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A PROGRESSIVE
FAMILY-OWNED STORE

SERVING CANADIANS FOR

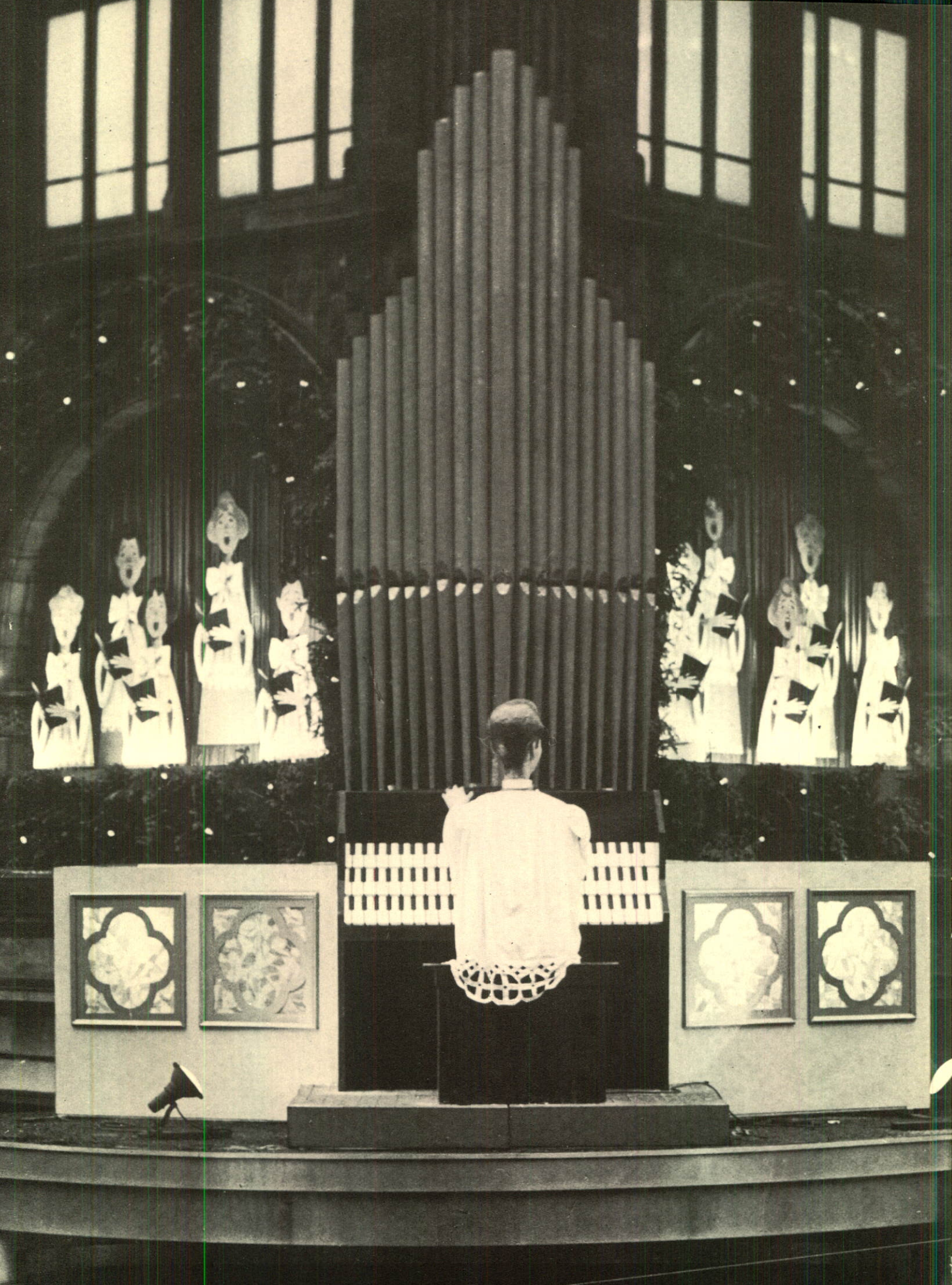
OVER FIVE GENERATIONS

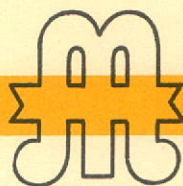
Henry Morgan & Co. Limited

MONTREAL
TORONTO
OTTAWA

ANNUAL
REPORT
1952







HENRY MORGAN & CO. LIMITED

DEPARTMENT STORE
AND HEAD OFFICE:

Phillips Square, Montreal

BRANCH STORES:

5343 Queen Mary Road, Snowdon, Montreal

56 Bloor Street West, Toronto, Ontario

72-76 Sparks Street East, Ottawa, Ontario

HENRY W. MORGAN (*Chairman*)

F. CLEVELAND MORGAN

J. BARTLETT MORGAN

THEODORE G. MORGAN

C. ALEX DUFF

AUBREY H. ELDER, Q.C.

D. STEWART PATTERSON

A. ERNEST WALFORD, C.A., F.C.I.S.

HUGH M. WILSON

BOARD OF DIRECTORS

President: HENRY W. MORGAN

Vice-President and General Manager: J. BARTLETT MORGAN

Assistant General Manager: C. ALEX DUFF

Secretary: A. S. MCMURTRY, B.C.L., F.C.I.S.

Treasurer: A. ERNEST WALFORD, C.A., F.C.I.S.

Assistant Treasurer and Controller: C. F. TOPP, C.A.

General Merchandise Manager: HUGH M. WILSON

OFFICERS

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

SWITZERLAND: BINZSTRASSE 23, ZURICH

ITALY: 1 PIAZZA S. TRINITA, FLORENCE

ITALY: 8 VIA UGO FOSCOLO, MILAN

GERMANY: 18 SIMMLERSTRASSE, PSORZHEIM

FOREIGN OFFICES

TRANSFER AGENTS: ROYAL TRUST COMPANY

BANKERS: BANK OF MONTREAL

REGISTRARS: MORGAN TRUST COMPANY

AUDITORS: McDONALD, CURRIE & COMPANY

*The 1952 Christmas decoration
outside the front of the main store, shown here, drew much favourable
comment from Montrealers.*

The year just closed has been one of constructive development for the Company, marked by new records both in volume of business and in earnings.

SALES • Sales for the year were \$31,284,437 — the largest volume in the Company's history — a gain of \$2,666,667, or 9.3% increase over the previous year, including for the first time the year's sales for the Ottawa branch.

EARNINGS • Earnings before income tax were \$1,422,626 and represented 4.5c per dollar of volume. While still a moderate return for the variety of services rendered, this result is a gratifying improvement over the 3.1% of the year before.

TAXATION • On 1952 operations, income taxes require the sum of \$775,000 as compared to \$303,414 for dividends, and \$344,212 remaining in the business for growth.

WORKING CAPITAL • Working Capital now stands at \$6,521,446 compared to \$6,020,757 a year ago, an increase of \$500,689. Current assets represent 3.6 times current liabilities.

EXPANSION • The Management has devoted its efforts during the past year primarily to improving the basis of operations, and to developing the branches which were established at Snowdon (Montreal) in August 1950, in Toronto in October 1950, and in Ottawa in April 1951.

Promotions to the Executive have enabled the senior officers of the Company to give more consistent consideration to long term plans. In keeping with the Company's policy, these promotions were made from within.

Arrangements were recently concluded for rental of the principal building in a new shopping centre now under construction at Pie IX Boulevard and Jean Talon Street in northeast Montreal.

STAFF • The Directors wish to pay a well-earned tribute to the staff. Their effectiveness and loyalty have contributed importantly to the improvement in the Company's earnings, in which they have fully shared through increased payroll and related benefits — pension, group insurance, medical services, etc. These have increased during the year by \$456,896.

FUTURE PROSPECTS • The Directors are confident that the Company has never been better organized or equipped to play its proper role in Canadian retailing.

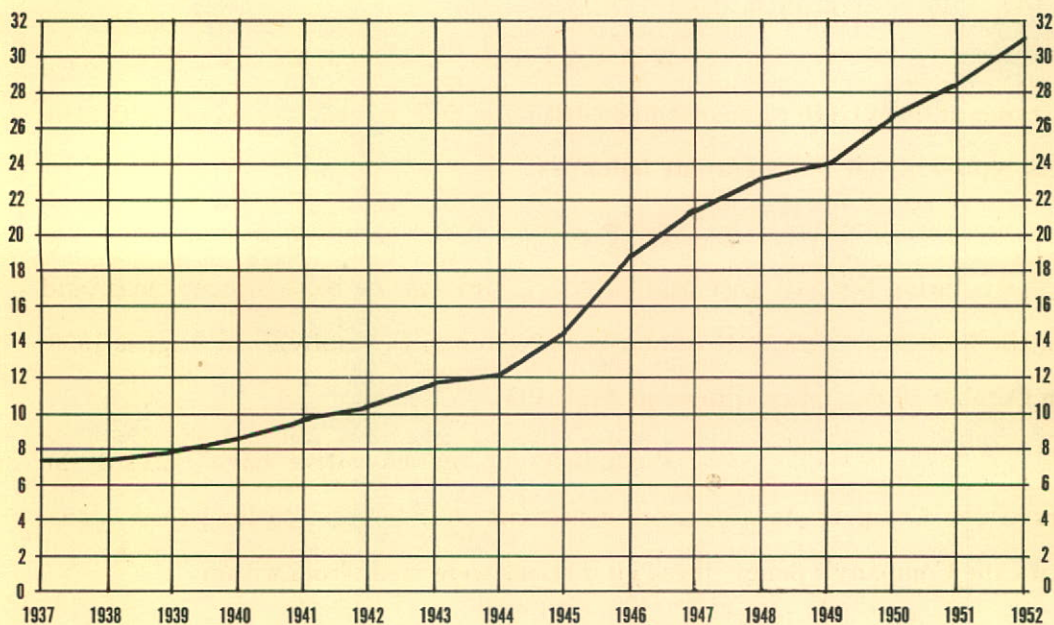
Indications for the coming year are promising, and there is every evidence that Canada will continue to develop rapidly and soundly, offering great opportunities for alert management.

With a background of 108 years of steady growth, I am confident that Morgan's will take full advantage of the opportunities of the future.

On behalf of the Board,

HENRY W. MORGAN, *President.*

Montreal, 3rd March, 1953.



MILLIONS OF DOLLARS

ANNUAL
NET
SALES

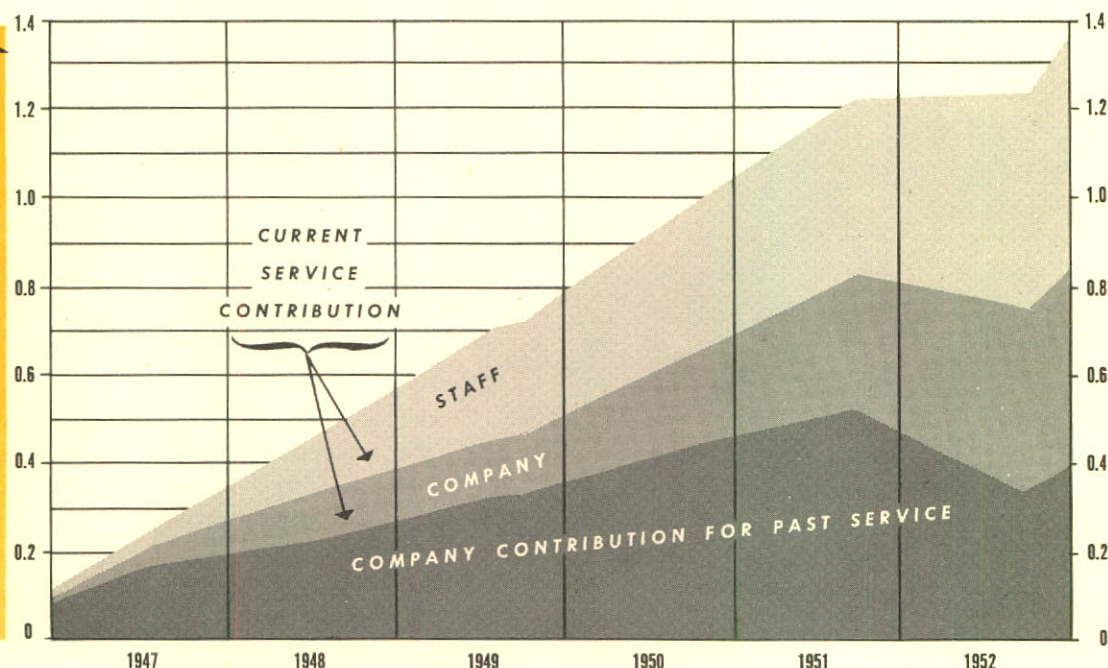
OPERATING RESULTS

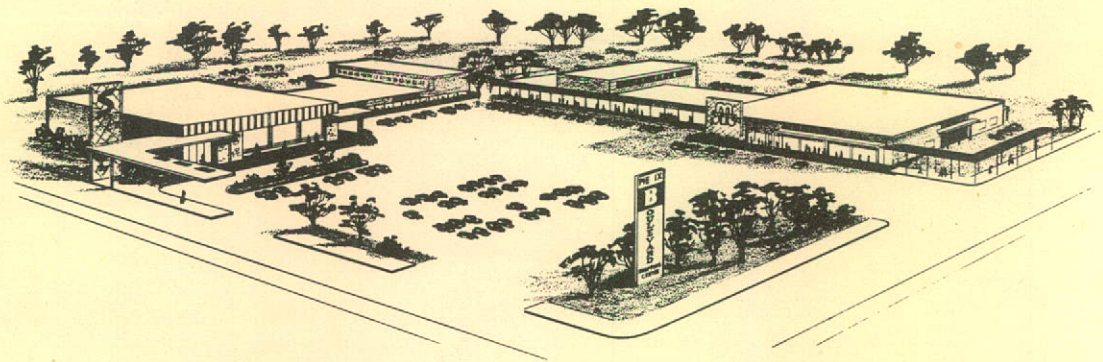
FISCAL YEAR	SALES	EARNINGS BEFORE TAXES ON INCOME	INCOME AND EXCESS PROFITS TAXES	NET EARNINGS INCLUDING REFUNDABLE PORTION OF EXCESS PROFITS TAX	% TO SALES
1937/38	\$ 7,222,664	\$ 232,424	\$ 42,550	\$ 189,874	2.6
1938/39	7,464,306	192,991	34,000	158,991	2.1
1939/40	7,724,911	296,309	65,000	231,309	3.0
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
1952/53	31,284,437	1,422,626	775,000	647,626	2.1

This chart shows the balances held for the fund at the end of December 1952, after providing for retirement incomes of forty-one members then in receipt of pensions under the Pension Plan.

The remaining "past service" liability to be provided, including that assumed at the beginning of 1952 for former employees of the R. J. Devlin Company Limited, is estimated at approximately \$225,000 which it is planned to pay over the next four years.

PENSION FUND ASSETS

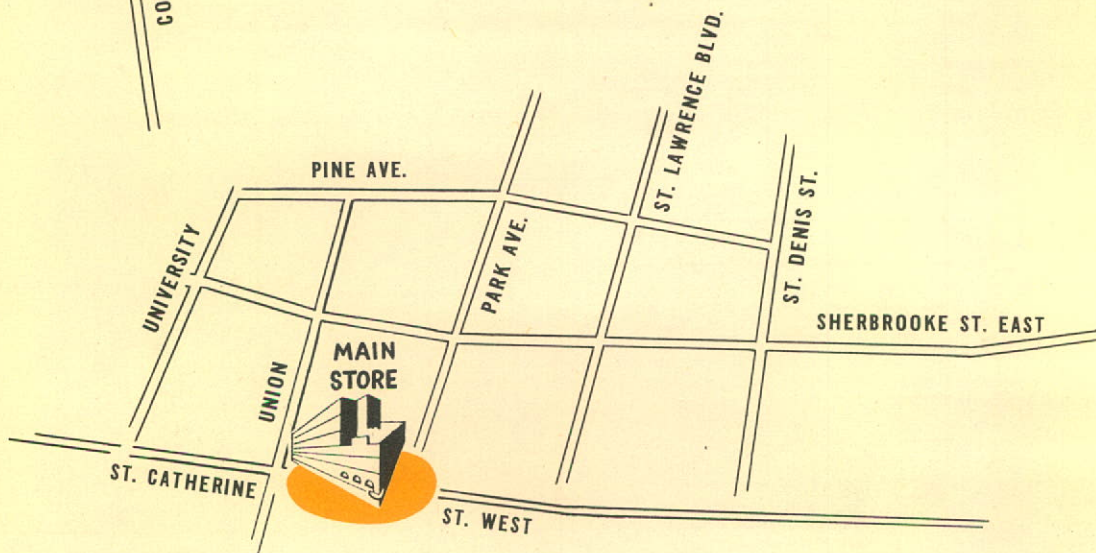
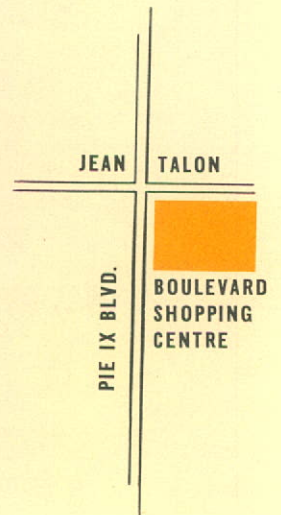
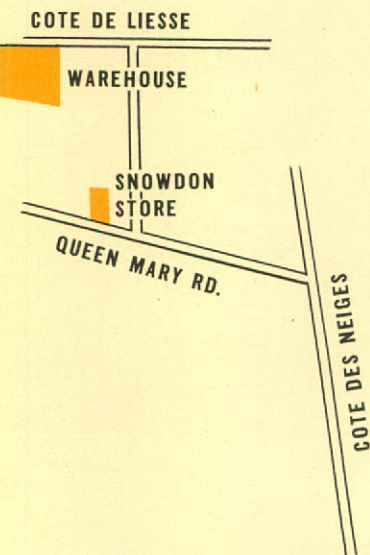




In the fall of 1953, Morgan's will open a branch store in the Boulevard Shopping Centre, now under construction in the Northeast part of Montreal. Located at the junction of Pie IX Boulevard and Jean Talon Street, this shopping centre, when completed, will be the largest in Canada, with its free parking space for 1,250 cars and over-all ground area of approximately 700,000 square feet.

Morgan's at the Boulevard will be the largest unit in the centre, followed by a well-known super-market chain, hardware chain, and twenty-eight smaller shops. The Morgan store will occupy 45,000 square feet on one floor, and the building will allow for the addition of a second storey at a later date.

Merchandise carried will be men's, women's and children's apparel, home furnishings, but not furniture at the outset. Located in the heart of a growing east-end community, Morgan's at the Boulevard will usher in a new era of shopping convenience to thousands of new customers.



Henry Morgan and

BALANCE SHEET AS AT

ASSETS

CURRENT ASSETS

	1953	1952
Cash	476,579	935,406
Government bonds — at cost (quoted market value \$371,000)	369,813	350,000
Accounts receivable, less provision for doubtful accounts	5,215,221	3,843,931
Inventories — at the lower of estimated cost or market (less reserve of \$550,000) . . .	2,943,541	3,117,700
	9,005,154	8,247,037

OTHER ASSETS

Life insurance—cash surrender value . . .	159,310	144,395
Prepaid supplies and expenses	128,792	190,297
Refundable portion of excess profits tax . .	—	88,389
	288,102	423,081

FIXED ASSETS

Store and office equipment and fixtures—at cost less accumulated depreciation . . .	214,040	295,815
Leasehold improvements—at cost less amortization	201,262	215,985
	415,302	511,800
	<u>\$9,708,558</u>	<u>\$9,181,918</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Henry Morgan and Company Limited as at 28th January 1953 and the statements of earnings and retained earnings 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 earnings and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at 28th January 1953 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.

MONTREAL, 3rd March 1953.

Company Limited

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L I A B I L I T I E S

CURRENT LIABILITIES

	1953	1952
Accounts payable	863,604	846,228
Customers' deposits and accrued liabilities	841,677	726,710
Provision for income and other taxes	653,427	528,342
Provision for contingencies.	125,000	125,000
	<u>2,483,708</u>	<u>2,226,280</u>

SHAREHOLDERS' EQUITY

Capital stock—			
Authorized—			
15,000 4¾% cumulative redeemable preferred shares of \$100 par value	1,500,000	1,500,000	
10,000 5% cumulative redeemable preferred shares of \$100 par value	1,000,000	1,000,000	
430,000 common shares of no par value.	<u>—</u>	<u>—</u>	
Issued and fully paid—			
13,650 4¾% preferred shares (1,350 shares have been redeemed, including 450 redeemed during the year)	1,365,000	1,410,000	
9,700 5% preferred shares. (300 shares were redeemed during the year)	970,000	1,000,000	
312,057 common shares.	1,733,100	1,733,100	
	<u>4,068,100</u>	<u>4,143,100</u>	
Capital surplus—set aside in respect of the redemption of preferred shares	—	90,000	
Retained earnings.	3,156,750	2,722,538	6,955,638
	<u>\$9,708,558</u>	<u>\$9,181,918</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 \$225,000 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 EARNINGS FOR THE YEAR ENDED 28th JANUARY 1953

	1953	1952
SALES	31,284,437	28,617,770
COST OF GOODS SOLD, SALARIES, WAGES AND EXPENSES,		
exclusive of the following items	29,624,566	27,457,801
Executive salaries	231,692	172,250
Directors' fees.	8,833	8,000
Legal fees.	15,544	5,326
Pension fund, past service.	50,000	50,000
Depreciation of fixed assets	58,376	82,378
Amortization of leasehold improvements	15,218	14,038
	<u>30,004,229</u>	<u>27,789,793</u>
	1,280,208	827,977
OTHER INCOME		
Income from investments	7,142	18,487
Interest and miscellaneous income	135,276	49,658
	<u>142,418</u>	<u>68,145</u>
	1,422,626	896,122
PROVISION FOR INCOME TAXES	775,000	485,000
NET PROFIT FOR THE YEAR	<u>\$ 647,626</u>	<u>\$ 411,122</u>

STATEMENT OF RETAINED EARNINGS FOR THE YEAR ENDED 28th JANUARY 1953

BALANCE - 30th JANUARY 1952	2,722,538
Net profit for the year.	647,626
Transfer from capital surplus, being amount previously set aside in respect of the redemption of preferred shares	90,000
	<u>737,626</u>
	3,460,164
Dividends paid—	
4¾% preferred shares.	66,480
5% preferred shares.	49,700
Common shares.	187,234
	<u>303,414</u>
BALANCE - 28th JANUARY 1953	<u>\$3,156,750</u>

TORONTO



MONTREAL MAIN STORE



OTTAWA

MONTREAL SNOWDON



