



Holt, Renfrew
& COMPANY LIMITED

ANNUAL REPORT

For the year ended January 31, 1949

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HOLT, RENFREW & COMPANY LIMITED
FURRIERS IN CANADA
FOR MORE THAN
111 YEARS

1

THE DOMINION'S LEADING
SPECIALTY SHOPS

1

Also . . . Operators of their own Mink Ranch
in the Province of Quebec

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.

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HOLT, RENFREW & COMPANY LIMITED

Head Office: 1300 SHERBROOKE ST. WEST
MONTREAL

Directors

G. HAROLD AIKINS, K.C.
GEORGE H. BEESTON
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

The 112th
Annual Report of the Board of Directors
of
HOLT, RENFREW & CO., LIMITED

for the year ended January 31, 1949
to be submitted to the Shareholders of the Company
at the Annual Meeting to be held on April 26, 1949.

Your Directors submit herewith the Consolidated Annual Report and Financial Statements of your Company and its wholly owned subsidiary, Amcan Furs Limited, for the year ended January 31, 1949, as audited by Price, Waterhouse & Co., whose certificate is attached.

The volume of Retail Sales has again shown a satisfactory increase; the Inventories have been valued conservatively and are in good current condition and well assorted; the reserves for Doubtful Accounts are considered adequate.

Your properties have been kept in good repair; during the year we disposed of the Warehouse at 1422 McGill College Avenue now no longer needed for our Retail Trade.

Your Directors appreciate and acknowledge the loyal services of the employees during the year.

Respectfully submitted on behalf of the Board of Directors,

ALVIN J. WALKER
President and Managing Director.

CONSOLIDATED BALANCE SHEET

Assets

CURRENT ASSETS:

Cash on hand and with bankers	\$ 59,780.90	
Trade and other accounts receivable, less reserve	1,090,969.46	
Merchandise on hand valued at the lower of cost or market in accordance with the company's usual practice, as determined and certified by the management	928,325.00	
Raw skins and furs in the United States at approximate realizable values as estimated by the management (pledged to bank in respect of demand loans and guarantees)	13,196.00	
Prepaid taxes, insurance, etc., including deposits with insurance underwriters	71,987.42	
	<hr/>	\$2,164,258.78

CAPITAL ASSETS: (Note 1)

Land and buildings	\$ 928,385.73	
Less: Reserve for depreciation	151,687.43	
	<hr/>	\$ 776,698.30
Furniture and fixtures, automobiles, etc.	\$ 394,758.20	
Less: Reserve for depreciation	265,418.91	
	<hr/>	129,339.29

GOODWILL

	\$ 906,037.59	
	772,453.79	
	<hr/>	1,678,491.38

SUNDRY ASSETS AND DEFERRED CHARGES:

Refundable portion of excess profits tax (Note 2)	\$ 91,010.15	
Account receivable from Motty Eitingon Inc. and associated companies at estimated realizable value (Note 3)	167,142.25	
Deferred account receivable, less amount written off, recoverable out of future profits of the debtor company	74,465.00	
Alterations to premises—unamortized balance	135,674.06	
	<hr/>	468,291.46

CLAIMS FOR REFUND OF INCOME AND EXCESS PROFITS TAXES: (Note 2)

Payments made in respect of year ending January 31 1947	\$ 223,176.40	
Refund of taxes paid in the year ending January 31 1946, resulting from application of Section 5 (1) (p) of Income War Tax Act	631,311.19	
	<hr/>	854,487.59

\$5,165,529.21

Approved on behalf of the Board:

ALVIN J. WALKER, *Director.*
R. G. LIDDY, *Director.*

SHEET — JANUARY 31 1949

Liabilities

CURRENT LIABILITIES:

Demand loans from bank	\$ 735,000.00	
Bills payable (U.S. funds)	117,979.87	
Liability to bank resulting from guarantees in respect of trade paper discounted (U.S. funds)	225,650.60	
Accounts payable and accrued liabilities	709,115.69	
Prepaid storage, interest and sundry credit balances	102,517.69	
Income and other taxes (Note 2)	231,163.32	
	<hr/>	\$2,121,427.17

5% FIRST MORTGAGE BONDS—July 1 1967	\$ 424,000.00	
Less: Sinking fund payment due July 1 1949, included with current liabilities	10,000.00	
	<hr/>	414,000.00

CAPITAL STOCK AND SURPLUS: (Note 2)

7% Cumulative Preferred— Authorized and issued— 10,000 shares of \$100.00 each	\$1,000,000.00	
<i>Note: Preferred dividends in arrears amount to \$787,500.00</i>		
Common— Authorized and issued— 10,000 shares of \$100.00 each	1,000,000.00	
Earned Surplus, per statement attached	539,091.89	
Deferred Surplus— Refundable portion of excess profits tax (contra)	91,010.15	
	<hr/>	2,630,102.04

CONTINGENT LIABILITY:

In respect of a claim being preferred against the parent company amounting to approximately \$81,000.00.

The accompanying Notes to Consolidated Financial Statements should be read in conjunction with the above Consolidated Balance Sheet.

\$5,165,529.21

Submitted with our Report to the Shareholders dated April 8 1949.

PRICE, WATERHOUSE & CO.,
Auditors.

HOLT, RENFREW & CO., LIMITED

AND SUBSIDIARY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31 1949

- NOTE (1): Canadian Appraisal Company Limited has reported the present value of land, buildings, furniture and furnishings, etc. at January 31 1949 based upon appraisals as of 1935 to 1945, and including additions to date to be \$2,237,882.36.
- NOTE (2): The claims for refund of taxes, which were set up in the accounts at January 31 1947, were the subject of discussion with the Taxation Division of the Department of National Revenue and it was believed at that time that they would be approved. The claims were further reviewed by the taxation authorities during 1948 and it has been indicated to the company that they will be disallowed in full; on advice of counsel for the company any assessments based on disallowances of the claims will be appealed and if necessary contested in the Courts. If such disallowances were subsequently maintained, it would result in the entire loss of the refund claims of \$854,487.59, and additional taxes being payable in the amount of approximately \$390,000.00 including \$80,000.00 in respect of the year ended January 31 1949; as against these amounts there would be however an increase of approximately \$100,000.00 in the refundable portion of excess profits tax.
- NOTE (3): A plan of reorganization of Motty Eitingon Inc. and its associated companies was put into effect during 1948. The amount of the indebtedness of these companies which may eventually be recovered under this plan is indeterminate at this time; in the opinion of your Directors such amount should not be less than the written down amount shown on the attached balance sheet.

HOLT, RENFREW & CO., LIMITED
AND SUBSIDIARY COMPANY

Consolidated Statement of Profit and Loss
for the year ending January 31 1949

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 \$500,002.30

Deduct:

Executive remuneration	\$ 52,416.11	
Directors' fees	6,550.00	
Interest on first mortgage bonds	22,184.82	
Depreciation—		
Buildings	\$ 20,504.40	
Furniture and fixtures, automobiles, etc.	30,694.88	
	51,199.28	
Amounts written off alterations to premises	35,745.79	
Provision for Provincial income tax	20,000.00	
	188,096.00	
Net profit for the year (Note 2) transferred to earned surplus		\$311,906.30

Consolidated Statement of Earned Surplus
for the year ending January 31 1949

Balance, January 31 1948		\$336,380.73
<i>Add:</i> Net profit for the year, as above		311,906.30
		\$648,287.03
<i>Deduct:</i>		
Loss on disposal of capital assets	\$ 34,730.20	
Amount written off deferred account receivable	74,464.94	
	109,195.14	
Balance, January 31 1949		\$539,091.89

The accompanying Notes to Consolidated Financial Statements should be read in conjunction with the above Consolidated Statements of Profit and Loss and Earned Surplus.

TO THE SHAREHOLDERS OF
HOLT, RENFREW & CO., LIMITED:

We have examined the consolidated balance sheet of Holt, Renfrew & Co., Limited and subsidiary company as at January 31 1949 and the related statements of profit and loss and earned surplus for the year ended on that date, which include the audited financial statements of the Quebec branch not examined by us, and have obtained all the information and explanations which we required. Our examination included such tests of the accounting records and other supporting evidence and such other procedures as we considered appropriate in the circumstances.

The parent company's position as regards income and excess profits taxes, which are of substantial importance as affecting the financial position of the company and the earnings as reported for the year ended January 31 1949 as referred to in Note 2 to the consolidated financial statements, has not been finally determined. Subject thereto we report that, in our opinion, the accompanying consolidated balance sheet and the related consolidated statements of profit and loss and earned surplus, read in conjunction with the notes appended thereto, are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at January 31 1949 and the results of 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 which we have examined and the audited accounts of the Quebec branch as referred to above.

PRICE, WATERHOUSE & CO.,
Auditors.

MONTREAL, April 8 1949.

