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# SIMPSONS, LIMITED AND SUBSIDIARY COMPANIES

## 17th ANNUAL REPORT

For the fiscal year ended January 2,  
1946

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# Roll of Honour

*Members of the Simpson Staff who  
have made the Supreme Sacrifice*

Flt. Sgt. Roy D. Adgey.....R.C.A.F.	P/O Ernest M. MacDonald.....R.C.A.F.
Flt. Sgt. George A. Andrews.....R.C.A.F.	Sgt. Stewart H. MacKinlay.....R.C.O.C.
Pte. Roy Andrews.....48th Highlanders	O/D Carl Madole.....R.C.N.V.R.
P/O D. R. Beardall.....R.C.A.F.	F/O W. R. Merrall.....R.C.A.F.
Pte. R. W. Benson.....Royal Regiment	Gnr. Wm. Middleton.....Cdn. Armoured Corps
F/O Gordon W. Besley.....R.C.A.F.	Ldg. Seaman Leslie A. Mohr.....R.C.N.V.R.
F/O Aubrey F. Bond.....R.C.A.F.	Flt. Sgt. G. J. McEachren.....R.C.A.F.
F/O Peter E. Brinkworth.....R.C.A.F.	Engr. A. McKinnon.....R.C.N.V.R.
Sgt. Gnr. Franklyn R. Burke.....R.C.A.F.	V/A W. R. McLuskie.....R.C.N.V.R.
Pte. R. G. Burke.....Cdn. Recce. Regiment	Lieut. E. S. McQuaid.....Cdn. Armoured Corps
Flt. Sgt. Graham F. Butson.....R.C.A.F.	P/O John A. Ovens.....R.C.A.F.
Sgln. W. H. Coysh.....R.C.C.S.	P/O F. J. Parker.....R.C.A.F.
Flt. Sgt. John C. Crump.....R.C.A.F.	P/O Donald A. Rae.....R.C.A.F.
L/Corporal Clifford J. Cushing....14th Hussars	S/A J. C. H. Rathbone.....R.C.N.V.R.
L.A.C. Leonard H. Davidson.....R.C.A.F.	Flt. Sgt. Kenneth L. Richmond.....R.C.A.F.
Sgt. J. G. Deschambault.....F. M. Rifles	Flt. Sgt. James A. E. Romas.....R.C.A.F.
Flt. Sgt. Robert Doherty.....R.C.A.F.	Flt. Sgt. Henry M. Russell.....R.C.A.F.
P/O W. J. Doughty.....R.C.A.F.	L.A.C. Gabriel Schoeler.....R.C.A.F.
Flt. Sgt. James M. Dunlop.....R.C.A.F.	L/Corporal C. L. Sheppard, Cdn. Armoured Corps
Pte. Warren E. Eades.....Royal Regiment	Flt./Lieut. D. Shuttleworth, D.F.C....R.C.A.F.
P/O E. C. Ecclestone.....R.C.A.F.	Sgln. Murray Smith.....Chaudiere Regiment
L.A.C. Fred Ellens.....R.C.A.F.	L.A.C. Sydney M. Smith.....R.C.A.F.
F/O J. Elliott.....R.C.A.F.	Lieut. Vernon Smith...Royal Hamilton Light Inf.
Flt. Sgt. George Finlayson.....R.C.A.F.	F/O Albert V. Snook.....R.C.A.F.
P/O Mel L. Fullerton.....R.C.A.F.	Sgt. Nav. Wm. Sprowell.....R.C.A.F.
Flt. Lieut. Robt. F. Galbraith.....R.C.A.F.	Trpr. John Somerville...Royal Montreal Regiment
S/Ldr. E. G. Gilmore, D.F.C.....R.C.A.F.	Sgt. F. S. Squires...Cdn. Military Training Centre
F/O F. O. Gilmore.....R.C.A.F.	S/Ldr. W. D. Suggitt, D.F.C.....R.C.A.F.
Lieut. Edward D. Glass.....48th Highlanders	Pte. John Tataren.....Black Watch
L/Sgt. Gordon Glover.....Royal Cdn. Artillery	F/O K. B. Thomas.....R.C.A.F.
A/B Ronald E. Grant.....R.C.N.V.R.	Flt.-Lieut. Wm. E. Thomas.....R.C.A.F.
Pte. Charles R. Gray.....Irish Regiment	Pte. John Thompson.....R.C.A.S.C.
Flt. Sgt. Douglas A. Gunn.....R.C.A.F.	Flt. Sgt. John A. Thomson.....R.C.A.F.
Flt. Sgt. Douglas Hann.....R.C.A.F.	Sgt. Maurice A. Trudeau..Maisonnieve Regiment
W/O Thos. W. Hare.....R.C.A.F.	Flt. Sgt. James R. Truscott.....R.C.A.F.
Corporal Albert Holland.....R.C.A.M.C.	L/Cpl. Douglas J. Volkes.....Irish Regiment
F/O Gilbert C. Hooley, D.F.C.....R.A.F.	P/O Herbert E. J. Whiston.....R.C.A.F.
P/O A. T. Hooke.....R.C.A.F.	Sgt. Obs. David White.....R.C.A.F.
Pte. W. R. Hutchinson.....Toronto Scottish	P/O Kenneth Whitehouse.....R.C.A.F.
Stoker Richard R. Johnson.....R.C.N.V.R.	Sgt. Allen Wild.....Regina Rifles
P/O W. K. Johnson.....R.C.A.F.	F/O John W. Wood.....R.C.A.F.
F/O J. N. Kerry.....R.C.A.F.	Pte. David J. Woods.....Royal Regiment
L.A.C. J. J. Lammerse.....R.C.A.F.	

*"We Will Remember Them"*—LAWRENCE BINYON



# SIMPSONS, LIMITED

## AND SUBSIDIARY COMPANIES

### DIRECTORS' REPORT

TO THE SHAREHOLDERS:

Your Directors submit herewith Consolidated Balance Sheet of Simpsons, Limited and Subsidiary Companies as at the close of business on January 2, 1946 and Consolidated Statement of Profit and Loss and Surplus for the fiscal year ended on that date, which set forth the financial position of the combined Companies and the result of the operations for the year, with the report of the auditors thereon.

The combined profit from operations and income from investments amounted to \$8,413,389.61 as compared with \$7,092,947.37 for the previous fiscal year. After provision for interest on bonds, depreciation, income taxes, etc., aggregating \$6,987,531.62, there remained a net profit of \$1,425,857.99 compared with \$1,422,478.85 in the previous year. The provision for income and excess profits taxes amounts to \$5,332,000.00 as compared with \$4,105,000.00 in the previous year. These profits and taxes are determined before taking credit for \$837,650.00 representing refundable portion of excess profits taxes as compared with \$573,351.55 last year. There has been added to earned surplus an amount of \$705,151.50 being reserves created in previous years in connection with accounts receivable, employees' stock purchase plan and for other purposes, which reserves are not now required. The total earned surplus at January 2, 1946 amounted to \$2,742,524.22 after payment of dividends of \$1,729,709.46 including the balance of the arrears on the old Preference Shares as shown in Consolidated Statement of Profit and Loss and Surplus.

The Current Assets of the combined Companies amounted to \$17,732,808.48 while Current Liabilities were \$10,099,328.15. As compared with the previous year, increases are shown in the Inventories of \$561,767.02 and in the Accounts Receivable of \$571,906.70. At the close of business on January 2, 1946 the Company had cash on hand and in banks of \$1,198,533.08 and held \$1,283,625.00 in Dominion of Canada Bonds. It will be noted that during the year the Net Current Assets show a reduction of \$1,340,779.96. This reduction was more than accounted for by Capital Expenditures of \$652,770.82 consisting largely of new properties in Toronto and Montreal and by the payment of \$1,082,806.63 of arrears of dividends at the time of redemption of the old 6½% Cumulative Redeemable Preference Shares.

On March 15, 1945, the Company issued \$11,250,000 par value of 4½% Cumulative Redeemable Preferred Shares, the proceeds of which were applied towards the retirement of the Company's outstanding 6½% Cumulative Redeemable Preference Shares.

During the war, 1,703 members of our staff enlisted for active service. Of these, we regret to report the loss of 85 who made the supreme sacrifice. Their names are shown separately in this report and will ever be held in respectful and honoured memory. The sympathy of the Board is extended to their relatives and friends. Of the number who enlisted 583 have returned and have resumed their duties with the Company. We hope that at an early date those still on active service may return and they will be welcomed back into the service of the Company.

Your Directors record their appreciation of the loyalty and efficiency of the officers and members of the staff throughout the year.

On behalf of the Board,

C. L. BURTON,

*President*

February 5, 1946.

Pres. W.B. McFarland. 1946



# SIMPSON AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET

### ASSETS

**CURRENT ASSETS:**

Inventories of merchandise on hand valued at approximate cost or market, whichever is lower, in accordance with the Companies' usual practice, as determined and certified to by responsible officials of the Companies . . . . .	\$ 9,825,181.33
Trade accounts receivable (after making provision for bad and doubtful accounts) . . . . .	4,909,398.36
Payments in advance of receipt of materials and goods in transit . . . . .	516,070.71
Dominion of Canada bonds (market value \$1,298,486.25) . . . . .	1,283,625.00
Cash on hand and in banks . . . . .	1,198,533.08
	\$17,732,808.48

REFUNDABLE PORTION OF EXCESS PROFITS TAX . . . . . 2,200,000.00

**EMPLOYEES' STOCK PURCHASE PLAN:**

Class "A" and "B" shares of Simpsons, Limited purchased or held as collateral prior to 1945 by Subsidiary Companies, at cost . . . . .	1,066,889.41
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**PREPAID CHARGES ON ACCOUNT OF FUTURE BUSINESS:**

Proportion of catalogue expenditures, unexpired insurance premiums, departmental improvements and other expenses paid in advance . . . . .	868,185.69
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UNDERWRITING AND REFUNDING EXPENSE AND PREMIUM ON SECURITIES RETIRED, LESS AMOUNTS WRITTEN OFF . . . . . 2,486,048.46

**CAPITAL ASSETS:**

Land, buildings and equipment at depreciated reproductive values as reported by Canadian Appraisal Company Limited on June 22, 1929 plus subsequent additions at cost . . . . .	32,390,776.16
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Approved on behalf of the Board:

C. L. BURTON, *Director*  
A. J. MITCHELL, *Director*

\$56,744,708.20

**AUDITORS' REPORT TO THE SHAREHOLDERS OF SIMPSONS, LIMITED:**

We have made an examination of the books and accounts of the Company and have obtained all the information and explanations we have required. In our opinion the financial statements are properly drawn up so as to exhibit a true and correct view of the financial position of the Company at the end of the year and of the results of its operations to the best of our information and the explanations given to us and

Toronto, February 5, 1946

# LIMITED

## COMPANIES

STATEMENT AS AT JANUARY 2, 1946

### LIABILITIES

#### CURRENT LIABILITIES:

Accounts payable, including customers' deposit accounts.....	\$ 5,135,374.43	
Accrued interest, wages, rent, etc.....	831,065.46	
Accrued taxes.....	3,709,013.96	
Contribution payable to Employees' Savings and Profit Sharing Fund.....	156,245.23	
Contribution payable to Pensions Trust.....	100,000.00	
Accrued bond interest.....	167,629.07	
		<u>\$10,099,328.15</u>

#### FIRST MORTGAGE 3½% Serial Bonds:

##### Series "A"

\$650,000.00 maturing annually August 15, 1946-1959 and	
\$3,400,000.00 maturing August 15, 1960.....	12,500,000.00

RESERVE FOR DEPRECIATION OF BUILDINGS AND EQUIPMENT..... 11,691,541.61

RESERVE AGAINST FUTURE DEPRECIATION IN INVENTORY VALUES..... 1,200,000.00

#### CAPITAL AND SURPLUS:

112,500 Four and one-half per cent. Cumulative Redeemable Preferred Shares fully paid.....	\$11,250,000.00	
360,000 Class "A" Shares of no par value fully paid } .....	5,061,314.22	
360,000 Class "B" Shares of no par value fully paid }		
Earned Surplus.....	\$ 2,742,524.22	
Refundable portion of excess profits tax.....	2,200,000.00	
	<u>4,942,524.22</u>	
		<u>21,253,838.44</u>

\$56,744,708.20

Price, Waterhouse & Co., Chartered Accountants, Limited and its subsidiary companies as at January 2, 1946 and we report that in our opinion the above consolidated balance sheet of the combined companies' affairs as at January 2, 1946 according to the books of the companies.

(Signed) PRICE, WATERHOUSE & CO.,  
Chartered Accountants



# SIMPSONS, LIMITED

## AND SUBSIDIARY COMPANIES

### Consolidated Statement of Profit and Loss and Surplus

For the fiscal year ending January 2, 1946

COMBINED PROFIT FROM OPERATIONS:

After deducting all selling and general expenses (except those deducted below) including remuneration amounting in the aggregate to \$336,530.77 for fees of solicitors and counsel and salaries of executive officers and salaried directors, and after providing for bad debts but before charging depreciation of buildings and equipment . . . . .	\$ 8,391,892.38
Income from investments . . . . .	21,497.23
	\$ 8,413,389.61

DEDUCT:

Directors' remuneration other than salaries . . . . .	\$ 15,095.00
Interest on Bonds . . . . .	439,022.44
Provision for contribution to Employees' Savings and Profit Sharing Fund . . . . .	156,245.23
<i>Note</i> —This amount includes the companies' contribution of \$35,257.58 in respect of the reserves of \$705,151.50 credited to earned surplus as below.	
Provision for pensions . . . . .	100,000.00
Proportion of underwriting and refunding expense and of premium on securities retired, written off . . . . .	225,000.00
Provision for depreciation of buildings and equipment . . . . .	720,168.95
Provision for income and excess profits taxes (including refundable portion of excess profits tax \$837,650.00) . . . . .	5,332,000.00
	6,987,531.62

Balance of Profit for the fiscal year (\$2,263,507.99 less \$837,650.00 refundable portion of excess profits tax) . . . . .	\$ 1,425,857.99
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Balance of Earned Surplus brought forward from last fiscal year . . . . .	\$ 2,341,224.19
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ADD:

Reserves created in previous years not now required . . . . .	705,151.50
	3,046,375.69
	\$ 4,472,233.68

DEDUCT:

Dividends on 6½% Cumulative Redeemable Preference Shares—	
2.37½% from November 1, 1944 to March 15, 1945 . . . . .	\$ 267,193.08
9.62½% in full payment of arrears to date of redemption, March 15, 1945 . . . . .	1,082,806.63
Three quarterly dividends on 4½% Cumulative Redeemable Preferred Shares from March 15 to December 15, 1945 . . . . .	379,709.75
	1,729,709.46
	\$ 2,742,524.22

ADD:

Refundable portion of excess profits tax . . . . .	2,200,000.00
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Total Surplus as at January 2, 1946 . . . . .	\$ 4,942,524.22
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# SIMPSONS, LIMITED

## Directors and Officers

CHARLES L. BURTON, C.B.E., *President*                      JAMES H. GUNDY, *Vice-President*  
 EDGAR G. BURTON, *Managing Director*  
 ALFRED J. MITCHELL    DAVID H. GIBSON, C.B.E.  
 HERBERT G. COLEBROOK                                        NORMAN C. URQUHART

## Secretary and Treasurer

FRANK HAY

## Head Office

108 MUTUAL STREET, TORONTO 2, CANADA

## CAPITALIZATION

	Authorized	Outstanding
First Mortgage 3½% Serial Bonds . . . . .	\$20,000,000.00	
Series "A"		
\$650,000.00 maturing annually August 15, 1946 - 1959 and \$3,400,000.00 maturing August 15, 1960 . . . . .		\$12,500,000.00
On August 15, 1945, \$650,000.00 First Mortgage 3½% Serial Bonds, Series "A" matured and were paid off and \$650,000.00 First Mortgage 3½% Serial Bonds, Series "A" maturing August 15, 1960 were issued and sold.		
4½% Cumulative Redeemable Preferred Shares	\$20,000,000.00	\$11,250,000.00
Class "A" Shares, (no par value) . . . . .	600,000 shares	360,000 shares
Class "B" Shares, (no par value) . . . . .	600,000 shares	360,000 shares

Class "A" and Class "B" shares are subject to the prior rights of the Preferred Shares. Class "A" shares are preferred as to dividends up to \$1 per share in any fiscal year over Class "B" shares, after dividends due and accrued on the Preferred Shares have been paid or declared and set aside, such dividends on Class "A" shares being non-cumulative. Whenever in any fiscal year dividends aggregating \$1 per share shall have been paid or declared and set aside on the Class "A" shares, and dividends aggregating \$1 per share shall have been paid or declared and set aside on the Class "B" shares, further dividends declared in such year shall be declared and paid in equal amounts on all Class "A" and Class "B" shares at the time outstanding. Otherwise, Class "A" and Class "B" shares rank *pari passu* and have equal voting rights, namely at all times one vote for each share held.

All the outstanding shares of Capital Stock of The Robert Simpson Company Limited, other than Directors' qualifying shares, are owned by Simpsons, Limited, and all the outstanding shares of Capital Stock of the other subsidiary companies as listed on the following page, other than Directors' qualifying shares, are owned by The Robert Simpson Company Limited.



# SIMPSONS, LIMITED

## AND SUBSIDIARY COMPANIES

*Owning and Operating Department Stores and  
Mail Order Businesses*

THE ROBERT SIMPSON COMPANY LIMITED

THE ROBERT SIMPSON MONTREAL LIMITED

THE ROBERT SIMPSON EASTERN LIMITED

THE ROBERT SIMPSON WESTERN LIMITED

SIMPSONS LONDON LIMITED

THOMPSON MANUFACTURING COMPANY LIMITED

KEENS MANUFACTURING COMPANY LIMITED

TORONTO                      MONTREAL  
LONDON                      REGINA                      HALIFAX

*Buying Offices*

LONDON, England              NEW YORK, U.S.A.

*European Agencies*

FRANCE  
Paris  
Lyons  
Calais  
St. Etienne

SWITZERLAND  
St. Gall

BELGIUM  
Brussels