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SIMPSONS, LIMITED

AND SUBSIDIARY COMPANIES

ANNUAL REPORT

For the fiscal year ended January 3,
1945.

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Roll of Honour

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

Flt. Sgt. R. D. Adgey R.C.A.F.
Flt. Sgt. George A. Andrews R.C.A.F.
Pte. Roy Andrews 48th Highlanders
P/O D. R. Beardall R.C.A.F.
Cpl. R. W. Benson Royal Regiment
F/O Aubrey F. Bond R.C.A.F.
F/O E. P. Brinkworth R.C.A.F.
Pte. R. G. Burke Canadian Recce. Reg't.
Sgt. Robert Doherty R.C.A.F.
P/O Wm. J. Doughty R.C.A.F.
Sgt. James M. Dunlop R.C.A.F.
Pte. Warren E. Eades Royal Regiment
P/O E. C. Ecclestone R.C.A.F.
Sgt. George Finlayson R.C.A.F.
P/O Mel L. Fullerton R.C.A.F.
S/Ldr. Edward G. Gilmore, D.F.C. R.C.A.F.
Lieut. Edward D. Glass 48th Highlanders
L/Sgt. Gordon Glover R.C.C.S.
A/Seaman Ronald E. Grant Navy
Pte. Charles R. Gray Irish Regiment
Flt. Sgt. Douglas A. Gunn R.C.A.F.
W/O Thos. W. Hare R.C.A.F.
Cpl. Albert Holland R.C.A.M.C.
F/O Gilbert C. Hooey, D.F.C. R.A.F.
F/O J. N. Kerry R.C.A.F.
O/D Carl Madole Navy

Gunner Wm. Middleton
Canadian Armoured Corps
Flt. Sgt. G. J. McEachern R.C.A.F.
Chief P/O Alexander McKinnon Navy
V/S Wm. R. McLuskie Navy
Lieut. E. S. McQuaid . Canadian Armoured Corps
P/O John A. Ovens R.C.A.F.
P/O Donald A. Rae R.C.A.F.
S/A John C. H. Rathbone Navy
Sgt. K. L. Richmond R.C.A.F.
Sgt./Obs. James A. E. Romas R.C.A.F.
Sgt. H. M. Russell R.C.A.F.
L/Corporal C. L. Sheppard
Canadian Armoured Corps
F/O D. Shuttleworth R.C.A.F.
Sglnn. Murray Smith Chaudiere Regiment
L.A.C. Wm. Sprowell R.C.A.F.
Sgt. F. S. Squires Can. Military Training Centre
S/Ldr. Wm. D. Suggitt, D.F.C. R.C.A.F.
Pte. John Tataren Black Watch
F/O K. B. Thomas R.C.A.F.
Pte. J. Thompson . Royal Can. Army Service Corps
Sgt. James R. Truscott R.C.A.F.
P/O Herbert Whiston R.C.A.F.
Sgt./Obs. David White R.C.A.F.
Sgt. A. Wild Regina Rifles
Pte. David J. Woods R.C.C.S.

"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 3, 1945 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 \$7,092,947.37, as compared with \$6,600,194.13 for the previous fiscal year, before making the usual deductions for interest on bonds, depreciation, taxes, etc., amounting in the aggregate to \$5,670,468.52, leaving a net profit of \$1,422,478.85, as compared with \$1,020,663.08 for the previous fiscal year. The provision for income and excess profits taxes amounts to \$4,105,000.00 as compared with \$3,672,000.00 for the previous fiscal year. These profits and taxes are determined before taking credit for \$573,351.55 refundable portion of excess profits taxes as compared with \$474,250.00 last year. The total refundable excess profits tax receivable by the Company now amounts to \$1,362,350.00.

The Current Assets of the combined Companies amounted to \$17,807,643.90 while Current Liabilities were \$8,833,383.61. Inventories show a decrease of \$462,719.94. The Accounts Receivable are more than last year by \$170,475.51. At the close of business on January 3, 1945, the Company held Dominion of Canada bonds of \$2,649,000.00 and cash on hand and in banks \$1,148,711.56. Accrued taxes at the end of the year amounted to \$3,072,253.27.

It will be noted that during the year, the Net Current Assets were reduced by \$2,648,343.25. In the period under review the Company reduced its funded indebtedness by \$551,300.00. The Company paid in cash \$2,765,620.96 for Capital Assets including the purchase of the original store property at the corner of Queen and Yonge Streets, Toronto, formerly owned by the late Robert Simpson and properties of Smallman & Ingram, Limited, London, Ontario. In addition, the Company paid out arrears of Preference dividends totalling \$900,000.00.

On August 15th last, Simpsons, Limited issued \$12,500,000.00 First Mortgage 3½% Serial Bonds, Series A, the proceeds of which were applied toward the retirement of the Company's former issues of First Mortgage and Collateral Trust Bonds, totalling \$13,051,300.00. This financing will result in a substantial saving in Bond Interest.

On December 1st, 1944, the business of Smallman & Ingram, Limited, London, Ontario, was acquired. This business has been in continuous operation for sixty-seven years. The results of the operation of this business since its acquisition by your Company have been incorporated in the Consolidated Statement of Profit and Loss and the assets and liabilities as at January 3, 1945 have been included in the Consolidated Balance Sheet.

Since the commencement of the war, 1,579 members of our staff have enlisted for active service. Of these, we regret to report the loss of fifty-one who have 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, eighty-four 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 6, 1945.

Pres. W.B. McFarland 1946

SIMPSONS, AND SUBSIDIAR

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.....	\$ 9,263,414.31
Trade accounts receivable (after making provision for bad and doubtful accounts).....	4,337,491.66
Payments in advance of receipt of materials and goods in transit.....	409,026.37
Dominion of Canada bonds (market value \$2,642,300.00).....	2,649,000.00
Cash on hand and in banks.....	1,148,711.56
	\$17,807,643.90

REFUNDABLE PORTION OF EXCESS PROFITS TAX..... 1,362,350.00

EMPLOYEES' STOCK PURCHASE PLAN..... 131,536.10

PREPAID CHARGES ON ACCOUNT OF FUTURE BUSINESS:

Proportion of catalogue expenditures, unexpired insurance premiums, departmental improvements and other expenses paid in advance..... 997,091.95

UNDERWRITING AND REFUNDING EXPENSE AND PREMIUM ON SECURITIES RETIRED, LESS AMOUNTS WRITTEN OFF..... 1,527,368.43

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..... 31,738,005.34

Approved on behalf of the Board:

C. L. BURTON, *Director*

A. J. MITCHELL, *Director*

\$53,563,995.72

AUDITORS' REPORT TO THE SHAREHOLDERS OF SIMPSONS, LIMITED:

We have made an examination of the books and accounts of Sim have obtained all the information and explanations we have required; a is properly drawn up so as to exhibit a true and correct view of the st to the best of our information and the explanations given to us and as s

Toronto, February 6, 1945

LIMITED COMPANIES

STATEMENT AS AT JANUARY 3, 1945

LIABILITIES

CURRENT LIABILITIES:

Accounts payable, including customers' deposit accounts	\$ 4,640,364.01	
Accrued interest, wages, rent, etc.	792,547.92	
Accrued taxes	3,072,253.27	
Contribution payable to Employees' Savings and Profit Sharing Fund	59,400.48	
Contribution payable to Pensions Trust	100,000.00	
Accrued bond interest	168,817.93	
		\$ 8,833,383.61

FIRST MORTGAGE 3½% Serial Bonds:

Series "A"		
\$650,000.00 maturing annually August 15, 1945-1959 and		
\$2,750,000.00 maturing August 15, 1960		12,500,000.00

RESERVE FOR DEPRECIATION OF BUILDINGS AND EQUIPMENT	11,015,723.70
RESERVE AGAINST FUTURE DEPRECIATION IN INVENTORY VALUES	1,200,000.00

CAPITAL AND SURPLUS:

112,500 Six and one-half per cent. Cumulative Redeemable Preference Shares fully paid. <i>Note</i> —Arrears of dividends on these shares accumulated to November 1, 1944 amount to \$1,082,812.50, equivalent to \$9.62½ per share which were paid on January 11, 1945	\$11,250,000.00	
120,000 Class "A" Shares of no par value fully paid and 120,000 Class "B" Shares of no par value fully paid	5,061,314.22	
Earned Surplus	\$ 2,341,224.19	
Refundable portion of excess profits tax	1,362,350.00	
	3,703,574.19	
		20,014,888.41
		\$53,563,995.72

Price Waterhouse & Co., Limited and its subsidiary companies as at January 3, 1945 and we report that in our opinion the above consolidated balance sheet of the combined companies' affairs as at January 3, 1945 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 3, 1945

COMBINED PROFIT FROM OPERATIONS:

After deducting all selling and general expenses (except those deducted below) including remuneration amounting in the aggregate to \$320,381.73 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.....	\$ 7,043,264.67
Income from investments.....	49,682.70
	<hr/>
	\$ 7,092,947.37

DEDUCT:

Directors' remuneration other than salaries.....	\$ 12,340.00
Interest on Bonds.....	503,928.46
Provision for contribution to Employees' Savings and Profit Sharing Fund.....	59,400.48
Provision for pensions.....	100,000.00
Proportion of underwriting and refunding expense and of premium on securities retired, written off.....	186,450.00
Provision for depreciation of buildings and equipment.....	703,349.58
Provision for income and excess profits taxes (including refundable portion of excess profits tax \$573,351.55).....	4,105,000.00
	<hr/>
	5,670,468.52
Balance of Profit for the fiscal year (\$1,995,830.40 less \$573,351.55 refundable portion of excess profits tax).....	\$ 1,422,478.85
Balance of Earned Surplus brought forward from last fiscal year.....	2,549,995.43
	<hr/>
	\$ 3,972,474.28

DEDUCT:

Dividends for year on 6½% Cumulative Redeemable Preference Shares and 8% on account of arrears.....	1,631,250.09
	<hr/>
	\$ 2,341,224.19

ADD:

Refundable portion of excess profits tax.....	1,362,350.00
Total Surplus as at January 3, 1945.....	<hr/> <hr/>
	\$ 3,703,574.19

SIMPSONS, LIMITED

Directors and Officers

CHARLES L. BURTON, C.B.E., <i>President</i>	JAMES H. GUNDY, <i>Vice-President</i>
ALFRED J. MITCHELL	DAVID H. GIBSON, C.B.E.
HERBERT H. BISHOP	HERBERT G. COLEBROOK
EDGAR G. BURTON	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, 1945-1959 and \$2,750,000.00 maturing August 15, 1960.....		\$12,500,000.00
6½% Cumulative Redeemable Preference Shares	\$20,000,000.00	\$11,250,000.00
Class "A" Shares, voting (no par value).....	200,000 shares	120,000 shares
Class "B" Shares, voting (no par value).....	200,000 shares	120,000 shares

The above capitalization is as of January 3, 1945 and is before giving effect to the redemption of the 6½% Cumulative Redeemable Preference Shares now outstanding, the issue of 112,500 new 4½% Cumulative Redeemable Preferred Shares and the subdivision of the Class A and Class B Shares on a basis of three for one, as sanctioned by the shareholders at a special General Meeting held January 12, 1945.

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
SMALLMAN AND INGRAM LIMITED
THOMPSON MANUFACTURING COMPANY LIMITED
KEENS MANUFACTURING COMPANY LIMITED

TORONTO MONTREAL
LONDON REGINA HALIFAX

Buying Offices

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