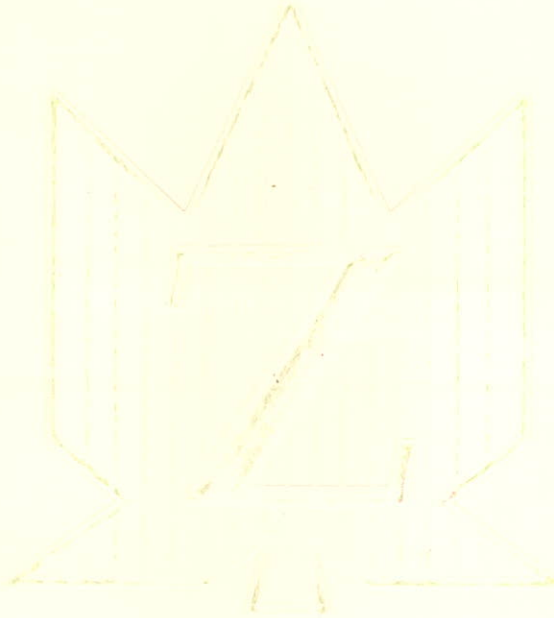


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ZELLER'S

RETAILERS TO THRIFTY CANADIANS

1961 ANNUAL REPORT

YEAR ENDED JANUARY 31, 1962

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CORPORATE DATA

Home Office

5115 Trans Island Avenue
Montreal, Quebec

Transfer Agents

National Trust Co. Limited
Montreal and Toronto

Registrar

The Royal Trust Company
Montreal and Toronto

ZELLER'S LIMITED

"RETAILERS TO THRIFTY CANADIANS"

Walter P. Zeller – 1890-1957 – Founder

FINANCIAL HIGHLIGHTS



| | YEAR ENDED JAN. 31 | |
|---|--------------------|--------------|
| | 1962 | 1961 |
| SALES | \$62,874,268 | \$56,995,209 |
| Earnings before Income Taxes | 3,483,991 | 3,949,048 |
| Income Taxes | 1,580,000 | 1,800,000 |
| Per Common Share | 2.10 | 2.40 |
| Net Earnings | 1,903,991 | 2,149,048 |
| Per Common Share | 2.27 | 2.59 |
| DIVIDENDS PAID | | |
| Preferred | 200,316 | 205,190 |
| Per Share | 2.25 | 2.25 |
| Common | 1,051,407 | 1,050,000 |
| Per Share | 1.40 | 1.40 |
| Employees' Compensation and Benefits | 11,542,483 | 10,301,372 |
| Percent of Sales Dollar | 18.35% | 18.07% |
| Earnings retained in the Business . . . | 652,268 | 893,858 |
| Depreciation Charges. | 960,752 | 798,203 |
| Merchandise Inventories | 8,935,037 | 7,688,311 |
| Working Capital | 11,206,165 | 11,917,825 |
| Fixed Assets (Net Book Value) | 12,226,404 | 11,055,104 |
| Common Shareholders' Equity | 16,550,719 | 15,818,679 |
| Per Share of Common Stock | 22.02 | 21.09 |
| Number of Preferred Shareholders . . | 477 | 485 |
| Number of Common Shareholders . . | 968 | 870 |
| Number of Stores at Year-end | 94 | 80 |

DIRECTORS

PETER KILBURN, CHAIRMAN

*President: Greenshields Incorporated
Montreal, Que.*

E. LEONARD BOULTBEE

*President: Boulton, Sweet & Co. Ltd.
Vancouver, B.C.*

RALPH B. BRENNAN

*President: G. E. Barbour Company Limited
Saint John, N.B.*

DONALD N. BYERS, Q.C.

*Partner: Byers, McDougall, Johnson,
Casgrain & Stewart
Montreal, Que.*

JOHN G. CURTIN

*Treasurer: Zeller's Limited
Montreal, Que.*

WILFRID GAGNON, C.B.E.

*Chairman: Dow Brewery Ltd.
Montreal, Que.*

JAMES G. KENDRICK

*President: Zeller's Limited
Montreal, Que.*

LOUIS C. LUSTENBERGER

*President: W. T. Grant Co.
New York, N.Y.*

R. JAMES PINCHIN

*President: Renown Investments Ltd.
Midland, Ont.*

EDWARD STALEY

*Vice-Chairman: W. T. Grant Co.
New York, N.Y.*

EDGAR F. TOLHURST

*President: Tolhurst Oil Limited
Montreal, Que.*

OFFICERS

PETER KILBURN

Chairman of the Board

JAMES G. KENDRICK

President

JOHN G. CURTIN

Treasurer

EDMUND G. COLLARD

Secretary

MANAGEMENT



PETER KILBURN
*Chairman
Board of Directors*



JAMES G. KENDRICK
*President
Chief Executive Officer*

JAMES G. BALFOUR
**Merchandise
Vice-President*



WILLIAM H. BUGGS
**Sales and Store
Operations
Vice-President*



THOMAS H. BURDON
**Personnel
Vice-President*



EDMUND G. COLLARD
*Secretary and
General-Solicitor*



JOHN G. CURTIN
**Vice-President
Treasurer and
Comptroller*



RICHARD W. MARVELL
**Real Estate and
Store Expansion
Vice-President*



**Appointed March 15, 1962.*

PRESIDENT'S REPORT TO THE SHAREHOLDERS

This is the Thirtieth Annual Report of Zeller's Limited and its subsidiary companies. It covers their operations for the year ended January 31, 1962 and includes comparative Consolidated Financial Statements and the Report of the Auditors, Messrs. Ross, Frewin and Co.

Sales

Sales for the year reached the all-time high of \$62,874,268, an increase of \$5,879,059, or 10.32% over the preceding year.

Suburban stores, primarily in shopping centres, accounted for 28.1% of the Company's sales in 1961, compared to 23.9% in 1960.

Earnings and Dividends

The net earnings for 1961 amounted to \$1,903,991, or \$2.27 per share of Common Stock on 751,700 shares outstanding, after payment of Preferred Dividends. This compares with \$2,149,048, or \$2.59 per share on 750,000 Common Shares outstanding for the previous year.

In many respects, 1961 was similar to 1960 in that the first half of the year was only fair while the second half, especially the months of November and December, was stronger.

Dividends of \$200,316 were paid on the 4½% Preferred Shares. Dividends paid on both Preferred and Common Shares accounted for 65% of the Company's Net Earnings. The sum retained for use in the Company's business amounted to \$652,268 compared to \$893,858 the previous year.

In the year under review, dividends on the Common Stock, comprising an average of 750,863 shares outstanding, amounted to \$1,051,407, or \$1.40 per share, compared to \$1,050,000, or \$1.40 per share for the previous year.

Taxes

The provision for Federal and Provincial income taxes totalled \$1,580,000 in 1961 compared to \$1,800,000 in 1960.

Financial Position

Working capital totalled \$11,206,165 at the year-end, compared to \$11,917,825 at the end of 1960.

During 1961 the Company sold and leased back one of its new properties for the total amount of \$560,000. In the previous year, the Company realized \$700,000 from the sale and leaseback of two of its new store properties.

Merchandise inventories, at the year-end, totalled \$8,935,000, or \$1,247,000 above a year ago. New and enlarged stores account for the entire increase.

Long-term debt at the year-end amounted to \$2,549,000 comprising the outstanding balance of the Company's 6% Sinking Fund Debentures maturing November 1, 1977.

The net book value per share of Common Stock was \$22.02 at the year-end, compared to \$21.09 at the end of the previous-year. Common Shareholders' equity at the year-end was \$16,550,719 compared to \$15,818,679 at the end of 1960.

Credit

Installment receivables from customers totalled \$5,201,000 at the year-end compared to \$3,458,000 at the close of 1960. The number of customers with credit accounts in Zeller stores at year-end totalled 78,660 compared to 54,291 on the same date the previous year.

At the year-end, credit selling was used in 86 stores compared to 58 stores the previous year.

All new stores open with a Credit Department.

Credit activities in the field are supervised by a Company Credit Manager, who reports to the Treasurer, and four Field Credit Supervisors.

Store Expansion

The Company added more new selling space in 1961 than in any year in its history with the exception of the year 1952 when it bought the Federal Stores.

During the year, the Company opened 14 new units, relocated one unit and completed two major enlargements and modernization projects, the details of which will be found on a following page.

The 1961 capital program expenditures, primarily for fixtures, totalled \$2,660,000. The corresponding expenditures for the previous year were \$2,594,000.

In 1962, we expect to open approximately 12 new stores, of which seven are expected to be in suburban or shopping centre locations and five in small to medium size downtown city locations.

The Company intends to enlarge and modernize four successful existing stores in 1962.

At the year-end, the Company operated 94 stores compared to 80 at the close of the previous year. These include 38 locations in shopping centres.

Employees' Stock Purchase Plan

The Common shareholders of the Company in authorizing the creation and issue of 100,000 additional Common Shares at their meeting held May 11, 1961, also approved of the Employees' Stock Purchase Plan, for the purposes of which 50,000 of the shares so authorized were allocated.

During the year, 74 employees entered into contracts with the Company to purchase 12,075 shares of authorized but unissued Zeller Stock for a total purchase price of \$416,292. Employees paid \$75,046 on their accounts during 1961 and 1,700 shares were issued under the provisions of the plan.

Employees' Retirement Plan

This plan to which employees and the Company contribute continued to grow. It was revised in its present form on January 1, 1958.

At December 31, 1961 it had, at cost, total assets of \$1,789,000 which, at market value, was approximately \$1,917,000.

Currently 1,360 employees are members.

In 1961 the Company's contribution to the plan was \$268,541 and the employees' contribution, \$173,683.

General Comments

At the meeting of the Board of Directors, held June 29, 1961, Mr. Peter Kilburn, President of Greenshields Incorporated, Montreal, Quebec, was elected Chairman of the Board to fill the vacancy resulting from the death of Col. Allan A. Magee, C.B.E., Q.C., who had served the Company as Chairman of the Board of Directors with distinction for four years and as a Director for seventeen years.

Mr. Donald N. Byers, Q.C., of Byers, McDougall, Johnson, Casgrain and Stewart, was elected to the Board of Directors at the same meeting.

At the meeting of the Company's Directors March 15, 1962, five new Vice-Presidents of Zeller's Limited were named. Each of them is presently the director of one of the principal departments into which the Company's business is divided. The persons so appointed and their new titles are as follows: Mr. James G. Balfour, Merchandise Vice-President; Mr. William H. Buggs, Sales and Store Operations Vice-President; Mr. Thomas H. Burdon, Personnel Vice-President; Mr. John G. Curtin, Vice-President, Treasurer and Comptroller; Mr. Richard W. Marvell, Real Estate and Store Expansion Vice-President.

The position of Regional Sales and Operations Manager was created as of February 1, 1962 to provide the Company with the necessary Field Management and Supervision in keeping with its growth in size and number of stores. Mr. Stockwell Day, previously Superintendent of Ottawa and Eastern Ontario Division, was appointed to this new position.

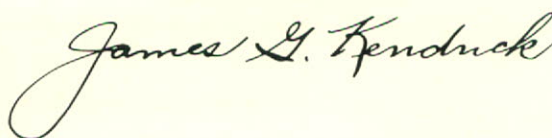
Zeller's Limited looks forward with confidence and courage to the challenge of the evolution in retailing. We will open even larger Zeller stores than heretofore, offering our customers greatly expanded assortments under the most modern shopping conditions in keeping with the Company's merchandising and operations philosophy since 1932. We have chosen to refer to our new stores, all of which will be 25,000 to 75,000 square feet in size, as Zeller's Self-Service Department Stores.

Your Company is moving ahead with the times, determined to continue to play a leading role in the growth of retailing in Canada.

We are most grateful for the loyalty and continued support of our customers, our employees and our sources of supply. All have contributed in a large measure to Zeller's growth and prosperity for the past thirty years.

We wish to extend a most cordial welcome to the many people across Canada who became Zeller shareholders during 1961.

James G. Kendrick



MARCH 15, 1962



ZELLER'S

AND SUBSIDIARIES

CONSOLIDATED

BALANCE SHEET

JANUARY 31, 1962

ASSETS

| | 1962 | 1961 |
|--|---------------------|---------------------|
| CURRENT ASSETS: | | |
| Cash on hand and in banks | \$ 2,036,336 | \$ 819,979 |
| Government bonds and other investments | — | 3,063,839 |
| Inventories at the lower of cost or market (determined by physical count or measurement) | 8,935,037 | 7,688,311 |
| Accounts receivable and deposits, less allowance for doubtful accounts | 5,265,924 | 3,683,408 |
| Prepaid expenses and supplies | 310,855 | 340,865 |
| | <u>16,548,152</u> | <u>15,596,402</u> |
| REDEMPTION AND SINKING FUNDS—CASH ON DEPOSIT: | | |
| Preferred stock | 100,000 | 100,000 |
| Sinking fund debentures | 29,000 | — |
| | <u>129,000</u> | <u>100,000</u> |
| FIXED ASSETS—at cost (Note 1): | | |
| Land and buildings | 3,281,619 | 3,437,276 |
| Fixtures, equipment and improvements to leasehold premises | 17,382,268 | 15,163,170 |
| | <u>20,663,887</u> | <u>18,600,446</u> |
| Less accumulated depreciation | 8,437,483 | 7,545,342 |
| | <u>12,226,404</u> | <u>11,055,104</u> |
| SIGNED ON BEHALF OF THE BOARD: | | |
| PETER KILBURN } <i>Directors</i> | | |
| JAMES G. KENDRICK } | | |
| | <u>\$28,903,556</u> | <u>\$26,751,506</u> |

NOTES TO FINANCIAL STATEMENT

NOTE 1:

At January 31, 1962 the net book value of depreciable assets exceeds the undepreciated capital cost for income tax purposes by \$1,160,000 approximately.

NOTE 2:

\$91,000 principal amount of debentures were purchased for redemption through the sinking fund during the year ended January 31, 1962. A sinking fund payment sufficient to retire a further \$120,000 principal amount is due November 1, 1962.

NOTE 3: During the year ended January 31, 1962

- (a) 2,100 preferred shares were purchased for redemption;
- (b) Supplementary letters patent were granted increasing the authorized capital by the creation of 100,000 additional common shares of no par value;
- (c) 1,700 common shares were issued for cash, \$58,482, and options to purchase a further 10,375 common shares for \$357,810 were granted, all under Employees' Stock Purchase Plan (1961).

LIMITED

Y COMPANIES

BALANCE SHEET

Y 31



LIABILITIES AND SHAREHOLDERS' EQUITY

| | 1962 | 1961 |
|--|---------------------|---------------------|
| CURRENT LIABILITIES: | | |
| Notes payable | \$ 1,500,000 | \$ — |
| Accounts payable and accrued expenses | 2,960,547 | 2,712,867 |
| Miscellaneous accrued taxes | 209,594 | 156,227 |
| Estimated income taxes payable | 671,846 | 809,483 |
| | <u>5,341,987</u> | <u>3,678,577</u> |
| 6% sinking fund debentures, Series A—maturing November 1, 1977 (Note 2). | 2,549,000 | 2,640,000 |
| Reserve for employees' pension plan | <u>63,000</u> | <u>110,400</u> |
| CAPITAL STOCK (Note 3): | | |
| Authorized: | | |
| 87,977 4½% cumulative redeemable preferred shares, \$50.00 par value | \$ 4,398,850 | |
| 850,000 common shares, no par value | <u>—</u> | |
| ISSUED: | | |
| 87,977 preferred shares | 4,398,850 | 4,503,850 |
| 751,700 common shares | 3,058,482 | 3,000,000 |
| | <u>7,457,332</u> | <u>7,503,850</u> |
| Preferred stock purchase reserve | 601,150 | 496,150 |
| Consolidated surplus | 12,891,087 | 12,322,529 |
| | <u>\$28,903,556</u> | <u>\$26,751,506</u> |

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Zeller's Limited and its subsidiary companies as of January 31, 1962 and the consolidated 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 above consolidated balance sheet and accompanying consolidated 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 companies at January 31, 1962 and the results of the 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 companies.

Montreal, Que.
March 12, 1962.

ROSS FREWIN & CO.,
Chartered Accountants.



ZELLER'S LIMITED

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

| YEAR ENDED JANUARY 31 | 1962 | 1961 |
|---|---------------------|---------------------|
| SALES | \$62,874,268 | \$56,995,209 |
| DEDUCT: | | |
| Cost of goods sold, operating, selling and administrative expenses, exclusive of items shown hereunder. . . | \$58,159,803 | \$52,074,998 |
| Remuneration of executive officers. . | 116,880 | 140,492 |
| Legal fees | 5,553 | 3,145 |
| Directors' fees | 14,017 | 10,405 |
| | <u>58,296,253</u> | <u>52,229,040</u> |
| | 4,578,015 | 4,766,169 |
| DEDUCT: | | |
| Depreciation — buildings, fixtures, equipment and improvements to leasehold premises (Note A) . . . | 960,752 | 798,203 |
| Debenture interest | 156,183 | 161,687 |
| | <u>1,116,935</u> | <u>959,890</u> |
| | 3,461,080 | 3,806,279 |
| Add amortized discount and gain on sale of investments | 22,910 | 142,769 |
| | <u>3,483,990</u> | <u>3,949,048</u> |
| Deduct provision for income taxes (Note A) | 1,580,000 | 1,800,000 |
| Consolidated net profit for year — transferred to consolidated surplus. . | <u>\$ 1,903,990</u> | <u>\$ 2,149,048</u> |

NOTE A: For the year ended January 31, 1962 the companies intend to claim for income tax purposes \$340,000 more depreciation than has been recorded in the accounts, the applicable tax reduction amounting to \$175,000 approximately.

CONSOLIDATED STATEMENT OF SURPLUS

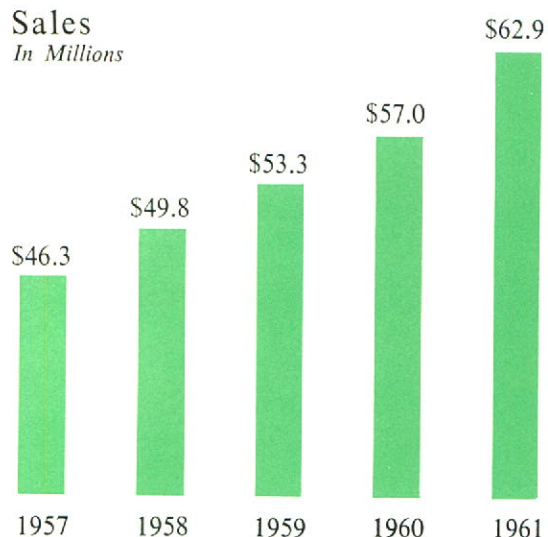
YEAR ENDED JANUARY 31, 1962

| | |
|--|---------------------|
| Balance at credit—January 31, 1961 | \$12,322,529 |
| ADD: | |
| Consolidated net profit for the year | \$ 1,903,990 |
| Discount on preferred shares purchased for redemption, less premium on debentures redeemed | 1,589 |
| Profit on disposal of fixed assets | 30,733 |
| | <u>1,936,312</u> |
| DEDUCT: | 14,258,841 |
| Appropriation to preferred stock purchase reserve | 105,000 |
| Income tax adjustments prior years | 11,030 |
| Dividends: | |
| 4½% preferred shares | \$ 200,317 |
| Common shares | 1,051,407 |
| | <u>1,251,724</u> |
| Balance at credit—January 31, 1962 | <u>\$12,891,087</u> |

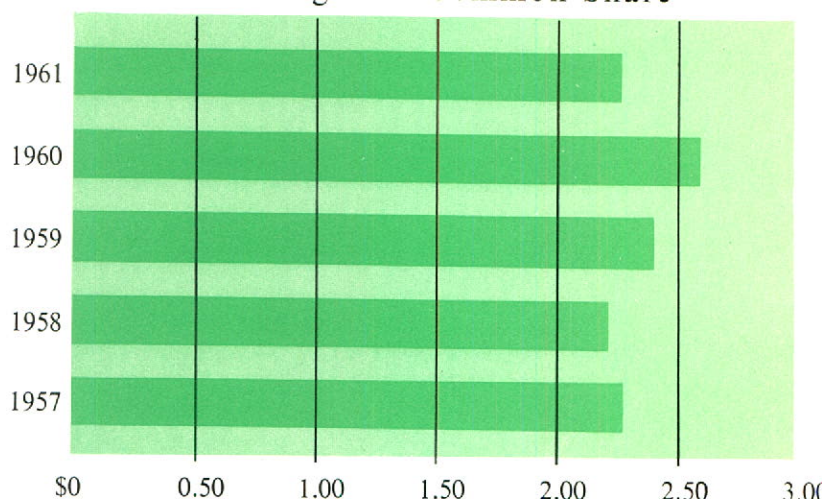
SOURCE AND DISPOSITION OF FUNDS 1957-1961

| | | | | | | | Total |
|--|------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Where the Funds came from | Year | 1961 | 1960 | 1959 | 1958 | 1957 | 5 years |
| <i>(amounts in 000's)</i> | | | | | | | |
| Net Profit from Operations | | \$1,904 | \$2,149 | \$2,009 | \$1,888 | \$1,929 | \$ 9,879 |
| Depreciation (No Cash Outlay) | | 961 | 798 | 735 | 747 | 714 | 3,955 |
| Net Proceeds—6% Debenture Issue . . | | — | — | — | — | 2,885 | 2,885 |
| Sales of Land and Buildings | | 556 | 696 | 5,454 | — | 114 | 6,820 |
| Issue of No Par Value Common Shares | | 58 | — | — | — | — | 58 |
| Net Decrease in other Assets | | — | — | — | — | 40 | 40 |
| Decrease in Working Capital | | 712 | 423 | — | 555 | — | 1,690 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Funds Available | | \$4,191 | \$4,066 | \$8,198 | \$3,190 | \$5,682 | \$25,327 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| How the Funds were Used | | | | | | | |
| Purchase of Land and Buildings | | \$ 372 | \$ 605 | \$ 322 | \$ 822 | \$1,023 | \$ 3,144 |
| Purchase of Fixtures and Improvements | | 2,288 | 1,989 | 941 | 1,020 | 843 | 7,081 |
| Dividends paid Shareholders. | | 1,252 | 1,255 | 1,112 | 1,115 | 1,118 | 5,852 |
| Preferred Shares Redeemed | | 105 | 108 | 110 | 104 | 74 | 501 |
| Redemption of Debentures | | 91 | 100 | 140 | 120 | — | 451 |
| Net Increase in other Assets | | 83 | 9 | 32 | 9 | — | 133 |
| Increase in Working Capital | | — | — | 5,541 | — | 2,624 | 8,165 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Funds Used | | \$4,191 | \$4,066 | \$8,198 | \$3,190 | \$5,682 | \$25,327 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

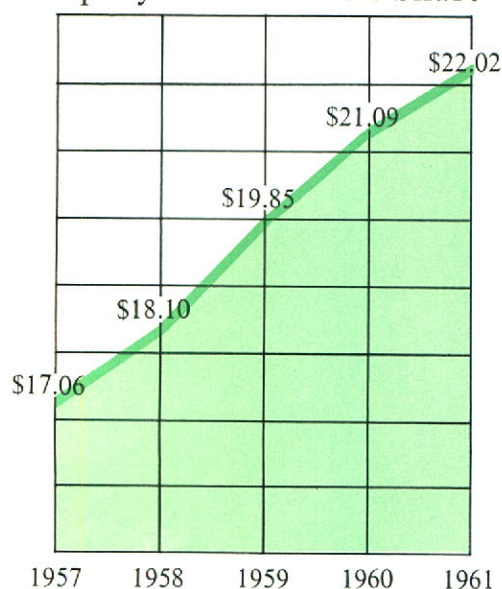
Sales
In Millions



Earnings Per Common Share



Equity Per Common Share

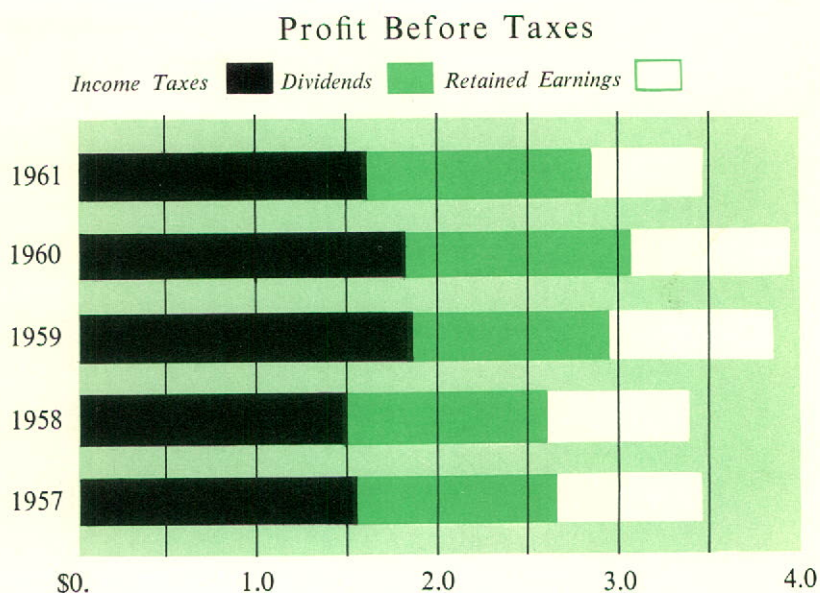
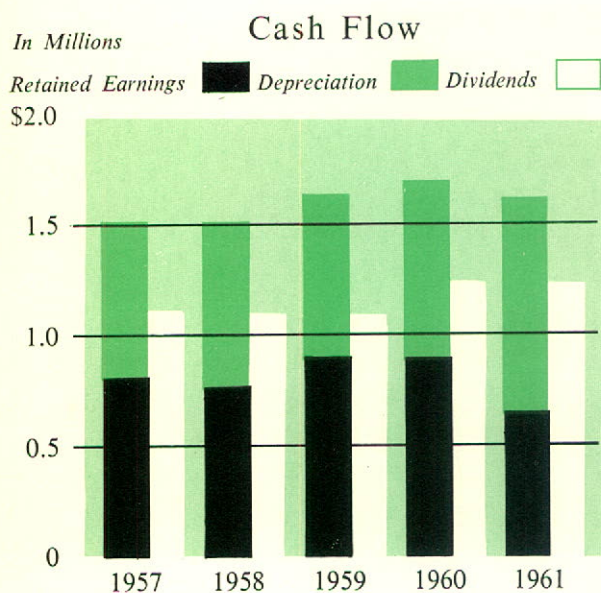


ZELLER'S TEN YEAR SUMMARY

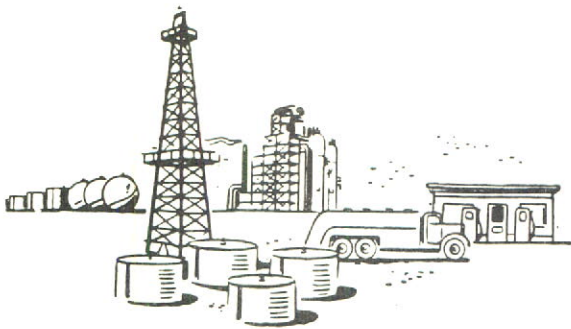
*All figures expressed in thousands of dollars
except as otherwise indicated*

| | 1961 | 1960 |
|--|--------|--------|
| Sales | 62,874 | 56,995 |
| Profit before taxes | 3,484 | 3,949 |
| Federal and Provincial taxes | 1,580 | 1,800 |
| Net profit after taxes | 1,904 | 2,149 |
| Wages, salaries and employee benefits | 11,542 | 10,301 |
| Earnings per common share | 2.27 | 2.59 |
| Dividends per common share | 1.40 | 1.40 |
| Total Assets | 28,904 | 26,752 |
| Common shareholders' equity | 16,551 | 15,819 |
| Equity per common share | 22.02 | 21.09 |
| Working capital | 11,206 | 11,918 |
| Current ratio | 3.10 | 4.24 |
| Fixed assets less accumulated depreciation | 12,226 | 11,055 |
| Depreciation charge for year | 961 | 798 |
| Number of stores at year end | 94 | 80 |
| Total dividends paid | 1,252 | 1,255 |





| 1959 | 1958 | 1957 | 1956 | 1955 | 1954 | 1953 | 1952 |
|--------|--------|--------|--------|--------|--------|--------|--------|
| 53,341 | 49,830 | 46,341 | 43,452 | 38,317 | 37,252 | 35,762 | 35,113 |
| 3,839 | 3,372 | 3,453 | 3,416 | 3,082 | 2,760 | 3,136 | 3,258 |
| 1,830 | 1,484 | 1,524 | 1,497 | 1,388 | 1,273 | 1,320 | 1,685 |
| 2,009 | 1,888 | 1,929 | 1,919 | 1,694 | 1,487 | 1,816 | 1,573 |
| 9,436 | 8,883 | 8,170 | 7,483 | 6,419 | 6,101 | 5,440 | 5,107 |
| 2.40 | 2.23 | 2.28 | 2.26 | 1.93 | 2.05 | 2.66 | 2.59 |
| 1.20 | 1.20 | 1.20 | 1.00 | 1.00 | 1.00 | .90 | .80 |
| 25,798 | 24,254 | 23,323 | 19,452 | 18,468 | 17,422 | 14,971 | 14,820 |
| 14,887 | 13,573 | 12,797 | 12,021 | 10,980 | 9,998 | 7,548 | 6,508 |
| 19.85 | 18.10 | 17.06 | 16.03 | 14.64 | 13.33 | 12.08 | 10.41 |
| 12,341 | 6,800 | 7,355 | 4,731 | 6,426 | 5,173 | 4,019 | 3,121 |
| 4.63 | 3.38 | 4.01 | 3.12 | 3.97 | 3.39 | 2.89 | 2.11 |
| 9,956 | 14,481 | 13,421 | 12,389 | 9,883 | 10,114 | 9,015 | 8,901 |
| 735 | 747 | 714 | 607 | 547 | 535 | 478 | 459 |
| 69 | 67 | 63 | 60 | 53 | 54 | 52 | 51 |
| 1,112 | 1,115 | 1,118 | 973 | 994 | 806 | 717 | 656 |



Edmonton

EXPANSION 1961

During 1961, the Company added more square feet of selling space (360,000 sq. ft.) than in any other year in its history. Fourteen new stores were opened—eleven of them in cities where the Company had not previously been represented—spread over five Provinces. Eight of these stores were in suburban Shopping Centres and six were in downtown city locations:

| | |
|--------------------------------------|--------------------------------------|
| Pembroke, Ont. | Sydney, N.S. (Sydney S.C.) |
| Regina, Sask. (Golden Mile S.C.) | Kitchener, Ont. |
| St. Catharines, Ont. (Fairview S.C.) | Oakville, Ont. (Oak Queen S.C.) |
| Orillia, Ont. | Chateauguay, Que. (Chateauguay S.C.) |
| Burnaby, B.C. (Brentwood S.C.) | St. Thomas, Ont. |
| Newmarket, Ont. (Newmarket S.C.) | Port Alberni, B.C. |
| Montreal, Que. (Normandie S.C.) | Rimouski, Que. |

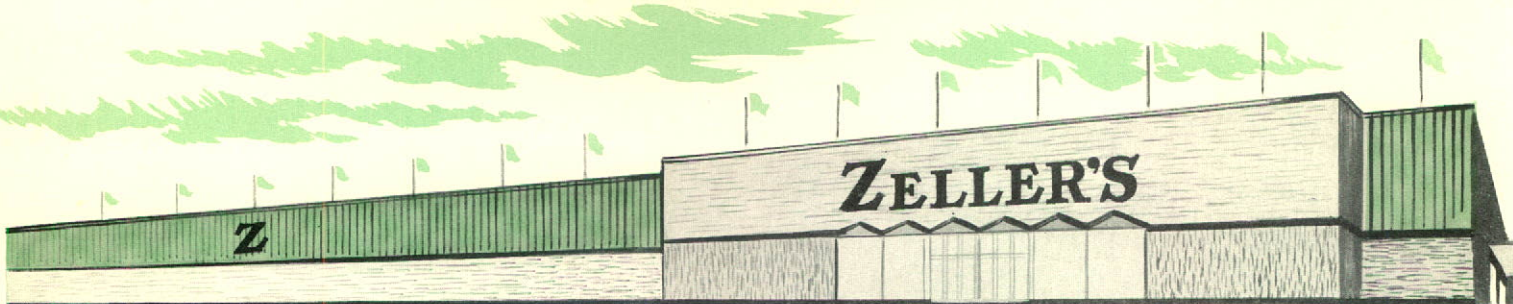
In addition to these fourteen new units, the Company re-located its Brantford, Ont. Store into a new building which is treble the size of the former store. The Dartmouth, N.S. store was enlarged by over 75% of its former area. The largest single construction job during the year was the complete re-building of our downtown Edmonton, Alberta Store. This store now occupies over 67,000 square feet of space and has over 6,600 linear feet of counters. It is the company's largest store both in size and volume.

Among the many features incorporated in the Edmonton Store, some of the most noteworthy were:

- 95-stool Luncheonette plus a Stand-up Lunch Bar
- Bake Shop
- Fashion Oval for Women's Wear
- Tobacco Shop
- Camera and Photographic Equipment Shop
- Furniture for the Home, including Bedroom, Living Room and Outdoor Furniture
- Complete men's Shop, including suits and overcoats
- Sporting Goods Centre

Edmonton's Luncheonette





ZELLER'S SELF-SERVICE DEPARTMENT STORES

All future Zeller stores, whether downtown or suburban, with rare exception, will be laid out on one floor to afford the maximum degree of self-selection of merchandise and in every instance will be provided with a check-out arrangement where, for the customers' convenience, payment for purchases will be made on leaving the store. The self-selection and check-out arrangement is not new to Zeller's. We have had a self-selection type of operation for thirty years. We have also had several check-out types of stores in operation for the past few years. The 1962 program is designed to take full advantage of our experience in both areas.

All new stores will be considerably larger in size than the average store today, and will include stores of up to 75,000 square feet.

The largest stores will be truly one-stop type with complete food and complete non-food departments, all on one floor with a concourse between the two sales areas.

The food departments will be operated on a lease or concession basis by major and successful organizations with ample experience in their field.

All merchandise in both food and non-food areas will be sold on a low margin in expectation of a high volume sales per square foot, in keeping with our historical approach to the distribution of merchandise.

Pictured across the top of this page is a prototype of the exterior of the large Zeller's self-service department store. The first of these large stores will open in the fall of 1962.

In addition to these very large stores, the Company will also open stores of the same basic type in smaller communities. It is our belief that the advantages afforded by self-selection and check-out arrangements can be used in stores ranging down in size to 25,000 square feet. This will enable us to continue to render a genuine service in providing Zeller's merchandise and assortments to many of the smaller communities from coast to coast. At the same time, it gives the Company the opportunity to operate as economically as possible in the smaller communities and justify our opening branches in these towns. In this way, the Company will continue to have the advantage of being represented in as broad a range of locations as possible.



EXPANSION MEANS OPPORTUNITY FOR ZELLER ASSOCIATES

The Company's physical expansion has resulted in numerous and rewarding opportunities for all Zeller Associates. Zeller Management recognizes the necessity for providing a continuity of efficient Management Personnel and has formalized Training Programs at all levels of employment. It is significant that six out of the seven top Management Executives in the Company started in Store Management Training Programs.

Illustrated below are several typical examples of people who have earned rewarding careers in various departments:



G. J. HOUDE

Manager of Store 97—Chateauguay, Que. Joined Zeller's Management Training Program in September 1950. Now Manager of a Regional Shopping Centre Store.



LOIS FALLOON

Assistant to the Personnel Director. Arts Graduate of the University of Manitoba. Joined Zeller's in September, 1944 as a Personnel Supervisor Trainee.



W. W. INCE

Divisional Sales and Operations Manager. Promoted from Store Manager in 1961. Joined Zeller's in January, 1946.

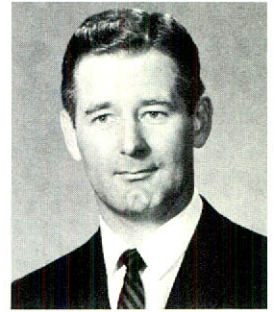
R. D. BENINGER

Buyer for Home Furnishings. Previously a Zeller Store Manager after completing the Management Training Program. With Zeller's since September, 1950.



A. V. ROWLAND

Tax, Insurance, and Budget Manager. Commerce Graduate of McGill University and M.B.A., University of Western Ontario. Started with Zeller's in May, 1958.



G. A. TAYLOR

Merchandise and Operations Control Manager. Promoted from Store Management. Has been associated with Zeller's since April, 1954.



PACKAGING AND BRAND NAMES

The Company's accelerated expansion in various fields has been reflected in a two-fold program affecting the presentation of its merchandise. This is a program to improve, wherever possible, the packaging of its merchandise and to associate with them in the customer's mind those trademarks, brand names and slogans which will be distinctively and characteristically "Zeller's".

This is not a new departure for the Company but it is rather a more extensive and intensive application of a basic policy which has long been followed. As the number of check-out stores and self-service department stores operated by the Company continues to increase, so does the importance of packaging which facilitates the customer's identification and selection of merchandise without the assistance of the sales clerk. Packaging which indicates the merits of an article and affords helpful information concerning its use and care, renders the customer a genuine service. At the same time, suitable packaging improves the handling of merchandise in the store pending its sale. Losses occasioned by soiling are reduced and neater displays can be maintained.

It is also the Company's policy to develop its own trademarks and brand names, particularly in association with its big volume, every day staple and key items. Indeed, it is intended that every major category of merchandise shall be identified by a suitable and distinctive name exclusive to the Company. Involving, as it does, the public good will, this is a serious and long-range program which will justify the Company's brand names in the customer's mind as a symbol of confidence.

The Company's Management is grateful to its suppliers for their cooperation in implementing this program.

Reproduced in the adjoining column are examples of some of the Company's brand names in current and active use.

Rendezvous

STYLED FOR ZELLER'S

Zeller Crest

Cherry Lane

**BOUNCING
BABY**

Tuxford

WASH N'WEAR

Zeller Maid

ZELLER TOGS

ZEL-VAL



NOVA SCOTIA



NEW BRUNSWICK



QUEBEC



ONTARIO

94 STORES - FROM COAST TO COAST

Sydney, Nova Scotia to Port Alberni, British Columbia

NOVA SCOTIA

Dartmouth (S.C.)
Halifax
Halifax, Bayer's Road (S.C.)
New Glasgow
Sydney (S.C.)
Truro

NEW BRUNSWICK

Bathurst
Fredericton
Moncton
Saint John

QUEBEC

Chateauguay (S.C.)
Chicoutimi
Cote St. Luc (S.C.)
Duvernay (S.C.)
Granby
Jonquiere
Montreal, Snowdon District
Montreal, Ontario E.
Montreal, Domaine (S.C.)
Montreal, Normandie (S.C.)
Rimouski
St. Laurent (S.C.)
St. Michel (S.C.)
Quebec, 575 St. Joseph E.
Quebec, St. John St.
Quebec, 274 St. Joseph E.
Sherbrooke
Sherbrooke (S.C.)
Sorel
Trois-Rivières
Ville LaSalle (S.C.)

ONTARIO

Barrie
Belleville
Brantford
Chatham
Cornwall
Don Mills (S.C.)
Fort William
Guelph
Hamilton, James St.
Hamilton, Ottawa St.
Kingston
Kingston (S.C.)
Kitchener
Lindsay
London
Merritton
Newmarket (S.C.)
North Bay
Oakville (S.C.)
Orillia
Oshawa
Oshawa (S.C.)
Ottawa
Ottawa (S.C.)
Pembroke
Peterborough
Port Arthur
Port Arthur (S.C.)
Port Credit (S.C.)
St. Catharines
St. Catharines (S.C.)
St. Thomas
Sarnia
Scarborough, Cedarbrae (S.C.)
Scarborough, Ellesmere Road (S.C.)
Scarborough, Golden Mile (S.C.)

ONTARIO (Cont'd)

Sudbury
Sudbury (S.C.)
Toronto, Bloor St. W.
Toronto, Lawrence Plaza (S.C.)
Toronto, Six Points (S.C.)
Toronto, Dufferin Plaza (S.C.)
Trenton
Willowdale (S.C.)
Windsor

MANITOBA

Winnipeg
Winnipeg (S.C.)

SASKATCHEWAN

Moose Jaw
Regina (S.C.)

ALBERTA

Calgary
Calgary (S.C.)
Edmonton
Edmonton (S.C.)

BRITISH COLUMBIA

Burnaby, Brentwood (S.C.)
Burnaby, Kingsway (S.C.)
New Westminster
North Surrey (S.C.)
Port Alberni
Vancouver

FEDERAL STORES

Lachine, Que.
Montreal, Que.
Rosemount, Que.
St. Hyacinthe, Que.

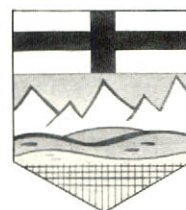
Shopping Centres Marked (S.C.)



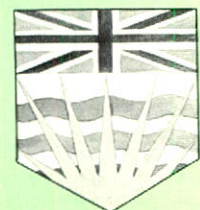
MANITOBA



SASKATCHEWAN



ALBERTA



BRITISH COLUMBIA



Walter P. Zeller

1890 - 1957

COMPANY'S HISTORY IN BRIEF

It is a matter of constant concern to the Company's management that each of its stores shall not only carry the merchandise which its customers expect to find in it, but shall also afford them a pleasant place in which to do their shopping in efficiently laid out, comfortable, convenient and attractive surroundings. Both in its physical appearance and in the service which it renders, every store is expected to be a credit to the community in which it is established.

In particular, the management has always taken care to see that the Company's store in Kitchener, Ontario, should be typical of the best features of its operation, for it was one which had special associations for the Company's founder, Mr. Walter P. Zeller.

Mr. Zeller was born on October 21st, 1890, on a farm in Waterloo County not far from the present City of Kitchener and he received his education at the Riverdale school in Waterloo County and at the Kitchener public and high schools.

When in 1932 the business which Mr. Zeller founded, began its operations, the store at Kitchener was one of its eleven original outlets, and Mr. Zeller continued to regard it as in many respects a characteristic store. In the Company's Annual Report for the year ending January 31st, 1942, he included exterior and interior views of the Kitchener store, which he described as "fairly representative of the kind of store operated by the Parent Company and its subsidiaries from Halifax to Edmonton." These were then the limits of the Company's expansion.

On December 16th, 1959, a fire—the worst in the history of Kitchener—which originated in other premises, spread to and destroyed the Zeller store.

Fortunately, it has been possible for the Company to obtain lands of larger extent, adjacent to its former premises and, on October 12th, 1961, a new and modern Zeller store was re-opened in Kitchener. Mrs. Walter P. Zeller, the widow of the Company's founder, kindly consented to participate in the opening ceremonies by cutting the ribbon at the entrance of the store to symbolize its official re-opening. Also, with Mrs. Zeller's permission, the premises will be known as the Walter P. Zeller Building.

On August 25th, 1957, when Mr. Zeller died, the business which he had founded with eleven stores had grown to sixty-two in number. The policy of vigorous but prudent expansion begun by Mr. Zeller has continued to be followed and the Company and its subsidiaries now operate ninety-four stores, located in the chief cities and towns across Canada from Sydney, N.S., to Port Alberni, B.C.



WALTER P. ZELLER BUILDING
KITCHENER, ONT.



Z E L L E R ' S