

**A N N U A L  
R E P O R T**

for the fiscal year ending

**MAY 31st, 1938**

**AGNEW-SURPASS**  
**SHOE STORES**  
LIMITED

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TENTH  
Annual Report

*for the fiscal year ending*

MAY 31st, 1938

to be submitted at the Annual Meeting  
of Shareholders to be held at the Head  
Office of the Company, Brantford, Ontario,  
September 7th, 1938, at 10.30 am., E.S.T.

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BRANTFORD, ONTARIO  
CANADA

TENTH  
ANNUAL REPORT OF THE DIRECTORS  
*of*  
AGNEW-SURPASS SHOE STORES  
LIMITED

BRANTFORD, JULY 20TH, 1938

TO THE SHAREHOLDERS:—

Your Directors submit herewith Consolidated Balance Sheet as of May 31st, 1938, together with Profit and Loss and Surplus Account for the year ending that date, of Agnew-Surpass Shoe Stores, Limited and subsidiary Company.

Sales and earnings again show an improvement over a year ago which, in view of business conditions prevailing, especially during the last half of the year and the necessity of writing down inventories to present market values, is considered satisfactory. Sales were \$2,862,944.29 (after eliminating sales from factory to store company). Operating profits amounted to \$230,236.07 and after deducting \$72,124.28 to cover depreciation, Federal and Provincial Income Taxes and Directors' fees, and adding miscellaneous adjustments of \$2,002.17, there remained a Net Surplus for the year of \$160,113.96.

Net Working Capital shows an increase of \$28,023.92 over a year ago, and Fixed Assets increased \$19,757.31, practically all to supply additional warehouse space and equipment for new Stores, of which six were opened during the year, making a total of eighty Stores in operation as of May 31st last.

All dividends due on the Preference Shares have been paid and from the Profits remaining, your Directors have declared dividends totalling sixty cents per share on the Common stock, together with a bonus of 20 cents per share, the dividend for the last half of the year and bonus being payable September 1st next, making 80 cents per share from the year's operations, being the same amount as the previous year.

Your subsidiary now holds 1238 of the Cumulative Preference shares of the Company, thus reducing the number of shares outstanding in the hands of the public to 8762 shares.

Your Directors wish to record their thanks to Department officials, Store managers and employees for their loyal support and interest taken in the affairs of the Company during the past year.

On behalf of the Board,

J. ELLIS WARRINGTON,

*President.*

AGNEW-SURPASS SHOE STORES, LIMITED  
AND SUBSIDIARY COMPANY

*Consolidated Balance Sheet as at May 31st, 1938*

ASSETS	
CURRENT ASSETS:	
Cash on hand.....	\$ 5,316.10
Accounts and Bills Receivable... \$ 180,129.29	
Less Reserve for Bad Debts..... 10,492.04	
	169,637.25
Merchandise Inventories, determined by physical stocktaking for subsidiary company and book inventories, periodically verified, for stores and warehouses, and valued at the lower of cost or market, as certified by the management.....	1,241,661.05
Advances to Employees, including Employee Shareholders.....	4,741.16
Prepaid Expenses and Accrued Revenue.....	9,257.89
	\$1,430,613.45
LIFE INSURANCE AND FIRE INSURANCE DEPOSITS.....	12,312.05
SUNDRY LOANS (NET).....	18,565.49
FIXED ASSETS at depreciated appraisal values per appraisals of Canadian Appraisal Company, Limited dated May 17th and 18th, 1928, plus subsequent additions at cost (except for Lasts, Dies and Patterns which are shown at nominal value):	
Land.....	\$ 76,365.00
Buildings.....	227,382.35
Plant, Machinery, etc.....	109,650.14
Furniture and Fixtures.....	198,514.58
Improvements to Leasehold Properties.....	33,374.73
Automobile.....	1,945.00
Lasts, Dies and Patterns.....	33,000.00
	\$ 680,231.80
Less Reserve for Depreciation.....	279,363.58
	400,868.22
PATENTS UNDER LEASE AND PRODUCING REVENUE.....	15,000.00
	\$1,877,359.21

Approved:

J. E. WARRINGTON      FRANK BAUSLAUGH  
*Directors of Agnew-Surpass Shoe Stores, Limited*

LIABILITIES	
CURRENT LIABILITIES:	
Bank Overdraft (Net).....	\$ 71,845.64
Accounts Payable.....	189,945.65
Accrued Wages and Expenses.....	18,374.47
Provision for Taxes.....	44,353.95
Dividend declared, payable July 2nd, 1938.....	15,333.50
	\$ 339,853.21
EQUITY OF MINORITY INTERESTS IN SUBSIDIARY COMPANY: (Shares owned by Directors as qualification)	960.00
FIRE INSURANCE RESERVE.....	25,817.78
CAPITAL AND SURPLUS:	
Capital Stock:	
7% Cumulative Convertible Preferred:	
Authorized, 15,000 shares of \$100 each	
Issued, 10,000 shares..... \$1,000,000.00	
Less 1,238 shares held by subsidiary company..... 123,800.00	
	\$ 876,200.00
Common:	
Authorized, 135,000 shares of no par value:	
Issued, 80,000 shares..... \$ 266,456.14	
Less 375 shares held by subsidiary company..... 1,249.01	
	265,207.13
Earned Surplus.....	369,321.09
	1,510,728.22
	\$1,877,359.21

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the books of Agnew-Surpass Shoe Stores Limited and its Subsidiary Company for the year ended May 31st, 1938, our examination of the individual store records consisting of a test of the periodic cash reports.

We have obtained all the information and explanations we have required and report that, in our opinion, the above Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the said Companies according to the best of our information and the explanations given us and as shown by their books.

Toronto, Canada, July 6th, 1938.

THORNE, MULHOLLAND, HOWSON & MCPHERSON  
Chartered Accountants

AGNEW-SURPASS SHOE STORES, LIMITED  
AND SUBSIDIARY COMPANY

*Consolidated Profit and Loss and Surplus Account*

(Year ended May 31st, 1938)

EARNED SURPLUS, BALANCE, JUNE 1ST, 1937.....		\$ 342,273.63
Net Operating Profit for year, after deducting remuneration of execu- tives and legal fees, \$42,955.27 but before undermentioned items .....	\$ 230,236.07	
<i>Deduct:</i>		
Provision for Depreciation.....	\$ 38,254.28	
Provision for Federal and Pro- vincial Income Taxes.....	33,160.00	
Directors' Fees (other than Execu- tives).....	710.00	
	\$ 72,124.28	
NET EARNINGS FOR YEAR.....	\$ 158,111.79	
Add Miscellaneous Adjustments.....	2,002.17	
NET SURPLUS FOR YEAR.....		160,113.96
		\$ 502,387.59
<i>Deduct:</i>		
Dividends on Preferred Stock.....	\$ 70,000.00	
Dividends on Common Stock.....	72,000.00	
	\$ 142,000.00	
Less Subsidiary Company's Portion.....	8,933.50	
		133,066.50
EARNED SURPLUS, MAY 31ST, 1938.....		\$ 369,321.09

## EXECUTIVE OFFICERS



J. ELLIS WARRINGTON  
*President*

FRANK BAUSLAUGH  
*Vice-President and General Manager, Brantford*

K. R. GILLELAN  
*Secretary-Treasurer*

H. H. GIBAUT  
*Assistant Secretary-Treasurer*

H. M. MILLAR  
*Assistant Secretary*



## BOARD OF DIRECTORS



M. JOHN SHEEHY

JOHN BAUSLAUGH

HAROLD A. GREENE

RUSSELL D. BELL

J. ELLIS WARRINGTON

FRANK BAUSLAUGH



# EIGHTY

## AGNEW-SURPASS SHOE STORES

### ONTARIO

<p>BARRIE</p> <p>BELLEVILLE</p> <p>BRANTFORD 166 Colborne 16 Market</p> <p>BROCKVILLE</p> <p>CHATHAM</p> <p>COBOURG</p> <p>CORNWALL</p> <p>DUNNVILLE</p> <p>GALT</p> <p>GODERICH</p> <p>GUELPH</p> <p>HAMILTON 71 King, E. 13 Market Sq. 272 Ottawa, N.</p> <p>HANOVER</p> <p>INGERSOLL</p> <p>KINGSTON</p> <p>KITCHENER</p> <p>LEAMINGTON</p>	<p>LINDSAY</p> <p>LISTOWEL</p> <p>LONDON</p> <p>MIDLAND</p> <p>NIAGARA FALLS 515 Queen St. So. 1904 Main St. So.</p> <p>NORTH BAY</p> <p>ORILLIA</p> <p>OSHAWA</p> <p>OWEN SOUND</p> <p>PETERBORO</p> <p>PORT COLBORNE</p> <p>PORT HOPE</p> <p>SARNIA</p> <p>SAULT ST. MARIE</p> <p>SIMCOE</p> <p>SMITH'S FALLS</p> <p>STRATFORD</p> <p>SUDBURY</p> <p>ST. CATHARINES</p> <p>ST. THOMAS</p>	<p>TORONTO 106 Yonge 252 Yonge 729 Yonge 2512 Yonge 505 Danforth 686 Danforth 2040 Danforth 606 Bloor St. W. 952 Bloor St. W. 1216 Bloor St. W. 2310 Bloor St. W. 2948 Dundas St. W. 992 St. Clair Ave. W. 1232 St. Clair Ave. W. 424 Eglinton Ave. W.</p> <p>WALLACEBURG</p> <p>WELLAND</p> <p>WHITBY</p> <p>WINDSOR 359 Ouellette Ave. 1410 Wyandotte St.</p> <p>WOODSTOCK</p>
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### QUEBEC

<p>MONTREAL 1111 St. Catherine W.</p>	<p>THREE RIVERS</p>	<p>QUEBEC 10 St. John</p>
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### NEW BRUNSWICK

CAMPBELLTON

FREDERICTON

MONCTON

SAINT JOHN  
677 Main  
187-189 Union

ST. STEPHEN

### NOVA SCOTIA

AMHERST

GLACE BAY

NEW GLASGOW

SPRINGHILL

SYDNEY

TRURO

WINDSOR

YARMOUTH

### PRINCE EDWARD ISLAND

CHARLOTTETOWN

*Canada's Greatest Chain Shoe Stores*



CANADA'S LARGEST MAKERS OF MEN'S FINE SHOES



*Trim Looking Shoes*

**... THAT CAN  
'TAKE IT' TOO**

Smart enough to hold the spotlight at any social gathering; tough enough to stand hard wear; snug, ankle fitting comfort, no breaking in. That's why Ritchie Shoes are so popular throughout Canada.

*Ritchie*  
SHOES FOR MEN

RITCHIE SHOES - - \$5 to \$7  
RITCHIE FLEXIBLE SHOES - - \$8  
RITCHIE PROP-R-ARCH SHOES \$8

**The John Ritchie Company Limited**

Established 1879

*Canada's Largest Makers of Men's Fine Shoes*

AT ALL

**AGNEW-SURPASS SHOE STORES**