

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

for the fiscal year ending

MAY 31st, 1939

AGNEW-SURPASS
SHOE STORES
LIMITED

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ELEVENTH
Annual Report

for the fiscal year ending

MAY 31st, 1939

to be submitted at the Annual Meeting
of Shareholders to be held at the Head
Office of the Company, Brantford, Ontario,
September 6th, 1939, at 10.30 am., E.S.T.

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BRANTFORD, ONTARIO
CANADA

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

BRANTFORD, JULY 5TH, 1939

TO THE SHAREHOLDERS:—

Your Directors submit herewith Consolidated Balance Sheet as of May 31st, 1939, together with Profit and Loss and Surplus Account for the year ended that date of Agnew-Surpass Shoe Stores, Limited and subsidiary Company,

Sales amounted to \$2,807,470.45 (after eliminating sales from factory to Store Company). Operating profits were \$214,202.11 after deducting \$64,065.63 to cover Depreciation, Federal and Provincial Income Tax and Directors' fees and adding miscellaneous adjustments of \$486.75, there remained a Net Surplus for the year of \$150,623.23, from which dividends were paid on 8762 shares of Preferred Stock held by the public, amounting to \$61,334.00 leaving earnings applicable to the Common Stock of \$89,289.23, being \$1.12 on 79,701 shares of the No Par Value Common Stock in the hands of the public at the end of the fiscal year.

Net Working Capital amounted to \$1,137,703.33, being an increase of \$46,943.09 over the previous year and there was expended on Fixed Assets the sum of \$11,446.18 for additional Stores equipment and improvements.

Three unprofitable Stores were closed during the year and as no new Stores were opened, there was a total of 77 Stores in operation as of May 31st last.

Dividends on the Preference shares have been paid to date, and from profits remaining, your Directors have declared dividends totalling sixty cents per share on the Common stock, together with a bonus of twenty cents per share, making eighty cents per share from the year's operations, being the same amount as the previous year.

No further purchases of the Cumulative Preference shares of the Company were made by your subsidiary in the past year, and the number of shares in the hands of the public remains at 8,762 as in the previous year.

Your Company gives employment to 586 employees and at the end of the year, there were 426 Preferred shareholders and 518 Common shareholders.

Federal, Provincial and Municipal taxation continues to an increasing extent, and with the clerical work and supervision required in connection therewith, presents its problems and difficulties to the Management, affecting both the cost of merchandise to the consumer, and the profitable employment of capital invested in this and other businesses.

Your Directors wish to record their thanks to Department officials, Store Managers and employees, for their loyal support given to 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, 1939

ASSETS	
CURRENT ASSETS:	
Cash on hand and in Bank.....	\$ 70,296.28
Accounts and Bills Receivable... \$ 196,749.72	
Less Reserve for Bad Debts..... 12,599.02	
	184,150.70
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.....	1,136,181.94
Advances to Employees, including Employee Shareholders.....	1,806.21
Prepaid Expenses and Accrued Revenue.....	8,949.50
	\$1,401,384.63
LIFE INSURANCE AND FIRE INSURANCE DEPOSITS.....	13,054.02
SUNDRY LOANS (NET).....	17,375.42
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.....	228,054.05
Plant, Machinery, etc.....	109,650.14
Furniture and Fixtures.....	205,380.06
Improvements to Leasehold Properties.....	37,283.73
Automobile.....	1,945.00
Lasts, Dies and Patterns.....	33,000.00
	\$ 691,677.98
Less Reserve for Depreciation.....	311,510.19
	380,167.79
PATENTS UNDER LEASE AND PRODUCING REVENUE.....	15,000.00
	\$1,826,981.86

Approved:

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

LIABILITIES	
CURRENT LIABILITIES:	
Accounts Payable.....	\$ 181,347.00
Accrued Wages and Expenses.....	22,800.07
Provision for Taxes.....	44,180.73
Dividend declared, payable July 3rd, 1939.....	15,353.50
	\$ 263,681.30
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 299 shares held by subsidiary company.....	995.88
	265,460.26
Earned Surplus.....	394,862.52
	1,536,522.78
	\$1,826,981.86

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, 1939, 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, 1939.

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, 1939)

EARNED SURPLUS, BALANCE, JUNE 1ST, 1938.....		\$ 369,321.09
Net Operating Profit for year, after deducting remuneration of executives and legal fees, \$39,400.61 but before undermentioned items.....	\$ 214,202.11	
<i>Deduct:</i>		
Provision for Depreciation.....	\$ 32,146.61	
Provision for Federal and Provincial Income Taxes.....	31,289.02	
Directors' Fees (other than Executives).....	630.00	
	\$ 64,065.63	
NET EARNINGS FOR YEAR.....	\$ 150,136.48	
Add Miscellaneous Adjustments.....	486.75	
NET SURPLUS FOR YEAR.....		150,623.23
		\$ 519,944.32
<i>Deduct:</i>		
Dividends on Preferred Stock . . .	\$ 70,000.00	
Less Subsidiary Company's Portion	8,666.00	
	\$ 61,334.00	
Dividends on Common Stock	\$ 64,000.00	
Less Subsidiary Company's Portion	252.20	
	\$ 63,747.80	
		125,081.80
EARNED SURPLUS, MAY 31ST, 1939.....		\$ 394,862.52

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

RUSSELL D. BELL

JOHN BAUSLAUGH

J. ELLIS WARRINGTON

HAROLD A. GREENE

FRANK BAUSLAUGH

AGNEW-SURPASS SHOE STORES



ONTARIO

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

QUEBEC

MONTREAL
1111 St. Catherine W.

QUEBEC
10 St. John

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

THE SHOES THAT WEAR SO WELL!



SATISFYING COMFORT

Comfort is not one of those things that just happens—it must be planned for, designed for, built into a pair of shoes in the way that Ritchie plans, designs and builds them. Slip on a pair of Ritchie's—live in them for a while—and your next pair will be Ritchie's, too, for their wear and smartness equal their satisfying comfort.

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