

*Stock*

# Agnew-Surpass

SHOE STORES LIMITED

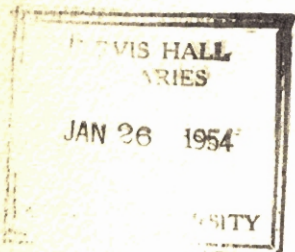
BRANTFORD - ONTARIO



## TWENTY-FIRST ANNUAL REPORT

III

for the  
Year Ended  
MAY THIRTY-FIRST  
1949





BOARD OF DIRECTORS

LEETA L. BAUSLAUGH	K. R. GILLELAN
J. L. EDMONDSON	R. KARN
H. H. GIBAUT	W. D. MUIR

R. F. WHITBY

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OFFICERS

R. KARN  
President and General Manager

K. R. GILLELAN  
Vice-President and Secretary-Treasurer

W. D. MUIR  
Assistant Secretary-Treasurer

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REGISTRAR and TRANSFER AGENTS

NATIONAL TRUST COMPANY LIMITED

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BANKERS

BANK OF NOVA SCOTIA

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AUDITORS

THORNE, MULHOLLAND, HOWSON & McPHERSON

DIRECTORS' REPORT

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*To the Shareholders of  
Agnew-Surpass Shoe Stores, Limited:*

Submitted herewith are the comparative consolidated balance sheet, statement of earned surplus and profit and loss of the Company and wholly owned subsidiary for the year ended May 31, 1949 and preceding year.

Total volume of business for the fiscal year ended May 31, 1949, was \$9,761,491. After eliminating inter-company sales, sales amounted to \$9,074,335 compared with \$8,388,978 for the previous year. This is an 8% increase over the sales for the previous year and establishes a new record.

Net earnings for the year amounted to \$520,364 or \$1.29 per share on common stock after provision for taxes on income. Net earnings for the preceding year were \$518,160 or \$1.28 per share on common stock after the provision for taxes on income. The net operating profit for the year was substantially affected by increased labor costs and heavy purchases of lasts, patterns and dies by the factory to meet a rapidly changing style trend.

One quarterly dividend of 12 cents and three quarterly dividends of 15 cents aggregating 57 cents per share were declared during the year which amounted to \$229,678. The balance of earnings not paid out in dividends was re-invested in the business for improvement and modernization of stores and factory and for expansion purposes.

Current assets at the end of the fiscal year were \$3,848,136 and current liabilities were \$1,214,637, resulting in a net working capital of \$2,633,499, which is an increase over the previous year of \$224,491. This increase is a substantial figure, but with expansion of operations, improvement of leased properties and modernization of factory, more working capital is required than ever before.

During the year additions were made to fixed assets at a cost of \$193,000 and of this amount \$21,116 was expended for replacements and modernization at the factory and \$171,884 for store equipment, new store fronts and Brantford warehouse improvements.

Eight new stores were opened during the year at the following locations:

Windsor, Ontario, 1356 Ottawa Street East .....	Opened June, 1948
Hamilton, Ontario, 79 King Street East .....	Opened July, 1948
Ottawa, Ontario, 149 Sparks Street .....	Opened Oct. 1948
Winnipeg, Manitoba, 608 Main Street .....	Opened Nov. 1948
Calgary, Alberta, 211 Eighth Avenue West .....	Opened Feb. 1949
Hamilton, Ontario, 5 Market Square .....	Opened Mar. 1949
Halifax, Nova Scotia, 251 Gottingen Street .....	Opened May, 1949
Antigonish, Nova Scotia, A. J. McDonald Block .....	Opened May, 1949

## AGNEW - SURPASS SHOE STORES, LIMITED

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Four stores were closed, leaving 89 stores in operation as of May 31, 1949 and leases have been signed for three additional locations.

Shoe prices for the entire industry remain firm while pairage production in Canada has declined somewhat. However, the production of your wholly owned subsidiary, The John Ritchie Company Limited, as a percentage of the total of men's goodyear welts produced in Canada, has again increased during the year under review. Retail sales of the parent company, irrespective of new stores, continue to show increases over the previous year.

The total manufacturing capacity of the shoe industry in Canada is considerably in excess of the number of shoes purchased by the public in any year; consequently the shoe industry is highly competitive and such competition assures maximum value for the consumer who, we believe is getting more value for his footwear dollar to-day than in most other essential commodities.

Immediately following the annual general meeting of shareholders to be held on September 8, 1949, a special general meeting of shareholders will take place to approve by-law 33 as passed by the directors. By-law 33 provides for the cancellation of by-law 25 being the borrowing by-law. By-law 33 is a similar by-law excepting only that part of by-law 25 relating to an issue of bonds which was authorized at incorporation in 1928, but not proceeded with.

At the close of the year your company had a total of 1,024 shareholders. The number of employees of the company and subsidiary was 1,199, many of whom hold shares of the company.

Again, your directors record with gratitude, the loyal co-operation and fine spirit with which your departmental officials, supervisors, store managers and employees carried out their various duties 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,

ROY KARN,  
President.

Brantford, Ontario.  
July 8, 1949.

# AGNEW-SURPASS SHOE STORES, LIMITED

AND ITS WHOLLY OWNED SUBSIDIARY  
THE JOHN RITCHIE COMPANY, LIMITED

(Both Incorporated under the Laws of the Dominion of Canada)

## Consolidated Balance Sheet

ASSETS	May 31, 1949	May 31, 1948	LIABILITIES	May 31, 1949	May 31, 1948
<b>Current Assets:</b>			<b>Current Liabilities:</b>		
Cash on hand and in banks .....	230,669.60	184,083.68	Accounts payable .....	664,336.11	470,956.41
Equity in bonds and shares held for employees .....		2,598.75	Accrued wages and expenses .....	185,010.33	141,030.40
Accounts and bills receivable, less reserve for doubtful accounts .....	552,049.85	472,704.15	Provision for taxes on income, etc. ....	304,849.05	295,450.97
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 .....	2,971,753.22	2,623,186.71	Dividend payable .....	60,441.60	52,382.72
Refundable portion of excess profits tax due within a year .....	78,767.34	73,340.21		1,214,637.09	959,820.50
Prepaid expenses and accrued revenue .....	14,896.58	12,915.01	<b>Bank loan of deferred maturity</b> .....	500,000.00	500,000.00
	3,848,136.59	3,368,828.51	<b>Fire insurance reserve</b> .....	25,817.78	25,817.78
<b>Life insurance and fire insurance deposits</b> .....	19,149.51	18,293.79		2,818,447.36	2,535,222.31
<b>Refundable portion of excess profits tax due 1951-52</b> ..	137,947.45	215,851.75	<b>Capital Stock and Surplus:</b>		
<b>Fixed assets</b> at depreciated values as appraised by Canadian Appraisal Company, Limited in 1928, plus subsequent additions at cost, less disposals (except for lasts, dies and patterns which are shown at nominal value):			Capital Stock:		
Land .....	67,615.00	67,615.00	Authorized, 600,000 common shares of no par value		
Buildings .....	230,409.10	224,658.78	Issued, 402,944 shares .....	957,656.14	957,656.14
Plant, machinery, etc. ....	160,470.49	128,499.14	Earned surplus .....	1,860,791.22	1,577,566.17
Furniture and fixtures .....	412,200.29	360,495.04		2,818,447.36	2,535,222.31
Improvements to leasehold properties .....	183,476.50	87,580.91			
Lasts, dies and patterns .....	33,000.00	33,000.00			
	1,087,171.38	901,848.87			
<b>Less</b> reserve for depreciation .....	548,502.70	498,962.33			
	538,668.68	402,886.54			
<b>Patents under lease and producing revenue</b> .....	15,000.00	15,000.00			
	\$4,558,902.23	\$4,020,860.59			

Approved: ROY KARN                      H. H. GIBAUT  
Directors of Agnew-Surpass Shoe Stores, Limited.

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the above consolidated balance sheet of Agnew-Surpass Shoe Stores, Limited and its subsidiary company, as at May 31, 1949, and the related consolidated statement of profit and loss and earned surplus for the year then ended. In connection therewith we examined the accounting records of the companies and other supporting evidence and obtained all the information and explanations we required. We also made a general review of the accounting methods and of the operating and income accounts for the year.

On the basis of this examination, we 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 combined state of affairs of the companies as at May 31, 1949, and the related consolidated statement of profit and loss and earned surplus presents fairly the results of the combined operations of the companies for the year then ended, according to the best of our information and the explanations given us and as shown by the books.

THORNE, MULHOLLAND, HOWSON & McPHERSON,  
Toronto, Canada, July 6, 1949.                      Chartered Accountants

AGNEW-SURPASS SHOE STORES, LIMITED  
 AND ITS WHOLLY OWNED SUBSIDIARY  
 THE JOHN RITCHIE COMPANY, LIMITED

**Consolidated Statement of Profit & Loss  
 and Earned Surplus**

	Year Ended	
	May 31, 1949	May 31, 1948
Net operating profit for year, after deducting remuneration of executives and legal fees (\$132,565.99 for the 1949 period) .....	909,190.89	968,004.95
Deduct:		
Provision for taxes on income .....	321,453.34	403,733.65
Provision for depreciation .....	66,987.81	45,800.86
Directors' fees (other than executives) .....	385.00	310.00
	388,826.15	449,844.51
Net earnings for year .....	520,364.74	518,160.44
Amount transferred back from capital surplus upon granting of supplementary letters patent .....		308,800.00
Earned surplus at beginning of year .....	1,577,566.17	954,092.45
	2,097,930.91	1,781,052.89
Deduct:		
Dividends on common stock .....	229,678.08	203,486.72
Adjustments relating to prior periods .....	7,461.61	
	237,139.69	203,486.72
<b>Earned surplus, as per balance sheet .....</b>	<b>\$1,860,791.22</b>	<b>\$1,577,566.17</b>

# AGNEW-SURPASS SHOE STORES, LIMITED

## ONTARIO

Barrie	London	Timmins
Belleville	Midland	Toronto
Brantford	Napanee	563 Bayview Ave.
166 Colborne St.	Niagara Falls	952 Bloor St. W.
16 Market St.	515 Queen St.	505 Danforth Ave.
Brockville	1904 Main St. So.	686 Danforth Ave.
Chatham	North Bay	2040 Danforth Ave.
Cobourg	Orillia	2948 Dundas St. W.
Dunnville	Oshawa	1895 Eglinton Ave.
Fort William	Ottawa	992 St. Clair Ave. W.
Galt	Peterborough	1232 St. Clair Ave. W.
Goderich	330 George St.	252 Yonge St.
Guelph	385 George St.	729 Yonge St.
Hamilton	Port Colborne	1425 Yonge St.
79 King St. E.	Sarnia	2512 Yonge St.
5 Market Sq.	Sault Ste. Marie	3430 Yonge St.
272 Ottawa St. N.	Simcoe	Wallaceburg
Ingersoll	Stratford	Welland
Kingston	Sudbury	Whitby
Kitchener	52 Borgia St.	Windsor
Leamington	Elm St.	1356 Ottawa St. E.
Lindsay	St. Catharines	359 Ouellette Ave.
Listowel	St. Thomas	1528 Wyandotte St. E.
		Woodstock

## QUEBEC

Chicoutimi	Quebec	Rouyn
Montreal	10 St. John St.	Val d'Or
897 St. Catherine St. W.		

## NEW BRUNSWICK

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

## NOVA SCOTIA

Antigonish
Amherst
Glace Bay
Halifax
391 Barrington St.
251 Gottingen St.
New Glasgow
Springhill
Sydney
Truro
Windsor

## PRINCE EDWARD ISLAND

Charlottetown

## ALBERTA

Calgary

## MANITOBA

Winnipeg
608 Main St.
338 Portage Ave.

CANADA'S GREATEST CHAIN SHOE STORES







