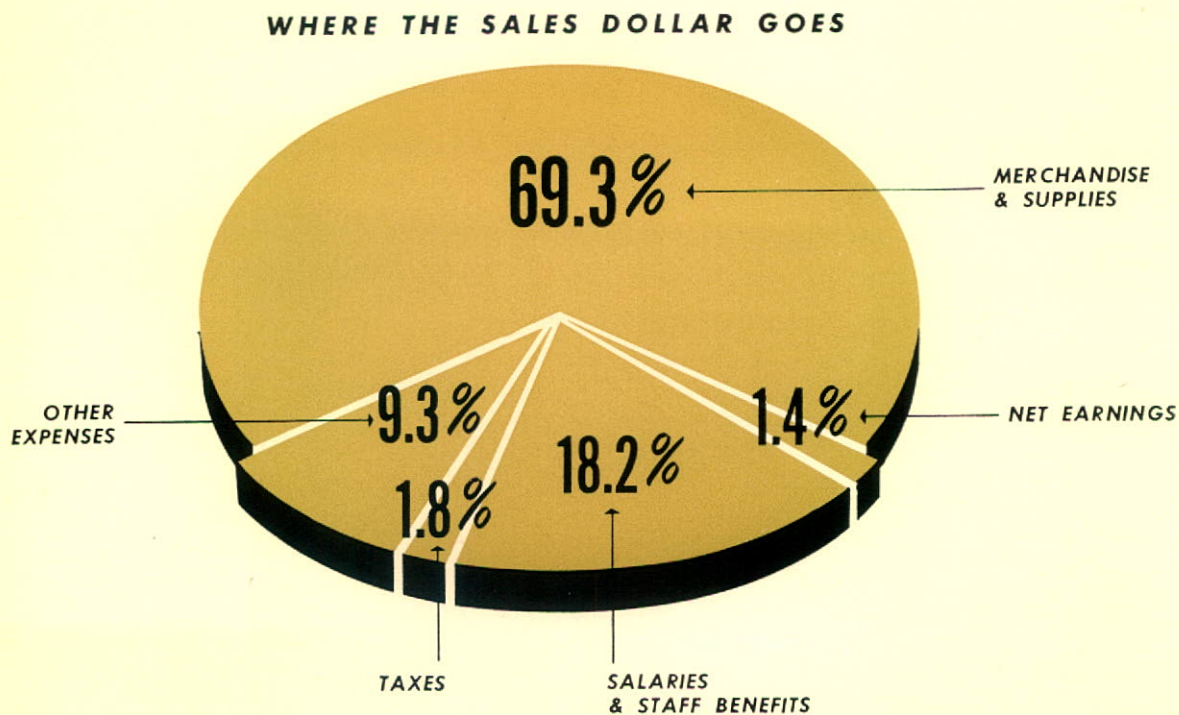
STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED 30th JANUARY 1952

BALANCE - 31st JANUARY 1951	2,851,763
Net profit for the year	411,122
	3,262,885
Dividends paid— 4¾% preferred shares	69,113
5% preferred shares	25,000
Common shares	187,234
	281,347
Commission paid in connection with 5% preferred shares issued during the year	60,000
Amount set aside as capital surplus in respect of the redemption of 4¾% preferred shares	45,000
Additional income and excess profits taxes assessed in respect of store alterations in prior years	154,000
	540,347
BALANCE - 30th JANUARY 1952	\$2,722,538



PENSION FUND This chart shows the balances held for the fund at the end of December 1951. In five and a half years, after providing for pensions of those retired under the plan during that time, the fund has grown to over \$1,300,000—more than the total amount of dividends paid to all stockholders in the same period.

A current actuarial valuation indicates a remaining “past service” liability of approximately \$200,000 which it is planned to pay during the next four years.





Ottawa



MORGAN'S IN OTTAWA

Unlike the opening of a new store in Toronto and Montreal's Snowdon, Morgan's first appearance in Ottawa in April 1951 was through the acquisition of the well-known and long-established store of the R. J. Devlin Company Limited.

Like Morgan's, the Ottawa store had been a family-owned firm, having been founded in 1869 as a fur business by the late R. J. Devlin. Under the guidance of his sons, the store maintained its prominence in the fur business, expanded into the wearing apparel field, and earned a leading position in the city.

While Morgan's operated the Devlin store under its original name during 1951, from the beginning of February 1952 the store has become an Ottawa branch of Henry Morgan & Co. Limited.

On transfer of ownership, the store's staff was taken into the Morgan Staff Security Plan providing for pensions. Provision was made for past service on exactly the same basis as for Morgan employees when the Plan was first established in 1946.

With a Morgan branch store established in the City of Ottawa, the Company looks forward to a growing future in Canada's capital.

Men's Wear Department



Fur Department



Ladies' Dress Department



WITH CANADA



Toronto



Montreal Main Store

Montreal Snowdon Store

