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Agnew-Surpass

SHOE STORES LIMITED

BRANTFORD - ONTARIO



TWENTY-FOURTH ANNUAL REPORT

For the Year Ended
MAY THIRTY-FIRST

1952

FINANCIAL FACTS IN BRIEF

	<u>1952</u>	<u>1951</u>
Total volume of business	\$11,466,344	\$10,320,700
Net sales (excluding inter- company sales)	10,557,455	9,682,396
Net income (before taxes)	924,820	749,831
Income taxes	501,880	347,164
Net income (after taxes)	422,940	402,667
Earnings per share	1.05	1.00
Dividends paid per share60	.60
Earned surplus	2,416,693	2,235,519
Net working capital	2,571,786	2,419,241 (adjusted)
Number of employees	1,248	1,261
Number of shareholders	1,165	1,120
Number of stores in operation	102	93

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, B.Com., 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, 1952, and comparison with the preceding year.

Total volume of business for the fiscal year ended May 31, 1952, was \$11,466,344. Sales, after eliminating inter-company transactions, amounted to \$10,557,455 compared with \$9,682,396 for the previous year. This is an increase of \$875,059 or 9% and again established a new sales record.

Consolidated earnings, before income taxes, amounted to \$924,820 in comparison with \$749,831 for the previous year. Consolidated net earnings, after provision for taxes on income, amounted to \$422,940, or \$1.05 per share on the common stock, as compared with \$402,667, or \$1.00 per share for the preceding year. Income taxes at the increased rates for the year amounted to \$501,880 compared with \$347,164 for the previous year.

Depreciation on fixed assets has been calculated at full rates in accordance with the company's normal procedure and amounted to \$120,406, compared with \$108,732 for the previous year.

Dividends totalling 60 cents per share, aggregating \$241,766, were paid during the fiscal year. The March last quarterly dividend was the 51st consecutive dividend paid by your company extending over the past nineteen years.

The bank loan of deferred maturity amounting to \$435,000 was fully repaid during the fiscal year.

Current assets at the end of the fiscal year were \$3,822,647 and current liabilities were \$1,250,861, resulting in a net working capital of \$2,571,786. This is an increase of \$152,545 over the preceding year after taking into account the above mentioned bank loan of deferred maturity. The items contributing to this improvement are as follows:

Net earnings for the year	\$ 422,940
Provision for depreciation	120,406
	<u>\$ 543,346</u>
Deduct funds expended during the year for:	
Plant, machinery, furniture and fixtures and	
improvements to leasehold properties, etc.....	\$ 149,035
Dividends	241,766
	<u>390,801</u>
Improvement in working capital	<u>\$ 152,545</u>

During the year additions to fixed assets were made at a cost of \$149,035 and of this amount \$21,434 was expended for replacements

AGNEW-SURPASS SHOE STORES, LIMITED

and modernization of manufacturing facilities and \$127,601 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 and materials used in manufacturing, etc.	58.8c
Wages and salaries of employees	21.5
Depreciation on buildings, machinery, equipment, furniture and fixtures and leasehold improvements	1.1
Other expenses, including occupational costs, advertising, shipping charges, building maintenance, etc.	9.2
Taxes (excluding sales taxes)	5.3
Dividends to shareholders	2.3
Retained in business for future growth	1.8
	\$1.00
Sales dollar received	\$1.00

Another milestone was reached in the progress of your company when the 100th store was opened in Brandon, Manitoba, last February. Other new stores were opened during the fiscal year at New Westminster, Regina, Toronto, Peterborough, Bathurst, New Glasgow, North Sydney and Dartmouth. New stores have also been opened at Orillia, Hamilton, Niagara Falls and St. Stephen replacing former locations. As of May 31 last, 102 stores were in operation. A lease has been signed for a large store in downtown Toronto which, it is expected, will be opened some time in August. A location has also been leased in Woodstock, New Brunswick and the programme of expansion will be continued as desirable locations become available. It should be noted that your company is now operating stores in all provinces except Newfoundland. Your attention is directed to the list of Agnew-Surpass stores shown in this report.

Sales of your manufacturing company, The John Ritchie Company, Limited, again showed an increase over the previous year.

At the close of the year your company had a total of 1,165 shareholders. The number of the employees of the company and subsidiary was 1,248, many of whom hold shares of the company.

The success of your company must of necessity bear a direct relation to the degree of efficiency of its employees. The officers and directors therefore wish to express their grateful appreciation to all employees in stores, warehouses, offices and factory for their splendid co-operation and loyalty 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 10, 1952.

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, 1952	May 31, 1951	LIABILITIES	May 31, 1952	May 31, 1951
Current assets:			Current liabilities:		
Cash on hand and in banks	\$ 490,818	\$ 49,879	Accounts payable	\$ 601,507	\$ 958,174
Accounts and bills receivable, less provision for doubtful accounts	691,741	737,150	Accrued wages and expenses	182,248	181,565
Merchandise inventories, as determined by the management, based on a physical stocktaking for the subsidiary company and book inventories, periodically verified, for stores and warehouses, and certified to be valued at the lower of cost or market	2,625,376	3,467,236	Provision for taxes on income, etc.	406,664	302,408
Refundable portion of excess profits tax		62,903	Dividend payable	60,442	60,442
Prepaid and deferred expenses	14,712	39,662		1,250,861	1,502,589
	3,822,647	4,356,830	Bank loan of deferred maturity		435,000
Life insurance and fire insurance deposits	21,867	20,695	Fire insurance reserve	25,818	25,818
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 pat- terns which are shown at nominal value):			Capital stock and surplus:		
Land	67,615	67,615	Capital stock:		
Buildings	243,445	243,180	Authorized, 600,000 common shares of no par value:		
Plant, machinery, etc.	247,598	227,600	Issued, 402,944 shares	957,656	957,656
Furniture and fixtures	576,169	519,077	Earned surplus	2,416,693	2,235,519
Improvements to leasehold properties	462,699	397,784		3,374,349	3,193,175
Advance payment on store lease	27,000	27,000			
Lasts, dies and patterns	33,000	33,000		\$ 4,651,028	\$ 5,156,582
	1,657,526	1,515,256			
Less reserve for depreciation	851,012	736,199			
	806,514	779,057			
	\$ 4,651,028	\$ 5,156,582			

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, 1952, 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, 1952, 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,
Chartered Accountants.

Toronto, Canada, July 9, 1952.

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

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, 1952	May 31, 1951
Net operating profit for year, after deducting remuneration of executives and legal fees (\$178,888 for the 1952 period and \$134,103 for the 1951 period) but before taking into account the following charges	\$ 1,045,586	\$ 858,898
Deduct:		
Provision for taxes on income	501.880	347.164
Provision for depreciation	120,406	108,732
Directors' fees (other than executives)	360	335
	622,646	456,231
Net earnings for year	422,940	402,667
Earned surplus at beginning of year	2,235,519	2,074,618
	2,658,459	2,477,285
Deduct dividends on common shares	241,766	241,766
Earned surplus, as per balance sheet	\$ 2,416,693	\$ 2,235,519

AGNEW-SURPASS SHOE STORES, LIMITED

ONTARIO

Barrie		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	1906 Main St. S.	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	742 Queen St. E.
Hamilton	330 George St.	1486 Queen St. W.
79 King St. E.	395 George St.	252 Yonge St.
5 Market Sq.	Port Arthur	729 Yonge St.
293 Ottawa St. N.	Port Colborne	1425 Yonge St.
Ingersoll	Sarnia	3430 Yonge St.
Kingston	Sault Ste. Marie	Wallaceburg
Kitchener	Simcoe	Welland
Leamington	Stratford	Whitby
Lindsay	Sudbury	Windsor
Listowel	St. Catharines	1356 Ottawa St. E.
London	St. Thomas	357 Ouellette Ave.
Midland	Timmins	1528 Wyandotte St. E.

NEW BRUNSWICK

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

BRITISH COLUMBIA

New Westminster

SASKATCHEWAN

Regina

NOVA SCOTIA

Antigonish
Amherst
Dartmouth
Glace Bay
Halifax
391 Barrington St.
251 Gottingen St.
New Glasgow
132 Provost St.
156 Provost St.
North Sydney
Springhill
Sydney
Truro
Windsor

QUEBEC

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

MANITOBA

Brandon
Winnipeg
608 Main St.
338 Portage Ave.

ALBERTA

Calgary

PRINCE EDWARD ISLAND

Charlottetown

