

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

for the fiscal year ending

**MAY 31st, 1940**

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

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TWELFTH  
Annual Report

*for the fiscal year ending*

MAY 31st, 1940

to be submitted at the Annual Meeting  
of Shareholders to be held at the Head  
Office of the Company, Brantford, Ontario,  
September 5th, 1940, at 10.30 am., E.S.T.

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BRANTFORD, ONTARIO  
CANADA

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

BRANTFORD, JULY 31ST, 1940

TO THE SHAREHOLDERS:—

Your Directors submit herewith Consolidated Balance Sheet as of May 31st, 1940, 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 \$3,328,891.36 (after eliminating sales from factory to Store Company). Operating profits were \$319,423.73, and after deducting \$126,573.02 to cover Depreciation, Income & Excess Profits Taxes and Directors' fees and adding back miscellaneous adjustments of \$867.01, there remained a Net Surplus for the year of \$193,717.72, 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 \$132,343.72, being \$1.65 on 79,831 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 \$1,204,716.57, being an increase of \$67,013.24 over the previous year and there was expended on Fixed Assets the sum of \$12,509.94 for additional Stores equipment and improvements.

Two new Stores were opened, making a total of 79 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 eighty cents per share on the Common stock, together with a bonus of twenty cents per share, making one dollar per share from the year's operations.

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 638 employees and at the end of the year, there were 413 Preferred shareholders and 518 Common shareholders.

The manufacturing subsidiary is assisting to equip the armed forces of Canada and is presently making one thousand pairs of Army Boots per day.

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, 1940*

ASSETS	LIABILITIES	
<b>CURRENT ASSETS:</b>		
Cash on hand and in Bank.....	Bank Loan .....	
Dominion of Canada, 3¼% Bonds, 1948-52 (market value \$696.50) .....	Accounts Payable .....	
Accounts and Bills Receivable... \$288,172.52	Accrued Wages and Expenses.....	
Less Reserve for Bad Debts..... 16,061.02	Provision for Income, Excess Profits and other Taxes .....	
272,111.50	Dividend declared, payable July 2nd, 1940.....	
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.....	\$ 409,714.51	
Deposits on Tenders.....	EQUITY OF MINORITY INTERESTS IN SUBSIDIARY COMPANY: (Shares owned by Directors as qualification).....	
Advances to Employees, including Employee Shareholders.....	960.00	
Prepaid Expenses and Accrued Revenue.....	FIRE INSURANCE RESERVE.....	
\$1,614,431.08	25,817.78	
LIFE INSURANCE AND FIRE INSURANCE DEPOSITS.....	<b>CAPITAL AND SURPLUS:</b>	
SUNDRY LOANS (NET).....	Capital Stock:	
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):	7% Cumulative Convertible Preferred:	
Land.....	Authorized, 15,000 shares of \$100 each	
Buildings.....	Issued, 10,000 shares..... \$1,000,000.00	
Plant, Machinery, etc.....	Less 1,238 shares held by subsidiary company.....	
Furniture and Fixtures.....	123,800.00	
Improvements to Leasehold Properties.....	\$ 876,200.00	
Lasts, Dies and Patterns.....	Common:	
\$ 704,187.92	Authorized, 135,000 shares of no par value:	
Less Reserve for Depreciation.....	Issued, 80,000 shares..... \$ 266,456.14	
367,285.84	Less 169 shares held by subsidiary company.....	
PATENTS UNDER LEASE AND PRODUCING REVENUE.....	562.89	
15,000.00	265,893.25	
<u>\$2,033,943.88</u>	Earned Surplus.....	
	455,358.34	
	<u>1,597,451.59</u>	
	<u>\$2,033,943.88</u>	

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

**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, 1940, 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 said Companies, according to the best of our information and the explanations given us and as shown by their books.

Toronto, Canada, July 26th, 1940.

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, 1940)

EARNED SURPLUS, BALANCE, JUNE 1ST, 1939.....		\$ 394,862.52
Net Operating Profit for year, after deducting remuneration of executives and legal fees, \$57,084.92 but before undermentioned items.....	\$ 319,423.73	
<i>Deduct:</i>		
Provision for Depreciation.....	\$ 28,716.45	
Provision for Income and Excess Profits Taxes.....	97,166.57	
Directors' Fees (other than Executives).....	690.00	
	\$ 126,573.02	
NET EARNINGS FOR YEAR.....	\$ 192,850.71	
Add Miscellaneous Adjustments.....	867.01	
NET SURPLUS FOR YEAR.....		193,717.72
		\$ 588,580.24
<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 . . . . .	\$ 72,000.00	
Less Subsidiary Company's Portion	152.10	
	\$ 71,847.90	
Dividend paid by Subsidiary Company to Minority Shareholders . . . . .	40.00	
		133,221.90
EARNED SURPLUS, MAY 31ST, 1940.....		\$ 455,358.34

## 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

R. KARN



## 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>DUNNVILLE</p> <p>GALT</p> <p>GODERICH</p> <p>GUELPH</p> <p>HAMILTON 71 King, E. 13 Market Sq. 272 Ottawa, N.</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>TIMMINS</p>	<p>TORONTO 606 Bloor St. W. 952 Bloor St. W. 2310 Bloor St. W. 505 Danforth 686 Danforth 2040 Danforth 2948 Dundas St. W. 424 Eglinton Ave. W. 728 Queen St. E. 992 St. Clair Ave. W. 1232 St. Clair Ave. W. 106 Yonge 252 Yonge 729 Yonge 1425 Yonge 2512 Yonge</p> <p>WALLACEBURG</p> <p>WELLAND</p> <p>WHITBY</p> <p>WINDSOR 359 Ouellette Ave. 1528 Wyandotte St. E.</p> <p>WOODSTOCK</p>
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### QUEBEC

<p>MONTREAL 1111 St. Catherine W.</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*



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*Smart* FROM  
THE GROUND UP

● Ritchie Shoes are built to exacting specifications that keep them ship-shape and comfortable over a long course of steady wear. Perfect fit provides snug ankles and heels, gently braced arches, plenty of toe-room. For finest quality at a reasonable price, ask for Ritchie Shoes.



*Ritchie*  
CANADA'S  
*Smartest*  
SHOES FOR MEN  
\$6<sup>00</sup> to \$8<sup>00</sup>

RITCHIE FLEXIBLE SHOES | \$8.50  
RITCHIE PROP. R. ARCH SHOES | \$9.00

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**The John Ritchie Company Limited**

Established 1879

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