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ANNUAL REPORT

for the fiscal year ending
MAY 31st, 1941

AGNEW-SURPASS
SHOE STORES
LIMITED

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THIRTEENTH
Annual Report

for the fiscal year ending

MAY 31st, 1941

to be submitted at the Annual Meeting
of Shareholders to be held at the Head
Office of the Company, Brantford, Ontario,
September 4th, 1941, at 10.30 am., E.S.T.

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BRANTFORD, ONTARIO
CANADA

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

BRANTFORD, JULY 31ST, 1941

TO THE SHAREHOLDERS:—

Your Directors submit herewith Consolidated Balance Sheet as of May 31st, 1941, together with Profit and Loss and Surplus Account for the year ended on that date of Agnew-Surpass Shoe Stores, Limited and subsidiary Company.

Sales amounted to \$4,048,747.86 (after eliminating sales from factory to Store Company), and operating profits were \$460,274.27. After deducting \$174,743.29 to cover Income and Excess Profits Taxes, \$41,501.21 for depreciation, \$590.00 for Directors' fees, and adding back miscellaneous adjustments of \$817.16, there remained a net surplus for the year of \$244,256.93. The provision for excess profits taxes has been calculated after applying an inventory reserve as permitted by the Act. The amount of additional liability, if any, can only be determined as the result of changes in future inventory prices or termination of the Excess Profits Tax Act, 1940.

Dividends were paid on Preference shares held by the public amounting to \$61,328.75, leaving earnings applicable to the Common stock of \$182,928.18, being \$2.29 per share on 79,956 shares of no par value Common stock in the hands of the public at the end of the fiscal year.

There was expended on fixed assets the sum of \$25,321.52 for additional Stores equipment and improvements while the

net Working Capital at May 31st last amounted to \$1,330,007.87, being an increase of \$125,291.30 over the previous year.

Three new stores were opened and four were closed, making a total of 78 stores in operation as of May 31st last.

Dividends on the Preference shares have been paid to date and from the profits remaining, your Directors have declared dividends totalling 80c. per share on the Common stock, together with a bonus of 20c. per share, making \$1.00 per share from the year's operations.

A purchase of three cumulative Preference shares of the Company was made by your subsidiary in the past year, and the number of shares in the hands of the public was 8,759 at May 31st last.

Your Company gives employment to 714 employees and at the end of the year there were 414 Preference shareholders and 517 Common shareholders.

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, 1941

| ASSETS | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| CURRENT ASSETS: | |
| Cash on hand and in bank | \$ 279,465.53 |
| Accounts and Bills Receivable | \$306,534.45 |
| Less Reserve for Bad Debts | 16,853.32 |
| | 289,681.13 |
| 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 | 1,319,456.24 |
| Advances to Employees, including Employee Shareholders | 1,984.56 |
| Prepaid Expenses and Accrued Revenue | 13,010.13 |
| | \$1,903,597.59 |
| LIFE INSURANCE AND FIRE INSURANCE DEPOSITS | 13,363.98 |
| SUNDRY LOANS (NET) | 19,785.88 |
| 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 | 228,354.05 |
| Plant, Machinery, etc. | 109,650.14 |
| Furniture and Fixtures | 227,552.00 |
| Improvements to Leasehold Properties | 46,727.62 |
| Lasts, Dies and Patterns | 33,000.00 |
| | \$ 721,648.81 |
| Less Reserve for Depreciation | 372,540.65 |
| | 349,108.16 |
| PATENTS UNDER LEASE AND PRODUCING REVENUE | 15,000.00 |
| | \$2,300,855.61 |

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

| LIABILITIES | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| CURRENT LIABILITIES: | |
| Accounts Payable | \$ 319,664.40 |
| Accrued Wages and Expenses | 38,597.07 |
| Provision for Income, Excess Profits and other Taxes | 200,000.00 |
| Dividend declared, payable July 2nd, 1941 | 15,328.25 |
| | \$ 573,589.72 |
| 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 \$100.00 each | |
| Issued, 10,000 shares. | \$1,000,000.00 |
| Less 1,241 shares held by subsidiary company | 124,100.00 |
| | \$ 875,900.00 |
| Common: | |
| Authorized, 135,000 shares of no par value: | |
| Issued, 80,000 shares. | \$ 266,456.14 |
| Less 44 shares held by subsidiary company | 146.55 |
| | 266,309.59 |
| Earned Surplus | 558,278.52 |
| | 1,700,488.11 |
| CONTINGENT LIABILITY: | |
| The provision for Excess Profits Tax has been calculated after the application of an inventory reserve as permitted by the Act, which reserve is not recorded in the books nor included in the above statement. | |
| | \$2,300,855.61 |

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, 1941, 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 9th, 1941.

(Signed) 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, 1941)

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| EARNED SURPLUS, BALANCE, JUNE 1ST, 1940 | | \$ 455,358.34 |
| Net Operating Profit for year, after deducting remuneration of executives and legal fees, \$65,439.90 but before undermentioned items. | \$ 460,274.27 | |
| <i>Deduct:</i> | | |
| Provision for Depreciation. | \$ 41,501.21 | |
| Provision for Income and Excess Profits Taxes | 174,743.29 | |
| Directors' Fees (other than Executives) | 590.00 | |
| | 216,834.50 | |
| NET EARNINGS FOR YEAR | \$ 243,439.77 | |
| Add Miscellaneous Adjustments. | 817.16 | |
| NET SURPLUS FOR YEAR..... | | 244,256.93 |
| | | \$ 699,615.27 |
| <i>Deduct:</i> | | |
| Dividends on Preferred Stock. | \$ 70,000.00 | |
| <i>Less</i> Subsidiary Company's Portion | 8,671.25 | |
| | \$ 61,328.75 | |
| Dividends on Common Stock. | \$ 80,000.00 | |
| <i>Less</i> Subsidiary Company's Portion | 44.00 | |
| | 79,956.00 | |
| Dividend paid by Subsidiary Company to Minority Shareholders..... | 52.00 | |
| | | 141,336.75 |
| EARNED SURPLUS, MAY 31ST, 1941 | | \$ 558,278.52 |

EXECUTIVE OFFICERS

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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

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BOARD OF DIRECTORS

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M. JOHN SHEEHY

RUSSELL D. BELL

JOHN BAUSLAUGH

J. ELLIS WARRINGTON

HAROLD A. GREENE

FRANK BAUSLAUGH

R. KARN

AGNEW-SURPASS SHOE STORES

ONTARIO

| | | |
|----------------|-------------------|------------------------|
| BARRIE | LINDSAY | ST. THOMAS |
| BELLEVILLE | LISTOWEL | TIMMINS |
| BRANTFORD | LONDON | TORONTO |
| 166 Colborne | MIDLAND | 606 Bloor St. W. |
| 16 Market | NIAGARA FALLS | 952 Bloor St. W. |
| BROCKVILLE | 515 Queen St. | 2310 Bloor St. W. |
| CHATHAM | 1904 Main St. So. | 505 Danforth |
| COBOURG | NORTH BAY | 686 Danforth |
| DUNNVILLE | ORILLIA | 2040 Danforth |
| GALT | OSHAWA | 2948 Dundas St. W. |
| GODERICH | OTTAWA | 424 Eglinton Ave. W. |
| GUELPH | OWEN SOUND | 992 St. Clair Ave. W. |
| HAMILTON | PETERBOROUGH | 1232 St. Clair Ave. W. |
| 71 King, E. | PORT COLBORNE | 252 Yonge |
| 15 Market Sq. | PORT HOPE | 729 Yonge |
| 272 Ottawa, N. | SARNIA | 1425 Yonge |
| INGERSOLL | SAULT ST. MARIE | 2512 Yonge |
| KINGSTON | SIMCOE | WALLACEBURG |
| KIRKLAND LAKE | SMITH'S FALLS | WELLAND |
| KITCHENER | STRATFORD | WHITBY |
| LEAMINGTON | SUDBURY | WINDSOR |
| | ST. CATHARINES | 359 Ouellette Ave. |
| | | 1528 Wyandotte St. E. |
| | | WOODSTOCK |

QUEBEC

MONTREAL
897 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

PRINCE EDWARD ISLAND

CHARLOTTETOWN

Canada's Greatest Chain Shoe Stores



Smart FROM THE GROUND UP

● "At your service" — Ritchie Shoes stand ready to give you constant comfort, style and long wear. You'll know it's *your* shoe just as soon as you slip your foot into one of these fine Ritchie Shoes and feel the toe freedom and hug of heel and arch. And you'll know it's your shoe when you hear its reasonable price. Ask your dealer for Ritchie Shoes.

Ritchie

CANADA'S
Smartest
SHOES FOR MEN
\$6⁰⁰ to \$8⁰⁰

RITCHIE FLEXIBLE SHOES \$8⁵⁰
UP

RITCHIE PROP.R-ARCH SHOES \$8⁵⁰
UP

The John Ritchie Company Limited

Established 1879

Canada's Largest Makers of Men's Fine Shoes