

# ZELLERS LIMITED

ANNUAL REPORT TO SHAREHOLDERS  
& NOTICE OF SHAREHOLDERS' MEETING

★ ★ ★

For Fiscal year ended  
January 31st, 1937

PURVIS HALL  
LIBRARIES

MAY 4 1946

McGILL UNIVERSITY



## Directors

WALTER P. ZELLER, Chairman

HERBERT A. HILLS

WM. C. NICHOLSON, K.C.

ROBERT T. HARTT

GILBERT F. BROOKS

T. E. McDERMOTT

MORRELL MACKENZIE

---

## Officers

WALTER P. ZELLER . . . . . President

HERBERT A. HILLS . . . . . Vice-President

T. E. McDERMOTT . . . . . Sec'y-Treasurer

TO THE SHAREHOLDERS OF ZELLERS LIMITED:

The Board of Directors of your Company submits herewith its Annual Report for the fiscal year ended January 31st, 1937. This is the fifth Annual Report, and like each previous Report, reflects very substantial progress.

The Operating Profit which for the previous year was \$207,858, has this year been increased to \$289,071, and the Net Profit of \$80,723 last year has been increased to \$146,163. This is an increase in Net Profit of over 81%, and is after provision for Income Taxes of \$28,000. as compared with \$15,600. the previous year.

The excellent liquid position of your Company is shown by the Balance Sheet. Cash is practically double the amount of Accounts Payable. Current Assets are two and a half times Current Liabilities. Although two new stores have been added and extensive improvements made in two existing stores. Fixed Assets have not materially increased after taking into consideration the Depreciation Reserve.

During the past year the wholly-owned Subsidiary Company acquired premises at Port Arthur, Ontario and North Bay, Ontario. The investment in these properties and payments on mortgages of a property at Sarnia, Ontario, represents the amount shown on the Balance Sheet as "Advances" to this Company.

Your particular attention is called to the reduction in the amount of Debenture Stock outstanding. This was originally \$250,000.00, against which a payment of \$50,000.00 was made on April 8th, 1936, bringing up-to-date the Annual Sinking Fund payments.

Shareholders have received a full 6% Dividend within the last twelve months. It will be noted, however, that only 3% has been charged against the Surplus Account. This is due to the fact that 3% was set up in the statement for the previous year. Present indications are that quarterly Dividends on the Preferred Shares will hereafter be paid regularly.



During the year the stores at Hamilton, Ontario and Peterborough, Ontario were remodelled and enlarged. The Hamilton Store is now, without question, one of the finest of its type in Canada. Two new stores were opened in the Fall of the year, one at Oshawa, Ontario and one at North Bay, Ontario. Results in both stores to date have been very satisfactory. A new store was also opened at Brantford, Ontario on March 6th of this year.

The splendid cooperation and loyalty which exists throughout the entire organization is to be highly commended and continues to be a substantial factor in obtaining the results reflected in this Report.

On behalf of the Board of Directors,

WALTER P. ZELLER,

President.

# ZELLERS

Balance Sheet as at

## ASSETS

Cash on Hand and in Banks .....		\$ 153,871.62
Inventories—Quantities determined by actual count, weight or measurement and priced at the lower of cost or market .....		398,073.89
Sundry Accounts Receivable and Deposits .....	\$ 10,570.47	
<b>Less</b> —Reserve for Doubtful Accounts .....	2,000.00	8,570.47
Prepaid Expenses and Supplies .....		20,697.76
Life Insurance—Cash Surrender Value .....		7,200.00
<b>TOTAL CURRENT ASSETS</b> .....		<b>\$ 588,413.74</b>
Investment in and Advances to Walter P. Zeller Holding Company Limited (a wholly owned Subsidiary)—		
Capital Stock .....	\$ 1,000.00	
Advances .....	28,500.00	29,500.00
Fixed Assets—as valued by the Directors as at 1st March, 1932—with net additions to date at cost—		
Furniture, Fixtures and Equipment .....	\$ 527,598.97	
Improvements to Leasehold Premises .....	826,597.50	
	<u>\$1,354,196.47</u>	
<b>Less</b> —Reserve for Depreciation .....	345,472.84	1,008,723.63
		<u><u>\$1,626,637.37</u></u>

Approved on behalf of the Board:

H. A. HILLS, Director.

T. E. McDERMOTT, Director.

## AUDITORS' REPORT

We have examined the books and accounts of Zellers Limited for January 1937, and we have obtained all the information and explanation from Walter P. Zeller Holding Company Limited for the year ended 31st January 1937. The amount payable on or before 31st March, 1937 to the Trusts of the Zellers Limited has not been shown as a current liability.

The amount payable on or before 31st March, 1937 to the Trusts of the Zellers Limited has not been shown as a current liability.

Subject to the foregoing remarks, we report that, in our opinion, the books and accounts of the Company are correct and give a true and correct view of the state of the Company's affairs, according to the books of the Company.

MONTREAL, 11th March, 1937.

# LIMITED

at 31st January, 1937

## LIABILITIES

Accounts Payable—Trade .....	\$ 85,644.13
Accrued Commissions and Miscellaneous Expense .....	50,254.93
Provision for Dominion, Provincial and Municipal Taxes .....	31,280.14
Rental Payable on the basis of a percentage of Sales .....	13,247.66
Accrued Debenture Interest .....	12,000.00
Dividend on Preferred Shares .....	8,137.50
Note Payable—Due 1st June 1937 .....	33,750.00

TOTAL CURRENT LIABILITIES ..... \$234,314.36

Reserve for Taxes, Insurance and Rentals ..... 11,134.00

### DEBENTURE STOCK—

Authorized and Issued—\$250,000.00 Six Per Cent Cumulative Redeemable Sinking Fund Debenture Stock .....	\$ 250,000.00	
Less—Redeemed during the year .....	50,000.00	200,000.00

### CAPITAL STOCK AND EARNED SURPLUS—

Authorized — 7,500 Six Per Cent Non-Cumulative Re- deemable Preferred Shares of a Par Value of \$100.00 each .....	\$ 750,000.00
--------------------------------------------------------------------------------------------------------------------------	---------------

100,000 Common Shares without Nominal or  
Par Value

Issued and Fully Paid— 5,425 Preferred Shares .....	\$ 542,500.00
100,000 Common Shares .....	\$ 500,000.00

Earned Surplus—per Statement Attached .....	138,689.01	638,689.01	1,181,189.01
------------------------------------------------	------------	------------	--------------

There is a Contingent Liability of \$37,100.00 in respect of  
the guarantee of the mortgages against the Sarnia property  
of Walter P. Zeller Holding Company Limited, occupied  
under lease by Zellers Limited. \$1,626,637.37

## THE SHAREHOLDERS

the purpose of establishing the state of the Company's affairs as at 31st  
January, 1937. We have also examined the accounts of  
the operations of this latter company has  
a detailed audit of all the transactions during the year.  
for the Sinking Fund in reduction of the amount of Debenture Stock

the above Balance Sheet is properly drawn up so as to exhibit a true  
statement of our information and the explanations given to us and as shown by

(Signed) McDONALD, CURRIE & CO.,

Chartered Accountants.



# ZELLERS LIMITED

## STATEMENT OF PROFIT AND LOSS

For the year ended 31st January, 1937

SALES ..... \$4,462,338.43

### DEDUCT—

Cost of Goods Sold, Operating, Selling and Administrative Expenses, exclusive of items shown hereunder .....	\$4,128,629.90	
Salaries and Bonuses of Executive Officers .....	39,210.00	
Professional Fees .....	5,428.00	4,173,267.90

Operating Profit before providing for Depreciation ..... \$ 289,070.53

### DEDUCT—

Store Development Expense .....	\$ 6,735.53	
Interest—Sundry .....	2,055.76	
Debenture .....	12,530.96	
Depreciation—Furniture, Fixtures and Equipment and Improvements to Leasehold Premises .....	93,585.63	114,907.88
		\$ 174,162.65

### DEDUCT—

Provision for Dominion Income and Provincial Profits Taxes .....	28,000.00
------------------------------------------------------------------	-----------

Net Profit for the year—transferred to Surplus Account..... \$ 146,162.65

## STATEMENT OF SURPLUS

Balance at Credit—31st January 1936 .....	\$ 9,580.61
Add—Net Profit for the year .....	146,162.65
	155,743.26

Deduct—Dividend on Preferred Shares—Paid .....	\$ 8,137.50	
Dividend on Preferred Shares—Declared .....	8,137.50	
Excess Life Insurance Premium over increase in Cash Surrender Value .....	779.25	17,054.25

Balance—31st January 1937 ..... \$ 138,689.01



TO THE SHAREHOLDERS OF ZELLERS LIMITED:

Take notice that the Annual General Meeting of Shareholders of Zellers Limited, will be held at the Head Office of the Company, Room 811, 1253 McGill College Avenue, Montreal, on the 24th day of April 1937, at the hour of 12 o'clock noon, the said Meeting being called for the following purposes:

- (a) To consider and, if deemed advisable, to adopt the Balance Sheet and General Statement of Income and Expenditure for the Fiscal Year ended January 31st 1937, and the Auditors' Report;
- (b) To elect Directors for the ensuing year;
- (c) To appoint Auditors of the Company for the ensuing year;
- (d) To consider and, if deemed advisable, to ratify, sanction and confirm the action of the Directors in enacting By-Law No. 40 relating to the alteration of Paragraphs 1 and 6 of the capital stock provisions of the Company in connection with the power of the Company to issue notes in the ordinary course of its business to an amount not to exceed in the aggregate at any one time the sum of \$175,000.00 including a Note for the sum of \$33,750.00 in favour of Retail Department Stores of America Inc., plus any further sum or sums equivalent to the amount or amounts from time to time paid in redemption of the Debenture Stock and in connection with the procedure with reference to sinking fund instalments on account of the Debenture Stock.
- (e) To consider and, if deemed advisable, to sanction and approve all acts, transactions and proceedings of the Directors during the preceding year;
- (f) To transact such other business as may properly come before the said Meeting.

In view of the fact that dividends totalling 6% have been paid in the past year on the Preferred Shares, the right of the holders of the Preferred Shares to vote has ceased until such time or times, if any, as further non-payment of a dividend shall occur and continue for a period of two consecutive years from the date of the last payment of any dividend. Consequently, at the Meeting above referred to the holders of Common Shares will alone be entitled to vote.

If you are unable to attend the Meeting, kindly sign and return the enclosed proxy.

By order of the Board of Directors,

T. E. McDERMOTT,

Secretary-Treasurer.

Montreal, April 9th, 1937.

## Operating in the following Cities

LONDON, ONT.

HAMILTON, ONT.

SHERBROOKE, QUE.

ST. CATHARINES, ONT.

KITCHENER, ONT.

FREDERICTON, N.B.

ST. JOHN, N.B.

OTTAWA, ONT.

SARNIA, ONT.

FT. WILLIAM, ONT.

WINNIPEG, MAN.

BELLEVILLE, ONT.

PETERBOROUGH, ONT.

THREE RIVERS, QUE.

LINDSAY, ONT.

GUELPH, ONT.

QUEBEC, QUE.

BARRIE, ONT.

OSHAWA, ONT.

NORTH BAY, ONT.

*14 Ont.  
2 Que  
2 Mont  
2 Man.*

---

Buying and Executive Offices

1253 MCGILL COLLEGE AVE.

MONTREAL





