



BRANTFORD, ONTARIO

# Seventeenth Annual Report

for the  
Year Ended  
May Thirty-first  
1945

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BOARD OF DIRECTORS

LEETA L. BAUSLAUGH	K. R. GILLELAN
W. E. CAMPBELL	R. KARN
H. H. GIBAUT	A. C. McLEAN
A. L. SCOTT	

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OFFICERS

R. KARN, *President and General Manager*  
A. L. SCOTT, *Vice-President*  
K. R. GILLELAN, *Secretary-Treasurer*  
W. D. MUIR, *Assistant Secretary-Treasurer*

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REGISTRAR and TRANSFER AGENTS

NATIONAL TRUST COMPANY LIMITED

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AUDITORS

THORNE, MULHOLLAND, HOWSON & McPHERSON

## DIRECTORS' REPORT

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TO THE SHAREHOLDERS:

Your Directors submit herewith their Seventeenth Annual Report on the operations of the Company and its Subsidiary for the fiscal year ended May 31st, 1945, together with Consolidated Statement of Earned Surplus and Profit and Loss and Consolidated Balance Sheet as at May 31st, 1945.

Sales, after eliminating sales from factory to stores, amounted to \$6,152,925.31 representing an increase over the previous year of \$304,231.53. Net operating profits for the year were \$714,953.15. After deducting \$443,048.47 for Income and Excess Profits Taxes, \$31,937.01 for depreciation and \$275.00 for directors' fees, the net earnings for the year were \$239,692.67. The Preferred Stock Dividends amounted to \$58,499.00, leaving a balance of \$181,193.67 equivalent to \$2.26 per share on the 80,000 shares of Common Stock outstanding.

Regular quarterly dividends on the Preferred Stock aggregating seven dollars per share and totalling \$58,499.00 were paid during the year and from the profits remaining, dividends totalling \$1.30 per share have been declared on the Common Stock of the Company.

Working Capital, which is the excess of Current Assets over Current Liabilities, at the end of the fiscal year amounted to \$1,473,790.21. In addition thereto, the Refundable Portion of the Excess Profits Tax now amounts to \$257,117.37.

Since the last Annual Report the Company's Standard Profits have been determined by the Board of Referees as a result of which the provision for taxes for prior periods has been reduced by the amount of \$40,725.08. Further, the plan of executive remuneration which had been in force for many years but which was not given full effect to in recent years because of governmental restrictions has been reconsidered by the tax authorities and approved. Provision has therefore been made for the additional remuneration which accrued during the years the plan was not fully followed and after deducting taxes applicable thereto resulted in a net charge to Surplus Account of \$17,274.66. The net effect of these two adjustments is an addition of \$23,450.42 to Surplus Account.

During the fiscal year, capital expenditures totalling \$5,272.44 were made on Stores and Warehouse equipment and improvements. One new store was opened during the period, making a total of 78 Agnew-Surpass Shoe Stores in operation as of May 31st last.

## A G N E W - S U R P A S S   S H O E   S T O R E S ,   L I M I T E D

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Under By-law No. 30 the Company purchased, through Trustees, 20,640 Common Shares of the Company for sale to employees, of which 19,149 shares have already been sold, leaving 1,491 shares in the Trustees' hands. Directors, Executives and Employees of the Company, numbering 136, are now the holders of 66% of the Common Shares. Your Company gives employment to 764 employees, and at the end of the year there were 405 Preferred Shareholders and 532 Common Shareholders.

Your Company has co-operated in the war effort as indicated by the fact that its Subsidiary Company has recently completed the delivery of the millionth pair of footwear for the Armed Forces.

During the year the resignation of Mr. J. Ellis Warrington as a Director and President of the Company, which had been tendered owing to the impaired condition of his health, was most regretfully accepted by the Board of Directors. The resignation of Mr. Russell D. Bell as a Director was also received and accepted. Mr. Roy Karn has been elected President and General Manager and Mr. A. L. Scott Vice-President. To fill the vacancies on the Board, Mr. A. C. McLean and Mr. W. E. Campbell, both of whom have been associated with the Company for many years, were elected Directors.

Your Directors gratefully acknowledge the continued loyal support and co-operation of Department Officials, Store Managers and employees throughout the year.

The accounts and records of the Company have been audited by Messrs. Thorne, Mulholland, Howson & McPherson, Chartered Accountants, Toronto, Ontario, and their report is presented herewith.

On behalf of the Board of Directors,

ROY KARN,

President.

Brantford, Ontario  
July 20th, 1945.

# AGNEW-SURPASS SHOE STORES, LIMITED

AND SUBSIDIARY COMPANY

## Consolidated Balance Sheet

ASSETS	May 31st, 1945	May 31st, 1944	LIABILITIES	May 31st, 1945	May 31st, 1944
<b>Current Assets:</b>			<b>Current Liabilities:</b>		
Cash on hand and in banks.....	\$ 160,461.18	\$ 199,185.83	Accounts Payable.....	\$ 477,527.24	\$ 337,061.01
Dominion of Canada Bonds.....	425,025.00	465,087.50	Accrued Wages and Expenses.....	75,395.20	65,908.76
Dominion of Canada Bonds held for Employees...	22,700.00	20,500.00	Provision for Income, Excess Profits and Other Taxes, less payments on account.....	191,889.29	415,499.91
Accounts and Bills Receivable, less Reserve for Bad Debts.....	244,838.61	218,885.19	Dividend Payable.....	14,624.75	14,624.75
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.....	1,361,054.96	1,332,299.86		\$ 759,436.48	\$ 833,094.43
Prepaid Expenses and Accrued Revenue.....	19,146.94	17,603.55	<b>Fire Insurance Reserve.....</b>	<b>\$ 25,817.78</b>	<b>\$ 25,817.78</b>
	\$ 2,233,226.69	\$ 2,253,561.93	<b>Capital and Surplus:</b>		
<b>Life Insurance and Fire Insurance Deposits..</b>	<b>\$ 15,677.22</b>	<b>\$ 14,666.08</b>	<b>Capital Stock:</b>		
<b>Common Stock of the Company held by Trustees for sale to Employees (1,491 shares)....</b>	<b>30,565.50</b>		7% Cumulative Convertible Redeemable Preferred:		
			Authorized, 15,000 shares of \$100.00 each:		
<b>Sundry Loans.....</b>	<b>\$ 955.98</b>	<b>7,686.02</b>	Issued, 10,000 shares.....	1,000,000.00	1,000,000.00
<b>Refundable Portion of Excess Profits Tax....</b>	<b>\$ 257,117.37</b>	<b>\$ 196,163.20</b>	Less Shares held by subsidiary company....	164,300.00	164,300.00
				\$ 835,700.00	\$ 835,700.00
<b>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):</b>			<b>Common:</b>		
Land.....	\$ 67,615.00	\$ 76,365.00	Authorized, 135,000 shares of no par value:		
Buildings.....	213,801.03	230,110.37	Issued, 80,000 shares.....	266,456.14	266,456.14
Plant, Machinery, etc.....	109,650.14	109,650.14	<b>Earned Surplus.....</b>	<b>915,347.00</b>	<b>822,559.91</b>
Furniture and Fixtures.....	215,404.91	215,979.31		\$ 2,017,503.14	\$ 1,924,716.05
Improvements to Leasehold Properties.....	37,886.11	44,256.68	<b>Contingent Liability:</b>		
Lasts, Dies and Patterns.....	33,000.00	33,000.00	The provision made by the Subsidiary Company 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.		
	\$ 677,357.19	\$ 709,361.50		\$ 2,802,757.40	\$ 2,783,628.26
<b>Less Reserve for Depreciation.....</b>	<b>427,142.55</b>	<b>412,810.47</b>			
	\$ 250,214.64	\$ 296,551.03			
<b>Patents under Lease and Producing Revenue</b>	<b>\$ 15,000.00</b>	<b>\$ 15,000.00</b>			
	<b>\$ 2,802,757.40</b>	<b>\$ 2,783,628.26</b>			

Approved: ROY KARN    H. H. GIBAUT  
 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, 1945, 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.

THORNE, MULHOLLAND, HOWSON & McPHERSON,

Toronto, Canada, July 10th, 1945.

Chartered Accountants.

**AGNEW-SURPASS SHOE STORES, LIMITED**  
**AND SUBSIDIARY COMPANY**

**Consolidated Profit and Loss and Earned Surplus Account**

	Year ended	
	May 31st, 1945	May 31st, 1944
Net Operating Profit for year, after deducting remuneration of executives and legal fees, \$95,447.16 for 1945, \$58,983.79 for 1944 (adjustments below include an additional amount of \$30,844.42 for 1944) .....	\$ 714,953.15	\$ 785,298.16
<b>Deduct:</b>		
Provision for Income and Excess Profits Taxes ....	\$ 526,262.73	\$ 605,369.86
Less Refundable Portion of Excess Profits Tax.....	83,214.26	100,617.09
	<u>\$ 443,048.47</u>	<u>\$ 504,752.77</u>
Provision for Depreciation.....	31,937.01	34,892.77
Directors' Fees (other than Executives).....	275.00	325.00
	<u>\$ 475,260.48</u>	<u>\$ 539,970.54</u>
Net Earnings for year.....	\$ 239,692.67	\$ 245,327.62
Earned Surplus at beginning of year.....	822,559.91	763,995.81
Adjustment of Income and Excess Profits Taxes for prior periods less Refundable Portion.....	40,725.08	
	<u>\$ 1,102,977.66</u>	<u>\$ 1,009,323.43</u>
<b>Deduct:</b>		
Additional Executive Remuneration for prior periods.....	\$85,749.45	
Less Income and Excess Profits Taxes thereon.....	68,474.79	17,274.66
Additional Income and Excess Profits Taxes for prior periods.....		40,264.52
Dividends on Preferred Stock (excluding Subsidiary Company's Portion).....	58,499.00	58,499.00
Dividends on Common Stock.....	104,000.00	88,000.00
Deficit on acquisition and sale to employees of 19,149 of the Company's Common Shares, under By-law No. 30.....	7,857.00	
	<u>\$ 187,630.66</u>	<u>\$ 186,763.52</u>
Earned Surplus, as per Balance Sheet.....	<u>\$ 915,347.00</u>	<u>\$ 822,559.91</u>

# AGNEW-SURPASS SHOE STORES



## ONTARIO

Barrie	Listowel	Timmins
Belleville	London	Toronto
Brantford	Midland	563 Bayview Ave.
166 Colborne	Niagara Falls	952 Bloor St. W.
16 Market	515 Queen St.	2310 Bloor St. W.
Brockville	1904 Main St. So.	505 Danforth
Chatham	North Bay	686 Danforth
115 King St.	Orillia	2040 Danforth
91 King St.	Oshawa	2948 Dundas St. W.
Cobourg	Ottawa	992 St. Clair Ave. W.
Dunnville	Peterborough	1232 St. Clair Ave. W.
Galt	Port Colborne	252 Yonge
Goderich	Port Hope	729 Yonge
Guelph	Sarnia	1425 Yonge
Hamilton	Sault Ste. Marie	2512 Yonge
71 King, E.	Simcoe	3430 Yonge
15 Market Sq.	Smith's Falls	Wallaceburg
272 Ottawa, N.	Stratford	Welland
Ingersoll	Sudbury	Whitby
Kingston	St. Catharines	Windsor
Kitchener	St. Thomas	359 Ouellette Ave.
Leamington		1528 Wyandotte St. E.
Lindsay		Woodstock

## QUEBEC

Montreal	Quebec
897 St. Catherine W.	10 St. John

## NEW BRUNSWICK

Campbellton
Fredericton
Moncton
Saint John
677 Main
187-189 Union
St. Stephen

## NOVA SCOTIA

Amherst
Glace Bay
Halifax
New Glasgow
Springhill
Sydney
Truro
Windsor

## PRINCE EDWARD ISLAND

Charlottetown

*Canada's Greatest Chain Shoe Stores*







