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# Sears

## *Simpsons·Sears Limited Annual Report 1974*



Simpsons-Sears Limited and subsidiary companies  
Annual Report for the fiscal year ended January 8, 1975

## *Directors*

Crowdus Baker  
Jack C. Barrow  
Thomas J. Bell  
G. Allan Burton  
James W. Button  
John F. Gallagher  
Charles L. Gundy  
Jack F. Kincannon  
Gordon M. Metcalf  
Douglas J. Peacher  
Charles B. Stewart  
James M. Tory  
William P. Wilder  
Arthur M. Wood

## *Officers*

Jack C. Barrow	Chairman of the Board and Chief Executive Officer
Douglas J. Peacher	President and Chairman of Finance Committee
Alex Campbell	Vice-President, Operating
Norman S. Cuthbert	Vice-President, Public Relations
H. Alexander King	Vice-President, Personnel
Joseph R. O'Kell	Vice-President and Secretary
Morgan Reid	Vice-President, Planning and Development
C. Richard Sharpe	Vice-President, Merchandising
Frederick R. Southmayd	Vice-President, Finance
James F. Anderson	Treasurer
C. Lester Bishop	Assistant Treasurer
J. J. Michael Eagan	Assistant Secretary

Head Office 222 Jarvis Street, Toronto, Canada M5B 2B8

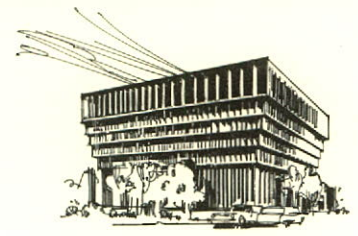
Transfer Agent and Registrar

The Royal Trust Company, Toronto, Ont; Montreal, P.Q; Calgary, Alta.

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**Edition française du rapport annuel** On peut se procurer l'édition française de ce rapport en écrivant au Vice-président, Finances, Simpsons-Sears Limited, 222 Jarvis Street, Toronto, Ont. M5B 2B8



Headquarters Building • Toronto

## *Catalogue Centres*

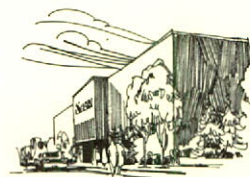
Halifax, Nova Scotia  
Toronto, Ontario  
Regina, Saskatchewan  
Vancouver, British Columbia

## *Catalogue Sales Offices*

608 Sales Offices across Canada

## *Retail Stores* (51)

Barrie, Ontario	Kelowna, British Columbia	Richmond, British Columbia
Belleville, Ontario	Kingston, Ontario	Richmond Hill, Ontario
Brantford, Ontario	Kitchener, Ontario	Saint John, New Brunswick
Burlington, Ontario	Lethbridge, Alberta	Sarnia, Ontario
Burnaby, British Columbia	Levis, Quebec	Saskatoon, Saskatchewan
Calgary, Alberta (2 stores*)	Mississauga, Ontario	Sault Ste. Marie, Ontario
*Chinook-Centre	Moncton, New Brunswick	Sherbrooke, Quebec
*North Hill	Moose Jaw, Saskatchewan	St. Catharines, Ontario
Chicoutimi, Quebec	Nanaimo, British Columbia	St. John's, Newfoundland
Dundas, Ontario	Newmarket, Ontario	Sudbury, Ontario
Edmonton, Alberta (3 stores*)	Oshawa, Ontario	Surrey, British Columbia
*Bonnie Doon	Ottawa, Ontario (2 stores*)	Thunder Bay, Ontario
*Meadowlark	*Carlingwood	Trois-Rivières, Quebec
*Park Plaza	*St. Laurent	Victoria, British Columbia
Fredericton, New Brunswick	Peterborough, Ontario	Windsor, Ontario
Guelph, Ontario	Prince Albert, Saskatchewan	Winnipeg, Manitoba (2 stores*)
Hamilton, Ontario	Quebec City, Quebec (2 stores*)	*Garden City
Hull, Quebec	*Fleur de Lys	*Polo Park
Kamloops, British Columbia	*Place Laurier	



# Financial Highlights

	<b>1974</b> 53 Weeks	<b>1973</b> 52 Weeks
Net sales .....	<b>\$1,341,128,000</b>	\$1,073,467,000
Net earnings .....	<b>34,454,000</b>	30,275,000
*Per share .....	<b>.51</b>	.45
Dividends declared .....	<b>14,914,000</b>	13,516,000
Per share .....	<b>.22</b>	.20
Shareholders' equity .....	<b>269,476,000</b>	248,043,000
Per share .....	<b>3.97</b>	3.67
Municipal realty and business taxes .....	<b>11,220,000</b>	9,334,000
Federal and provincial income taxes .....	<b>34,620,000</b>	27,974,000
Depreciation .....	<b>18,583,000</b>	14,876,000
Contributions to Simpsons-Sears Profit Sharing Retirement Fund and Canada and Quebec Pension Plans .....	<b>7,409,000</b>	6,349,000
Expenditures for fixed assets .....	<b>70,270,000</b>	35,996,000

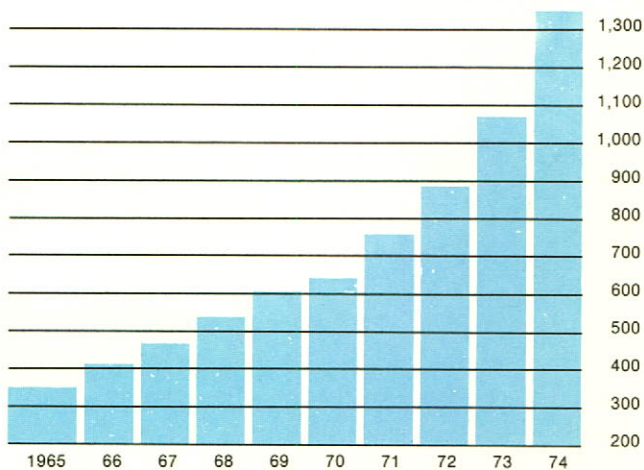
\*Based on weighted average of shares outstanding during the year.

## Sales

millions of dollars

Consolidated net sales of \$1,341,128,000 in 1974 showed an increase of 24.9% over 1973.

The compounded average increase for the ten-year period 1965 to 1974 was 15.6% per year.



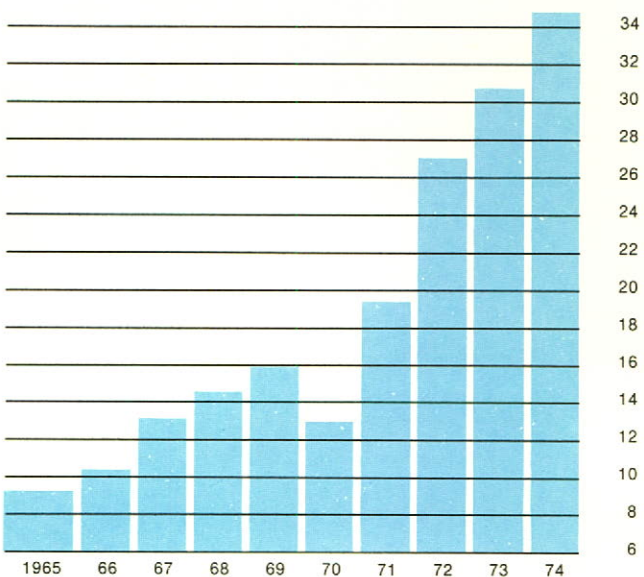
## Earnings

millions of dollars

Consolidated net earnings, after taxes, which amounted to \$34,454,000 in 1974 showed an increase of 13.8% from 1973.

The compounded average increase for the ten years 1965 to 1974 was 15.2% per year.

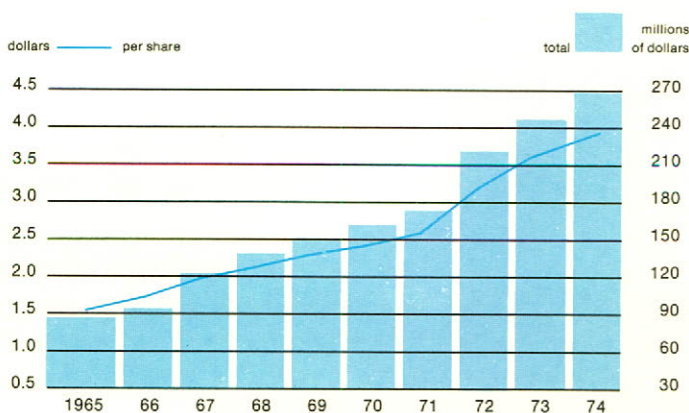
Earnings per share, based on the weighted average of shares outstanding during the year, were 51¢ in 1974 compared with 45¢ in 1973 and 16¢ in 1964.



## Shareholders' Equity

Total shareholders' equity increased from \$84,441,000 at the end of 1964 to \$269,476,000 at the end of 1974 and shows a compounded average annual growth of 12.3% over the ten-year period. Equity per share which was equivalent to \$1.56 at the end of 1964 increased to \$3.97 at the end of 1974.

Years 1974 and 1968 include 53 weeks



# *Report to Shareholders*



Jack C. Barrow, Chairman of the Board



Douglas J. Peacher, President

Net sales for the fiscal year 1974 (53 weeks) were \$1,341,128,000, an increase of 24.9% over 1973 (52 weeks).

Net earnings for 1974 were \$34,454,000 and this represented earnings of 51¢ per share calculated on the weighted average number of shares outstanding during the year. Earnings in 1973 were \$30,275,000 which was 45¢ per share on the same basis.

The operating results for 1974 were affected by a number of factors, some of which were particularly associated with inflation. Interest costs were high with the total interest in 1974 amounting to \$39,196,000 compared with \$24,098,000 in the previous year. Of the increase, approximately \$4,500,000 was due to higher short term rates during 1974. Preopening expenses associated with our expansion program were \$3,608,000 compared with \$2,804,000 in 1973. The 10% surcharge imposed by the Federal Government for one year effective May 1, 1974 increased our Federal income tax and reduced the final net profit for the year by \$1,705,000.

Quarterly dividends of 5½¢ per share were declared during 1974 making a total of 22¢ for the year compared with 20¢ per share declared in 1973.

The Company contributed \$4,437,000 to Simpsons-Sears Profit Sharing Retirement Fund, based on the profits in 1974. This was in addition to \$2,972,000 paid by the Company as its contribution for the year to the Canada and Quebec Pension Plans. Comparable figures in 1973 were \$4,101,000 contributed to Simpsons-Sears Profit Sharing Retirement Fund and \$2,248,000 paid to the Canada and Quebec Pension Plans.

Five new retail stores were opened in 1974 to increase the total number of stores in operation at the end of the year to fifty-one. The new store locations were Levis, Quebec; and Brantford, Newmarket, Richmond Hill and Sudbury in Ontario. In addition, we carried out significant expansion during the year in the Regina and Halifax Catalogue Centres and in some of our support facilities. In 1974 also, considerable progress was made on a major distribution and fashion centre facility in Montreal, Quebec. We expect to open five new Retail stores in 1975.

In March 1974, Messrs. Thomas J. Bell and William P. Wilder were elected to the Board of Directors to fill vacancies created by the resignation of Mr. William D. Allport and the death of Mr. William P. Scott earlier in the year. These members served with distinction and made a substantial contribution to the Company during the time that they were on the Board.

Mr. James F. Anderson, Treasurer of the Company, retired on January 8, 1975 after forty-five years of service during which he made a valuable contribution to the Company. We wish him happiness in his retirement. Mr. C. Lester Bishop, who was formerly the Assistant Treasurer, succeeded Mr. Anderson as Treasurer of the Company on January 9, 1975.

In 1974 we experienced a year with many problems associated with the rate of inflation in the economy. We express our gratitude to our employees for the way in which they discharged their responsibilities during this particularly difficult time.

The loyalty and support of our customers continues to be our major asset and we say thank you to them. We will do our best to continue to merit their confidence.

  
Chairman

  
President

## Human Resources

Simpsons-Sears is people, over 30,000 of them spread across this vast country. Each one is an individual with different interests and aptitudes, all are entitled to a place in Simpsons-Sears where their individuality can best be applied to ensure utmost job satisfaction and productivity.

Our basic policy 'that every employee be treated as an individual with fairness and dignity at all times' is the key to courtesy and service to our customers. Simpsons-Sears expansion program has made us a particularly exciting company to be part of because our management development truly results in 'promotion from within'.

*On the Community Level,* we support numerous programs designed to enrich the social and economic life of the areas in which we operate. Yes, Simpsons-Sears is a big company but we strive to remember that we are part of a much larger community and to pursue our responsibilities as good corporate citizens.



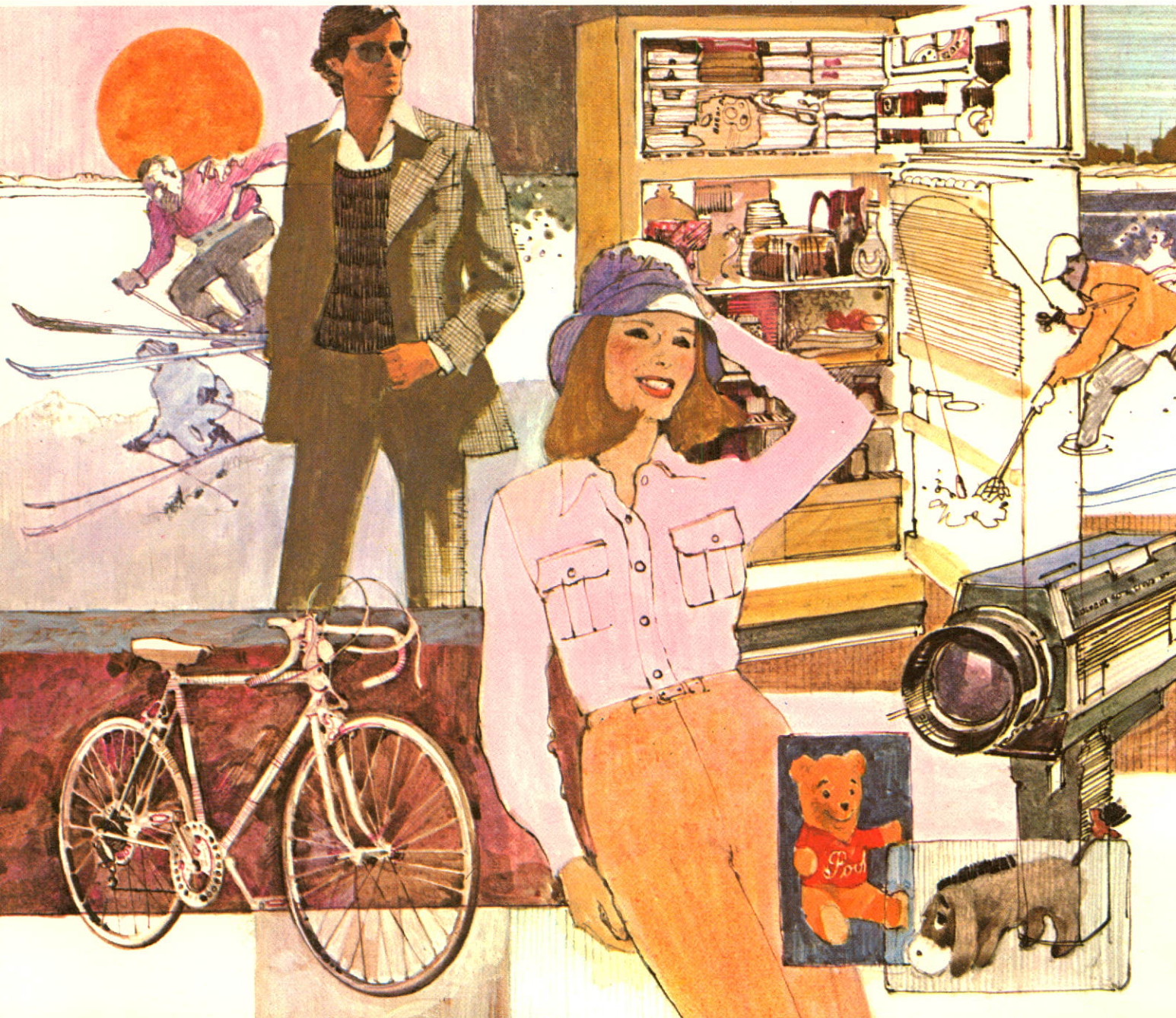


# Merchandising

Simpsons-Sears merchants work hard at developing better products for the lowest possible selling prices to fulfil our policy: 'everyday good values . . . every day of the year'. In addition, through creative merchandising and research, we are highlighting this program with exceptional values in all merchandise categories.

Our own brand names—Kenmore, Coldspot, Craftsman, Cling-alon, to name just a few, continue to enhance our reputation for value and quality. In just three and a half years, our 'Winnie-the-Pooh'\* line has become one of the leaders in the field of Canadian-made, quality children's wear. And our exclusive Junior Bazaar styles have made a real impact on the fashion scene.

Our Sports Advisory Council members serve as consultants not only in testing, but in the design and safety features of our sports equipment. While we can build on past successes, we are most cognizant of the necessity to continually increase our merchandising expertise to warrant ever greater customer acceptance.





Simpsons-Sears Limited and subsidiary companies



Levis • Quebec

# Consolidated Statement of Changes in Financial Position

	Fiscal Year Ended	
	January 8, 1975 53 Weeks	January 2, 1974 52 Weeks
<b>Sources of Working Capital</b>		
Net earnings for the year .....	<b>\$ 34,454,000</b>	\$ 30,275,000
Non-cash charges deducted in arriving at net earnings, principally depreciation and deferred income taxes .....	<b>22,378,000</b>	16,190,000
Equity in earnings of associated companies less dividends received of \$250,000 (1973—\$496,000) .....	<b>(2,069,000)</b>	(1,701,000)
Funds provided from operations .....	<b>54,763,000</b>	44,764,000
Proceeds from issue of long term debt .....	<b>105,972,000</b>	24,776,000
Receipts on sales of capital stock .....	<b>2,591,000</b>	11,267,000
Disposal of fixed assets .....	<b>2,022,000</b>	140,000
	<b><u>165,348,000</u></b>	<u>80,947,000</u>
 <b>Applications of Working Capital</b>		
Expenditures for fixed assets .....	<b>70,270,000</b>	35,996,000
Retirement of long term debt .....	<b>19,120,000</b>	17,530,000
Increase in investments and advances .....	<b>3,399,000</b>	2,316,000
Dividends declared .....	<b>14,914,000</b>	13,516,000
	<b><u>107,703,000</u></b>	<u>69,358,000</u>
Resulting in an increase in working capital of .....	<b>\$ 57,645,000</b>	\$ 11,589,000
Working capital at end of year .....	<b><u>\$343,799,000</u></b>	<u>\$286,154,000</u>

Simpsons-Sears Limited and subsidiary companies

## *Consolidated Balance Sheet*

### *Assets*

	January 8, 1975	January 2, 1974
<b>Current Assets</b>		
Cash .....	<b>\$ 5,903,000</b>	\$ 14,212,000
Accounts receivable (Note 2) .....	<b>353,458,000</b>	307,426,000
Inventories .....	<b>268,738,000</b>	203,885,000
Prepaid advertising and other charges .....	<b>27,145,000</b>	19,741,000
	<u><b>655,244,000</b></u>	<u>545,264,000</u>
<b>Investments and Other Assets</b>		
Investments and advances (Note 3) .....	<b>23,312,000</b>	17,844,000
Notes receivable on sales of Class A shares of Simpsons-Sears Limited under the Employees' Stock Purchase Plan .....	<b>4,379,000</b>	5,076,000
	<u><b>27,691,000</b></u>	<u>22,920,000</u>
<b>Fixed Assets, at cost</b>		
Land .....	<b>19,463,000</b>	19,913,000
Buildings and improvements .....	<b>200,015,000</b>	161,775,000
Equipment and fixtures .....	<b>107,335,000</b>	84,971,000
	<u><b>326,813,000</b></u>	<u>266,659,000</u>
Less accumulated depreciation .....	<b>72,707,000</b>	62,217,000
	<u><b>254,106,000</b></u>	<u>204,442,000</u>
<b>Unamortized Bond and Debenture</b>		
Discount and Expense .....	<b>4,042,000</b>	2,972,000
	<u><b>\$941,083,000</b></u>	<u>\$775,598,000</u>



Richmond Hill • Ontario

## Liabilities

	January 8, 1975	January 2, 1974
<b>Current Liabilities</b>		
Bank advances and short term notes (Note 4).....	50.83% \$156,048,000	\$102,709,000
Accounts payable .....	21.22% 65,149,000	86,135,000
Accrued wages, rent, interest, etc. ....	13,096 40,206,000	31,554,000
Income and other taxes .....	0.09 24,445,000	19,462,000
Contribution payable to Simpsons-Sears Profit Sharing Retirement Fund .....	4,437,000	4,101,000
Principal payments on long term debt due within one year (Note 5) .....	0.057 17,429,000	11,764,000
Dividend payable March 14, 1975 .....	0.07 3,731,000	3,385,000
	<u>311,445,000</u>	<u>259,110,000</u>
<b>Long Term Debt (Note 5)</b> .....	<b>342,423,000</b>	<b>254,073,000</b>
<b>Deferred Income Taxes</b> .....	<b>17,739,000</b>	<b>14,372,000</b>
	<u><b>671,607,000</b></u>	<u><b>527,555,000</b></u>

## Shareholders' Equity

### Capital Stock (Note 6)

Authorized shares of no par value—

14,400,000 Class A shares

28,800,000 Class B shares

28,800,000 Class C shares

Issued—

11,824,532 Class A shares .....

40,398,000      38,729,000

28,010,000 Class B shares .....

40,663,000      40,551,000

28,010,000 Class C shares .....

40,663,000      40,551,000

121,724,000      119,831,000

**Retained Earnings** .....

**147,752,000**      **128,212,000**

**269,476,000**      **248,043,000**

**\$941,083,000**      **\$775,598,000**

# Notes to Consolidated Financial Statements

## 1. SUMMARY OF ACCOUNTING POLICIES:

### Principles of Consolidation:

The consolidated financial statements include the accounts of Simpsons-Sears Limited and all subsidiaries. Net assets and net earnings attributable to minority interests are not significant and are not separately reported in the consolidated financial statements.

### Inventories:

Inventories are valued at the lower of approximate cost and realizable value. Cost is determined for catalogue order inventories on a first-in, first-out or average cost basis applied by individual items, for retail store inventories on a first-in, first-out basis applied by the retail inventory method, and for supplies and miscellaneous inventories on a first-in, first-out or average cost basis applied by individual items.

### Investments:

Investments in associated companies are carried at cost plus the equity in undistributed earnings since dates of acquisition. All other investments are carried at cost.

### Depreciation, Amortization, Repairs and Maintenance:

Depreciation and amortization provisions are generally computed by the straight-line method at rates based on the estimated useful lives of the depreciable assets.

Temporary equipment (short-lived equipment such as wood shelving, stock boxes, display equipment, awnings, shades and certain types of floor coverings) acquired for a retail store on or prior to opening are amortized over a period of five years and, with some exceptions, the costs of other temporary equipment are amortized over a twelve month period.

Expenditures for maintenance and repairs are charged to earnings as incurred and expenditures for major renewals and betterments are capitalized. The cost and accumulated depreciation in respect of property retired or sold are eliminated from the asset and related depreciation accounts. Profits and losses on such retirements or sales are included in earnings.

### Unamortized Bond and Debenture Discount and Expense:

Bond and debenture discount and expense are generally amortized by the reducing balance method or by the straight-line method, as applicable, to the due dates of the respective bonds and debentures.

### Income Taxes:

Income taxes are accounted for on the tax allocation basis which relates income taxes to the accounting income for the year.

### Profits on Instalment Sales:

Profits on instalment sales, but not the service charges on such sales, are taken into earnings at the time of sale. The service charges are taken into earnings, and included in net sales, as earned.

### The Companies Act of British Columbia:

The consolidated financial statements do not purport to comply with certain disclosure requirements unique to the Companies Act of British Columbia.

## 2. ACCOUNTS RECEIVABLE:

	January 8, 1975	January 2, 1974
Customer instalment accounts .....	<b>\$329,406,000</b>	\$282,862,000
Miscellaneous accounts .....	<b>36,433,000</b>	35,236,000
	<b>365,839,000</b>	318,098,000
Less allowance for doubtful accounts .....	<b>12,381,000</b>	10,672,000
	<b><u>\$353,458,000</u></b>	<u>\$307,426,000</u>

In accordance with recognized trade practices, customer instalment accounts include amounts which will not become due within one year.

## 3. INVESTMENTS AND ADVANCES:

Associated companies .....	<b>\$ 16,608,000</b>	\$ 14,539,000
Other investments and advances .....	<b>6,704,000</b>	3,305,000
	<b><u>\$ 23,312,000</u></b>	<u>\$ 17,844,000</u>

The Company's equity in the net assets of the associated companies as shown in their financial statements approximates the carrying value thereof.



Sudbury • Ontario

**4. BANK ADVANCES AND SHORT TERM NOTES:**

Bank advances include demand notes of \$21,451,000 at January 8, 1975 and \$27,915,000 at January 2, 1974 secured by the pledge of Secured Debentures Series A, payable on demand, of Simpsons-Sears Acceptance Company Limited.

**5. LONG TERM DEBT:**

	January 8, 1975	January 2, 1974
Simpsons-Sears Limited First Mortgage Bonds—		
4½% Series B due April 1, 1979 .....	\$ 2,439,000	\$ 2,444,000
5½% Series C due August 15, 1985 .....	7,500,000	7,707,000
7¾% Series D due February 15, 1991 .....	30,000,000	30,000,000
8¼% Series E due May 1, 1993 .....	25,000,000	25,000,000
Simpsons-Sears Limited Debentures—		
10¼% Series A due August 15, 1979 .....	15,000,000	—
11% Series B due August 15, 1994 .....	35,000,000	—
Simpsons-Sears Limited 4½% Convertible Debentures due October 15, 1988 .....	13,462,000	14,816,000
Simpsons-Sears Limited 10½% Unsecured Notes due May 28, 1979 .....	5,000,000	—
	<u>133,401,000</u>	<u>79,967,000</u>
Simpsons-Sears Acceptance Company Limited Secured Debentures—		
6¾% Series B due February 1, 1980 .....	20,000,000	20,000,000
5½% Series C due February 1, 1980 (U.S. \$5,000,000) .....	4,880,000	4,880,000
5¾% Series D due July 1, 1981 .....	15,000,000	15,000,000
5½% Series E due March 1, 1985 .....	10,000,000	10,000,000
6¼% Series F due March 1, 1986 .....	10,000,000	10,000,000
7% Series G—\$2,800,000 due November 1, 1976 and \$12,200,000 due November 1, 1986 .....	15,000,000	15,000,000
7¼% Series H—\$2,600,000 due August 15, 1977 and \$12,400,000 due August 15, 1987 .....	15,000,000	15,000,000
8¾% Series I due June 15, 1989 .....	8,700,000	8,700,000
9½% Series J due February 1, 1990 .....	6,670,000	22,500,000
8¾% Series K due May 15, 1992 .....	25,000,000	25,000,000
9¼% Series L due March 15, 1994 .....	25,000,000	—
11½% Series M due November 15, 1994 .....	18,355,000	—
11½% Series N due November 15, 1994 .....	8,075,000	—
	<u>181,680,000</u>	<u>146,080,000</u>
Simpsons-Sears Properties Limited mortgage and bond indebtedness—		
4% to 6% payable in monthly instalments of principal and interest and maturing at various dates from 1985 to 1998, including \$10,111,000 (U.S. \$9,419,000) at January 8, 1975 and \$10,556,000 (U.S. \$9,834,000) at January 2, 1974 payable in U.S. funds .....	12,233,000	12,720,000
St. Laurent Shopping Centre Limited—		
8% First Mortgage Sinking Fund Bonds due June 1, 1993 .....	14,980,000	15,177,000
8% Income Notes due July 1, 1993 .....	129,000	129,000
	<u>15,109,000</u>	<u>15,306,000</u>
	<u>\$342,423,000</u>	<u>\$254,073,000</u>

An additional \$2,500,000 principal amount of Series M Debentures of Simpsons-Sears Acceptance Company Limited was issued on February 14, 1975.

The 4½% Convertible Debentures are convertible at the holder's option at any time up to October 15, 1978 into 113 Class A shares per \$1,000 principal amount of debentures.

Principal payments of \$17,429,000 on long term debt due within one year are included in current liabilities. Subsequent to 1975, principal payments required on long term debt for the years shown are as follows: 1976—\$5,680,000; 1977—\$7,106,000; 1978—\$4,553,000; 1979—\$25,851,000.

*continued on next page*

**6. CAPITAL STOCK:**

During the fiscal year ended January 8, 1975, 10,000 Class B shares and 10,000 Class C shares were issued to Simpsons Profit Sharing Retirement Fund and Simpsons-Sears Profit Sharing Retirement Fund respectively at a price of \$11.25 per share for \$225,000. In addition, \$1,354,000 principal amount of 4½% Convertible Debentures were converted into Class A shares, and 30,700 Class A shares were issued under the Employees Stock Purchase Plan for \$315,000. The shares issued under the Employees Stock Purchase Plan were issued at market value at time of issue.

As at January 8, 1975 options were held by employees, other than officers or directors, to subscribe for 800 Class A shares at \$4.5625 per share.

All classes of shares rank equally in all respects except that the Class A shares are non-voting and are entitled to a non-cumulative preferential dividend of 2-1/12¢ per share in any year. After payment of a similar dividend to the holders of the Class B and Class C shares all three classes rank equally as to dividends.

**7. COMMITMENTS AND CONTINGENT LIABILITIES:**

The unfunded obligation for past service under the Company's non-contributory pension plan, estimated by independent actuaries to be approximately \$13,665,000 at January 8, 1975, is to be amortized by annual payments through 1989.

Minimum fixed rentals, exclusive of property taxes, insurance and other expenses payable directly by the Company, under leases having an initial term of more than one year are as follows:

1975—\$13,123,000	1980-1984—\$34,678,000
1976—\$11,480,000	1985-1989—\$30,057,000
1977—\$10,394,000	1990-1994—\$27,289,000
1978—\$ 9,813,000	1995 and
1979—\$ 8,487,000	thereafter —\$20,987,000

Total rentals charged to earnings under all leases for the fiscal year ended January 8, 1975 amounted to \$13,758,000 (1973—\$9,853,000).

**8. CAPITAL EXPENDITURES:**

Capital expenditures for the fiscal year ending January 7, 1976 are estimated at approximately \$65,000,000.

**9. REMUNERATION OF DIRECTORS AND OFFICERS:**

For the fiscal year ended January 8, 1975 six directors received remuneration amounting to \$34,000 (1973—\$29,000); the remaining eight directors received no remuneration as directors. The remuneration of thirteen officers (1973—twelve), two of whom are also directors, amounted to \$1,270,000 (1973—\$1,097,000).

## *Auditors' Report*

To the Shareholders of Simpsons-Sears Limited:

We have examined the consolidated balance sheet of Simpsons-Sears Limited and subsidiary companies as at January 8, 1975 and the consolidated statements of earnings, retained earnings and changes in financial position for the fiscal year then ended. 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 these consolidated financial statements present fairly the financial position of the companies as at January 8, 1975 and the results of their operations and the changes in their financial position for the fiscal year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, March 10, 1975

  
Chartered Accountants



## Ahead in Service

Simpsons-Sears believes that service is as essential to our business as merchandise. Our retail stores are designed to give customers maximum merchandise viewing at a glance and the aisles are wide for shopping comfort.

And what could be more convenient for a customer than relaxing at home, shopping from our fine family of catalogues,

phoning in the order and charging it on a Simpsons-Sears account! Telephone ordering is a constantly increasing part of our business and we are meeting the demand with more and more 24-hour telephone service locations.

Our coast-to-coast service organization is a vital, fast-growing department of Simpsons-Sears.

*We service what we sell* in or out of warranty and this adds to customer confidence, convenience and satisfaction.

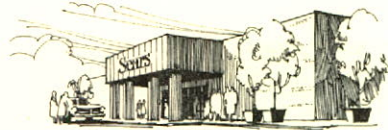
Simpsons-Sears expansion program is designed to bring more direct contact and more facilities to our customers. And of course, everything we sell is covered by Simpsons-Sears guarantee: 'Satisfaction or money refunded'.



*Ten Year Summary*

<b>Results for the year</b> (in thousands)	<b>1974</b> 53 Weeks	<b>1973</b>	<b>1972</b>	<b>1971</b>	<b>1970</b>
Net sales .....	<b>\$1,341,128</b>	\$1,073,467	\$894,066	\$765,778	\$646,888
Depreciation .....	<b>18,583</b>	14,876	12,618	11,313	7,884
Earnings before income taxes .....	<b>69,074</b>	58,249	50,527	39,112	25,347
Income taxes .....	<b>34,620</b>	27,974	23,868	19,409	12,637
Net earnings .....	<b>34,454</b>	30,275	26,659	19,703	12,710
Dividends declared .....	<b>14,914</b>	13,516	7,991	7,562	7,497
Expenditures for fixed assets .....	<b>70,270</b>	35,996	34,598	29,545	36,380
<b>Year-end position</b> (in thousands)					
Inventories .....	<b>268,738</b>	203,885	164,142	136,564	114,201
Land, buildings and equipment—net	<b>254,106</b>	204,442	183,462	163,962	147,088
Total assets .....	<b>941,083</b>	775,598	654,868	564,039	499,528
Working capital .....	<b>343,799</b>	286,154	274,565	228,123	202,928
Long term debt .....	<b>342,423</b>	254,073	246,603	227,225	199,138
Shareholders' equity .....	<b>269,476</b>	248,043	220,379	175,101	160,531
<b>Per share of capital stock</b> (in dollars)					
Net earnings .....	<b>.51</b>	.45	.41	.31	.21
Dividends declared .....	<b>.22</b>	.20	.12	.12	.12
Shareholders' equity .....	<b>3.97</b>	3.67	3.31	2.78	2.56

Years 1969 to 1972 inclusive are restated for accounting changes applied retroactively in 1973.  
The effect on the results of prior years, not restated, would not be significant.



Brantford • Ontario

1969	1968 53 Weeks	1967	1966	1965
\$615,011	\$540,663	\$470,298	\$407,759	\$351,708
6,508	5,170	5,351	4,520	4,282
31,367	30,100	26,167	21,106	17,665
15,530	15,680	13,375	10,950	8,855
15,837	14,420	12,792	10,156	8,810
7,404	6,130	6,171	4,068	4,055
24,257	19,121	12,018	6,941	9,987

120,167	104,057	78,531	72,895	62,763
106,557	70,733	60,024	53,549	51,191
450,150	378,773	327,622	303,545	268,008
194,035	182,886	167,768	137,370	109,434
163,981	131,061	112,464	99,296	75,259
150,537	135,937	125,466	98,956	89,929

.26	.24	.22	.19	.16
.12	.10	.10½	.07½	.07½
2.44	2.22	2.06	1.80	1.66

Simpsons-Sears Limited  
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*Simpsons·Sears Limited Annual Report 1974*