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Agnew-Surpass

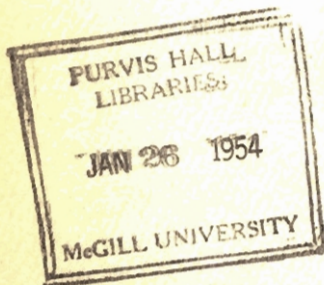
SHOE STORES LIMITED

BRANTFORD - ONTARIO



TWENTY-THIRD ANNUAL REPORT

“ “ For the Year Ended
MAY THIRTY-FIRST
1951



FINANCIAL FACTS IN BRIEF

	<u>1951</u>	<u>1950</u>
TOTAL volume of business	\$10,320,700	\$9,986,411
Net Sales (excluding inter- company sales)	9,682,396	9,308,716
Net Income (before taxes)	749,831	775,593
Income taxes	347,164	320,000
Net Income (after taxes)	402,667	455,593
Earnings per Share	1.00	1.13
Dividends paid per Share60	.60
Earned Surplus	2,235,519	2,074,618
Net Working Capital	2,854,241	2,742,985
Number of Employees	1,261	1,173
Number of Shareholders	1,120	1,074
Number of Stores in operation	93	92

BOARD OF DIRECTORS

LEETA L. BAUSLAUGH

J. L. EDMONDSON

H. H. GIBAUT

K. R. GILLELAN

R. KARN

W. D. MUIR

R. F. WHITBY

OFFICERS

R. KARN

President and General Manager

K. R. GILLELAN

Vice-President and Secretary-Treasurer

J. C. WHITE, C.A.

Assistant Secretary-Treasurer

REGISTRAR and TRANSFER AGENTS

NATIONAL TRUST COMPANY LIMITED

BANKERS

BANK OF NOVA SCOTIA

AUDITORS

THORNE, MULHOLLAND, HOWSON & McPHERSON

DIRECTORS' REPORT

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

Submitted herewith are consolidated balance sheet, statement of profit and loss and earned surplus of the Company and wholly-owned subsidiary for the year ended May 31, 1951, and comparison with the preceding year.

Total volume of business for the fiscal year ended May 31, 1951, was \$10,320,700. After inter-company sales have been eliminated, sales amounted to \$9,682,396, compared with \$9,308,716 for the previous year, which is an increase of \$373,680 over the sales for the previous year and established a record in the Company's history.

Consolidated earnings, before income taxes, amounted to \$749,831 in comparison with \$775,593 for the previous year. Consolidated net earnings, after provision for taxes on income, amounted to \$402,667, or \$1.00 per share on the common stock, as compared with \$455,593, or \$1.13 for the preceding year. Income taxes for the year amounted to \$347,164 compared with \$320,000 for the previous year. During the fiscal year, income tax rates were increased from 40% to 52.6%, an all-time high except during war years.

Depreciation on fixed assets has been calculated at full rates allowable under the Income Tax Act of Canada and amounted to \$108,732, compared with \$109,927 for the previous year.

Expenses relating to the manufacture and marketing of a new line of men's shoes, together with a substantial increase in wage rates, affected the earnings for the year.

Four quarterly dividends of 15 cents per share, aggregating \$241,766, or 60 cents per share, were paid during the year.

Current assets at the end of the fiscal year were \$4,356,830 and current liabilities were \$1,502,589, resulting in a net working capital of \$2,854,241. This is an increase of \$111,256 over the previous year, as summarized below:

Net earnings for the year	\$ 402,667
Provision for depreciation	108,732
Patent rights sold	15,000
Refundable excess profits tax, receivable March 31, 1952	62,903
	\$ 589,302
Deduct funds expended during the year:	
Plant, machinery, furniture and fixtures and improvements to leasehold properties, etc.	\$ 171,280
Reduction in deferred bank loan	65,000
Dividends	241,766
	478,046
Increase in working capital	\$ 111,256

AGNEW - SURPASS SHOE STORES, LIMITED

During the year additions to fixed assets were made at a cost of \$171,280 and of this amount \$60,422 was expended for replacements and modernization at the factory and \$110,858 for new store fronts and fixtures.

It will be of interest to our shareholders to know how each dollar of sales was used:

Cost of merchandise, materials used in manufacturing, etc.	\$.59
Wages and salaries of employees21
Depreciation on buildings, machinery, equipment, furniture and fixtures and leasehold improvements01
Other expenses, including occupational costs, advertising, shipping charges, building maintenance, etc.10
Taxes (excluding sales taxes)04
Net profit:	
Paid to shareholders03
Retained in business for future growth02
	<hr/>
Sales dollar received	<u>\$1.00</u>

Sales through your stores exceeded any previous year. New stores were opened at Ottawa, Port Arthur, Toronto and Montreal. Also a new store has been opened in Barrie, replacing a former location. Three stores were closed during the year—Chicoutimi, Montreal and Toronto. During the month of May 1951, fire demolished the premises we occupied at 385 George Street, Peterborough. As of May 31st last, 93 stores were in operation. Since May 31st last, new stores have been opened in Dartmouth, Nova Scotia, and Peterborough. A lease has been signed for a location in New Westminster, British Columbia.

Sales of your wholly-owned subsidiary, The John Ritchie Company, Limited, were the largest in the history of the Company. During the year arrangements were completed with General Shoe Corporation, of Nashville, Tennessee, to produce and distribute in Canada the internationally known lines of Jarman and Fortune shoes for men.

At the close of the year your Company had a total of 1,120 shareholders. The number of employees of the company and subsidiary was 1,261, many of whom hold shares of the Company.

Your directors again wish to record their grateful appreciation to the employees of the Company for their loyalty and fine co-operation in the maintenance of a high standard of service throughout the year.

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

On behalf of the Board,

ROY KARN,
President.

Brantford, Ontario,
July 12, 1951.

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, 1951	May 31, 1950	LIABILITIES	May 31, 1951	May 31, 1950
Current Assets:			Current Liabilities:		
Cash on hand and in banks	\$ 49,879	\$ 109,146	Accounts payable	\$ 958,174	\$ 748,743
Accounts and bills receivable, less provision for doubtful accounts	737,150	540,861	Accrued wages and expenses	181,565	169,865
Merchandise inventories, as determined by the management and certified to be based on a physical stocktaking for the subsidiary company and book inventories, periodically verified, for stores and warehouses, and to be valued at the lower of cost or market	3,467,236	3,208,143	Provision for taxes on income, etc.	302,408	221,926
Refundable portion of excess profits tax due within a year	62,903	75,164	Dividend payable	60,442	60,442
Prepaid and deferred expenses	39,662	10,647		1,502,589	1,200,976
	4,356,830	3,943,961	Bank loan of deferred maturity	435,000	500,000
Life insurance and fire insurance deposits	20,695	20,307	Fire insurance reserve	25,818	25,818
Refundable portion of excess profits tax due 1952		62,903			
Fixed assets 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 and surplus:		
Land	67,615	67,615	Capital stock:		
Buildings	243,180	230,620	Authorized, 600,000 common shares of no par value:		
Plant, machinery, etc.	227,600	179,738	Issued, 402,944 shares	957,656	957,656
Furniture and fixtures	519,077	486,046	Earned surplus	2,235,519	2,074,618
Improvements to leasehold properties	397,784	346,634		3,193,175	3,032,274
Advance payment on store lease	27,000	27,000			
Lasts, dies and patterns	33,000	33,000		\$ 5,156,582	\$ 4,759,068
	1,515,256	1,370,653			
Less reserve for depreciation	736,199	653,756			
	779,057	716,897			
Patents under lease and producing revenue		15,000			
	\$ 5,156,582	\$ 4,759,068			

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, 1951, and the consolidated statement of profit and loss and earned surplus for the year then ended. In connection therewith we examined or tested the accounting records and other supporting evidence and made a general review of the accounting methods and of the operating and income accounts for the year, and obtained all the information and explanations we required.

We report that, in our opinion, the above consolidated balance sheet and the related consolidated statement of profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the companies' affairs as at May 31, 1951, and of the results of their operations for the year then ended, according to the best of our information and the explanations given us, and as shown by the books of the companies.

THORNE, MULHOLLAND, HOWSON & McPHERSON,
 Toronto, Canada, July 12, 1951. 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, 1951	May 31, 1950
Net operating profit for year, after deducting remuneration of executives and legal fees (\$134,103 for the 1951 period and \$126,868 for the 1950 period) but before taking into account the following charges	\$ 858,898	\$ 885,880
Deduct:		
Provision for taxes on income	347,164	320,000
Provision for depreciation	108,732	109,927
Directors' fees (other than executives)	335	360
	456,231	430,287
Net earnings for year	402,667	455,593
Earned surplus at beginning of year	2,074,618	1,860,791
	2,477,285	2,316,384
Deduct Dividends on common shares	241,766	241,766
Earned surplus, as per balance sheet	\$ 2,235,519	\$ 2,074,618

AGNEW-SURPASS SHOE STORES, LIMITED

ONTARIO

Barrie	Midland	Toronto
Belleville	Napanee	563 Bayview Ave.
Brantford	New Toronto	952 Bloor St. W.
166 Colborne St.	Niagara Falls	2980 Bloor St. W.
22 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	372 Eglinton Ave.
Fort William	Ottawa	1895 Eglinton Ave.
Galt	149 Sparks St.	992 St. Clair Ave. W.
Goderich	104½ Rideau St.	1232 St. Clair Ave. W.
Guelph	Peterborough	1486 Queen St. W.
Hamilton	Port Arthur	252 Yonge St.
79 King St. E.	Port Colborne	729 Yonge St.
5 Market Sq.	Sarnia	1425 Yonge St.
272 Ottawa St. N.	Sault Ste. Marie	3430 Yonge St.
Ingersoll	Simcoe	Wallaceburg
Kingston	Stratford	Welland
Kitchener	Sudbury	Whitby
Leamington	St. Catharines	Windsor
Lindsay	St. Thomas	1356 Ottawa St. E.
Listowel	Timmins	357 Ouellette Ave.
London		1528 Wyandotte St. E.
		Woodstock

QUEBEC

Montreal	Quebec	Rouyn
5325 Queen Mary Rd.	10 St. John St.	Val d'Or
1011 St. Catherine St. W.		

NEW BRUNSWICK

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

PRINCE EDWARD ISLAND

Charlottetown

ALBERTA

Calgary

NOVA SCOTIA

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

MANITOBA

Winnipeg
608 Maine St.
338 Portage Ave.

CANADA'S GREATEST CHAIN SHOE STORES

