

Corporation
File



Holt, Renfrew
& COMPANY LIMITED

ANNUAL REPORT

For the year ended January 31, 1947

PLUTZ HALL
VJES
APR 22 1947
MCGILL UNIVERSITY

HOLT, RENFREW & COMPANY LIMITED

Head Office: 1300 SHERBROOKE ST. WEST
MONTREAL

Directors

G. HAROLD AIKINS, K.C.
HENRY BORDEN, K.C.
GEORGE B. FOSTER, K.C.
R. G. LIDDY
JOHN G. McCONNELL
RT. HON. ARTHUR MEIGHEN, K.C., P.C.
ALVIN J. WALKER
R. HOWARD WEBSTER

Officers

ALVIN J. WALKER
President and Managing Director

JOHN G. McCONNELL
Vice-President

R. G. LIDDY
Secretary-Treasurer

Branches

QUEBEC - MONTREAL - TORONTO
WINNIPEG - OTTAWA - HAMILTON

Annual Report of the Board of Directors

of

HOLT, RENFREW & CO., LIMITED

for the year ended January 31st, 1947,
submitted to the Shareholders of the Company
at the Annual Meeting held on April 30th, 1947.

Your Directors submit herewith the 110th Annual Report and Financial Statements of your Company and its wholly owned subsidiary, Amcan Furs Limited, for the year ending January 31, 1947. The books of the Company and of its subsidiary have been audited by Price, Waterhouse & Co., whose certificate is appended.

As you are aware, the business of your Company falls under two major headings, the first of which is the operation of retail stores, and the second of dealing in furs, mainly at wholesale, both through your Company and through its wholly owned subsidiary, Amcan Furs Limited, which latter company was organized primarily for the purpose of dealing in fur skins in the United States.

While the operations of the retail stores were carried on profitably, we regret to report that the wholesale fur department operated by your Company and its subsidiary, incurred very substantial losses. These losses were partly due to a very serious decline in the value of furs which took place in the latter part of our fiscal year and in common with those engaged in this type of business, serious inventory losses have been taken by your Company.

The situation was further aggravated by the financial difficulties experienced by Motty Eitingon, Inc., a large and long established firm engaged in processing and trading in furs, with which your Company and its subsidiary had successfully dealt for many years.

The accounts of your Company enclosed herewith reflect the substantial losses incurred in the last part of the fiscal year as a result of the obligations of Motty Eitingon, Inc., held by your Company and its subsidiary, which the debtor is not able to meet. To give effect to the situation as at January 31, 1947, your Directors have deemed it advisable, in the light of all the circumstances, to consider the general creditor account of Motty Eitingon, Inc., to your

Company and its subsidiary as not having a worth in excess of that reflected in the Balance Sheet.

It is, however, worthy of note that a group of bankers and factors has advanced the sum of \$1,500,000 to Motty Eitingon, Inc., in accordance with a plan approved by the Court. Such plan of rehabilitation is designed to pay off obligations to creditors, and to restore, if possible, that company to its former position. This plan is in the early stages of development, and its success will depend upon a number of factors over which your Company will have no control, such as business conditions generally, and prices prevailing in the fur markets. These considerations have caused your Directors to approve the accounting practice referred to in the preceding paragraph.

It will be noted from the financial statements that the Company showed a substantial profit in respect of its operations before taking into account losses arising from the circumstances herein enumerated.

So far in the new year, your Directors are pleased to report that the record volume of retail business of the past year has been maintained. The outlook continues reasonably promising. Post-war re-conversion is steadily making additional lines of merchandise available to our customers. We expect to open the men's shop in the new section of our Montreal store in early June and to open other departments in the new section by August.

Full appreciation must be given to all who have worked with us for the increasing success of your Company's retail activities during the year.

Respectfully submitted on behalf of the Board of Directors.

ALVIN J. WALKER,
President and Managing Director.

CONSOLIDATED BALANCE SHEET

Assets

CAPITAL ASSETS:

Land and Buildings	\$1,362,005.35
Furniture and Fixtures, Automobiles, etc., less depreciation.....	44,030.77
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	\$1,406,036.12

NOTE:—Canadian Appraisal Co., Limited, valued the properties at a depreciated value of \$2,259,602.50 as of January 31, 1947.

Goodwill	772,453.79
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\$2,178,489.91

CURRENT ASSETS:

Merchandise, as determined and valued by the management, at or below cost.....	\$1,399,256.09
Raw Skins and Furs in the United States at approximate realizable values as estimated by the management (pledged to bank in respect of demand loan and guarantees).....	1,250,704.00
Trade Accounts Receivable, less reserve	718,376.71
Other Accounts Receivable, less reserve.....	94,065.75
Cash Deposits with Fire Insurance Underwriters....	66,835.39
Cash on Hand and with Bankers	36,754.77
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3,565,992.71

INCOME TAX payments made in respect of current year—recoverable.....	\$ 223,176.40
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CLAIM for refund of taxes paid in the previous fiscal year resulting from application of Section 5 (1) (p) of Income War Tax Act	624,300.14
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847,476.54

ADVANCES to Mouton Processors (Canada) Limited, recoverable out of future profits of that Company....	178,577.08
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INVESTMENT in subsidiary company	1.00
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REFUNDABLE portion of Excess Profits Tax	66,776.18
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ACCOUNT receivable from Motty Eitingon, Inc., and associated companies—\$2,495,859.24—At written down value	499,171.85
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DEFERRED CHARGES:

Taxes, Insurance and Expenses paid in advance....	\$ 59,933.08
Alterations to Premises—Unamortized Balance....	129,060.16
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188,993.24

\$7,525,478.51

Approved on behalf of the Board:

ALVIN J. WALKER, *Director*.

R. G. LIDDY, *Director*.

HEET, JANUARY 31, 1947

Liabilities

CAPITAL STOCK:

7% Cumulative Preferred—

Authorized and Issued—10,000 shares of \$100.00
each..... \$1,000,000.00

NOTE:—Preferred Dividends in arrears amount to \$647,500.00

Common—

Authorized and Issued—10,000 shares of \$100.00
each..... 1,000,000.00
\$2,000,000.00

CURRENT LIABILITIES:

Demand Loan from Bank..... \$ 815,000.00
Liability to bank under guarantees by Holt, Renfrew
& Co. Limited in respect of trade paper endorsed
by Motty Eitingon, Inc., and under discount.... 1,667,096.46
\$2,482,096.46
Bills Payable and Accrued Interest thereon..... 1,453,449.36
Bank Loan re Employees' Savings Bonds..... 24,016.05
Accounts Payable and Accrued Liabilities..... 434,026.79
Mortgage Payable due October 1, 1947, and Accrued
Interest..... 155,550.00
Prepaid Storage, Interest and Sundry Credit Balances 78,842.94
Reserve for Income and other Taxes..... 59,453.29
4,687,434.89
RESERVE for Depreciation of Buildings..... 335,000.00

DEFERRED SURPLUS:

Refundable Portion of Excess Profits Tax (contra).. 66,776.18

EARNED SURPLUS:

per statement attached..... 436,267.44

Commitments in respect of new building and furnish
ings aggregate approximately \$300,000.00.

Contingent Liabilities:

Trade paper under discount \$210,550.65.

\$7,525,478.51

Submitted with our Report to the Shareholders dated April 18, 1947.

PRICE, WATERHOUSE & CO., Auditors

HOLT, RENFREW & CO., LIMITED
AND SUBSIDIARY COMPANY

*Consolidated Statement of Profit and Loss
for the year ending January 31, 1947*

COMBINED PROFIT FROM OPERATIONS:

After deducting all selling and general expenses (except those deducted below), and after providing for bad debts, but before charging depreciation of buildings and equipment and amounts written off alterations to premises.....	\$1,323,748.11
Miscellaneous Income—	
Income from investments, profit on operation of buildings and sale of bonds, etc.....	11,097.21
	\$1,334,845.32

DEDUCT:

Executive remuneration	\$ 45,224.98	
Directors' Fees.....	7,890.00	
Interest on Mortgage.....	8,514.57	
Depreciation—		
On Buildings.....	\$35,000.00	
On Furniture, Fixtures and Automobiles.....	20,393.21	
	55,393.21	
Amounts written off alterations to premises.....	61,651.86	
Investment in wholly owned subsidiary company written down to \$1.00.....	22,099.00	
	200,773.62	
Balance.....		\$1,134,071.70

Loss resulting from the write-down of inventory of raw furs and skins held in the United States..... \$ 896,471.35

Amount by which the account receivable from Motty Eitingon, Inc. and associated companies has been written down less recovery through cancellation of certain contracts..... 1,714,687.39

\$2,611,158.74

Deduct:

Claim for refund of taxes paid in the previous fiscal year resulting from application of Section 5 (1) (p) of the Income War Tax Act.....	\$624,300.14	
Contingent and other reserves created in prior years applied against losses	436,140.95	
	1,060,441.09	
		1,550,717.65
Balance, being net charge to surplus for the year.....		\$ 416,645.95

HOLT, RENFREW & CO., LIMITED
AND SUBSIDIARY COMPANY

*Consolidated Statement of Earned Surplus
for the year ending January 31, 1947*

Balance, January 31, 1946		\$922,913.39
LESS:		
Net charge to surplus for year, per statement attached ..	\$416,645.95	
Dividends paid on preferred shares	70,000.00	
		<u>486,645.95</u>
Balance, January 31, 1947		<u>\$436,267.44</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the books and accounts of Holt, Renfrew & Co. Limited in Montreal, Winnipeg and Hamilton and of its wholly owned subsidiary, Amcan Furs Limited, for the year ending January 31, 1947, and have been furnished with financial statements of the Toronto, Quebec and Ottawa branches with the reports of the auditors thereof, and have obtained all information and explanations we have required.

The attached accounts give effect as at January 31, 1947, to certain adjustments arising out of the provisions of an agreement dated March 31, 1947, which was entered into by the Company and Motty Eitingon, Inc. resulting from financial difficulties of that Company.

Assessments for income and excess profits taxes have been received for the years up to and including the year ending January 31, 1941. The liability in respect of income and excess profits taxes for the years subsequent thereto and the amount of claims for refund are subject to final determination by the tax department.

Holt, Renfrew & Co. Limited acquired, during the year, all the outstanding capital stock of Town & Country Club Furs, Inc. at a cost of \$22,100.00. We are advised that no financial statements of this Company as of January 31, 1947, are available and therefore have no information relative to the financial position of the Company. The management of your Company have written this investment down to a nominal value of \$1.00.

Subject to the above remarks, we report that, in our opinion, the attached consolidated balance sheet at January 31, 1947, is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of Holt, Renfrew & Co. Limited and its wholly owned subsidiary company, according to the best of our information and the explanations given to us and as shown by the books of the companies which we have examined and the audited accounts of the remaining branches as referred to above.

PRICE, WATERHOUSE & CO.

Montreal, April 18, 1947.



HOLT, RENFREW & COMPANY LIMITED

**FURRIERS IN CANADA
FOR MORE THAN
110 YEARS**

**THE DOMINION'S LEADING
SPECIALTY SHOPS**

Also . . . Operators of their own Silver Fox and Mink Ranches
in the Province of Quebec

**WHOLESALE DIVISIONS for Raw and Dressed Furs
in Montreal and Quebec City**

HOLT, RENFREW & COMPANY LIMITED now have six
stores in Canada—Quebec City, opened in 1837; Toronto in 1889;
Montreal and Winnipeg in 1910; Ottawa in 1942; and Hamilton
in 1945.

