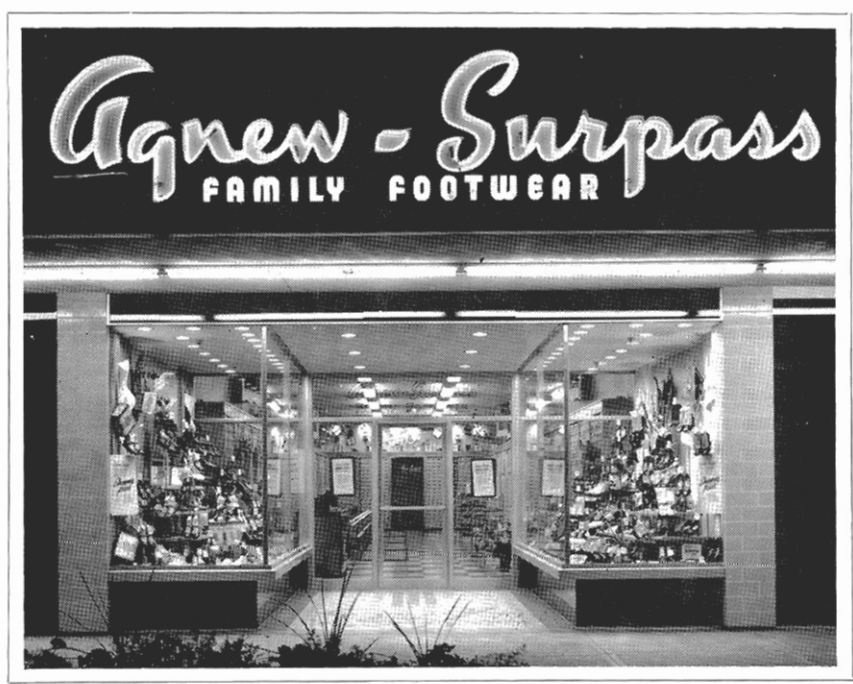


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# 29<sup>th</sup> ANNUAL REPORT

For the Year Ended MAY THIRTY-FIRST, 1957

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AGNEW-SURPASS SHOE STORES, LIMITED  
Brantford, Ontario

## FINANCIAL FACTS IN BRIEF

	<u>1957</u>	<u>1956</u>	Increase or Decrease *
Total volume of business .....	\$13,904,621	\$12,341,228	\$1,563,393
Net sales (excluding inter- company sales) .....	12,935,542	11,469,985	1,465,557
Net income (before taxes) .....	978,007	768,186	209,821
Income taxes .....	462,110	342,042	120,068
Net income (after taxes) .....	515,897	426,144	89,753
Earnings per common share .....	1.22	1.00	.22
Dividends paid per preferred share ...	5½%	5½%	.....
Dividends paid per common share .....	.40	.40	.....
Earned surplus .....	2,006,850	1,674,948	331,902
Net working capital .....	3,065,022	2,859,742	205,280
Number of employees .....	1,447	1,382	65
Number of preferred shareholders ...	895	943	48 *
Number of common shareholders .....	1,265	1,346	81 *
Number of stores in operation .....	120	114	6

### OUR COVER

IS A REPRODUCTION OF "SHOPPERS PARK", A SHOPPING CENTRE IN SUBURBAN EDMONTON, ALBERTA. THE BRIGHT AND MODERN APPOINTMENTS OF THIS AND OTHER "PLAZA" STORES HAVE MADE BETTER MERCHANDISING METHODS POSSIBLE, AND HAVE HELPED YOUR COMPANY TO GIVE BETTER SERVICE TO ITS CUSTOMERS. YOUR COMPANY IS CONTINUING TO ESTABLISH NEW STORE LOCATIONS IN THE BETTER SHOPPING PLAZAS AS THEY BECOME AVAILABLE ACROSS CANADA.

BOARD OF DIRECTORS

ALICE L. CHASE

J. L. EDMONDSON

H. H. GIBAUT

K. R. GILLELAN

J. B. HOOVER

W. D. MUIR

R. F. WHITBY

---

OFFICERS

K. R. GILLELAN

President and General Manager

H. H. GIBAUT

Vice-President

J. C. WHITE, B.Comm., C.A.

Secretary-Treasurer

---

REGISTRAR and TRANSFER AGENTS  
NATIONAL TRUST COMPANY LIMITED

---

BANKERS

BANK OF NOVA SCOTIA

---

AUDITORS

THORNE, MULHOLLAND, HOWSON & McPHERSON  
Chartered Accountants

DIRECTORS' REPORT

To the Shareholders of

*Agnew-Surpass Shoe Stores, Limited:*

Submitted herewith is the twenty-ninth annual report of the company and wholly owned subsidiary, consisting of consolidated balance sheet, statement of earnings and earned surplus for the year ended May 31, 1957, and comparison with the preceding year.

Total volume of business for the fiscal year ended May 31, 1957 was \$13,904,621. Sales, after eliminating inter-company transactions, amounted to \$12,935,542 compared with \$11,469,985 for the previous year. Sales for this year were the highest in the company's history and were approximately 13% higher than the preceding year.

Consolidated earnings, before income taxes, amounted to \$978,007 in comparison with \$768,186 for the previous year. Income taxes for the year amounted to \$462,110 compared with \$342,042 for the previous year. Consolidated net earnings, after provision for taxes on income, amounted to \$515,897 or \$1.22 per share on the common stock, as compared with \$426,144 or \$1.00 per share for the preceding year. The increase in consolidated net earnings of \$89,753 represents a gain of 21%.

Allowance for depreciation on fixed assets has been calculated at full rates in accordance with the company's normal procedure and amounted to \$131,620 compared with \$121,895 for the previous year.

The first mortgage bond due January 2, 1957 in the amount of \$100,000, was paid on that date.

Common dividends of \$161,177 were paid, consisting of four quarterly dividends totalling 40 cents per share. The company has now paid seventy-two consecutive common dividends. Semi-annual preferred dividends totalling \$22,818 were paid, being at the rate of 5½% per annum on the par value of the preferred shares outstanding. The dividends on the common and preferred shares represented \$183,995 of the net earnings. The remaining \$331,902 was retained in the business and is reflected in the earned surplus account.

At a meeting of the Directors held on July 10 a quarterly common dividend of 13 cents per share was declared. It is the intention of the Directors to alternate the quarterly common dividends at 13 cents and 12 cents to establish an annual dividend rate of 50 cents per common share, replacing the former annual rate of 40 cents per share.

Current assets at the end of the fiscal year were \$4,758,022 and current liabilities were \$1,693,000 resulting in a net working capital of \$3,065,022 an increase of \$205,280 over that of the previous year, as summarized below:

Net earnings for the year .....	\$515,897	
Allowance for depreciation (no cash outlay) ...	<u>131,620</u>	\$647,517
<b>Deduct:</b>		
Funds expended during the year for:		
Property, machinery, furniture and fixtures		
and improvements to leasehold		
properties, (net) .....	158,242	
Dividends .....	<u>183,995</u>	
	342,237	
First mortgage bond payable January 1,		
1958 included with current liabilities .....	<u>100,000</u>	442,237
Increase in working capital .....		<u><u>\$205,280</u></u>

AGNEW-SURPASS SHOE STORES, LIMITED

During the year, additions to fixed assets were made at a net cost of \$158,242 and of this amount \$5,138 was expended for replacements and modernization of manufacturing facilities, \$37,758 for a new Maritime warehouse and an addition to the head office warehouse and \$115,346 for new store fronts and fixtures.

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

Cost of merchandise and materials used in manufacturing, etc. ....	54.9c
Wages and salaries of employees .....	23.8
Allowance for depreciation on buildings, machinery, equipment, furniture, fixtures and leasehold improvements .....	1.0
Other expenses, including occupational costs, advertising, shipping charges, building maintenance, etc. ....	11.2
Taxes (excluding sales taxes) .....	4.2
Employees' bonus and profit sharing plan, group life and hospitalization insurance .....	.7
Interest to bondholders .....	.2
Dividends to shareholders .....	1.4
Retained in business for future growth .....	2.6
Sales dollar received .....	<u>\$1.00</u>

Under the Profit Sharing Plan which was inaugurated three years ago, together with employees' bonuses, the employees will participate in the distribution of \$76,920 of the year's profits. This compares with \$59,400 for the previous year.

Seven new stores, all Plaza or Shopping Centre types, were opened during the year. Three of these are located in the Toronto District, Cloverdale Mall, York Plaza and Dufferin Plaza. The others are in Plazas at Kitchener, Kingston, Oshawa and Windsor, Ontario. The store at 252 Yonge Street, Toronto, was closed in January. As of May 31, last, 120 stores were in operation. A lease has been signed for a store in Prince Albert, Saskatchewan. Negotiations are proceeding for the leasing of a number of locations in new shopping centres in four Provinces.

At the close of the year, there were 1,265 common shareholders and 895 preferred shareholders. The company and its subsidiary have 1,447 employees, many of whom hold shares of the company. The number of shares held by employees has substantially increased during the year.

It is with pleasure that your directors acknowledge and express their appreciation of the contribution every employee made toward the gratifying accomplishments recorded herein.

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

On behalf of the Board,  
 K. R. GILLELAN,  
 President.

Brantford, Ontario  
 July 10, 1957.

**AGNEW-SURPASS SHOE STORES, LIMITED**

AND ITS WHOLLY OWNED SUBSIDIARY

**THE JOHN RITCHIE COMPANY, LIMITED**

Both incorporated under the laws of Canada

**Consolidated Balance Sheet - May 31, 1957**

(With comparative figures as at May 31, 1956)

ASSETS				LIABILITIES			
	1957	1956	Increase or Decrease *		1957	1956	Increase or Decrease *
<b>Current assets:</b>				<b>Current liabilities:</b>			
Cash	\$ 35,527	\$ 68,915	\$ 33,388 *	Bank loan	\$ 45,000	\$ 190,000	\$ 145,000 *
Accounts and bills receivable, less allowance for doubtful accounts	694,434	595,446	98,988	Bank overdraft	62,418		62,418
Company shares held by trustees for sale to employees	18,126		18,126	Accounts payable	850,436	832,703	17,733
Merchandise inventories, as determined and certified by the management, based on a physical stocktaking for the subsidiary company and on book inventories, periodically verified, for stores and warehouses, and valued at the lower of cost or market	3,962,680	3,804,345	158,335	Accrued wages, bond interest and expenses	314,291	272,015	42,276
Life insurance and fire insurance deposits	21,898	21,228	670	Income taxes payable	269,152	204,479	64,673
Prepaid expenses	25,357	20,708	4,649	Dividends payable	51,703	51,703	
	<u>4,758,022</u>	<u>4,510,642</u>	<u>247,380</u>	First mortgage bonds maturing within one year	100,000	100,000	
					<u>1,693,000</u>	<u>1,650,900</u>	<u>42,100</u>
<b>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):</b>				<b>First mortgage bonds, 5%</b>			
Land	71,985	70,165	1,820	Authorized, \$1,500,000 of which \$1,000,000 were issued as Series "A"			
Buildings	325,733	289,794	35,939	Outstanding:			
Plant, machinery, etc.	315,062	312,350	2,712	Series "A" maturing \$100,000 annually on January 1 in the years 1958 to 1963	600,000	700,000	100,000 *
Furniture and fixtures	880,789	788,026	92,763	Less 1958 maturity included with current liabilities	100,000	100,000	
Improvements to leasehold properties	621,971	607,133	14,838		<u>500,000</u>	<u>600,000</u>	<u>100,000 *</u>
Advance payment on store lease	27,000	27,000		<b>Fire insurance reserve</b>	25,818	25,818	
Lasts, dies and patterns	33,000	33,000					
	<u>2,275,540</u>	<u>2,127,468</u>	<u>148,072</u>	<b>Capital stock and earned surplus:</b>			
<b>Less Accumulated allowance for depreciation</b>				Capital stock authorized:			
	1,435,448	1,313,998	121,450	52,463 cumulative redeemable 5½% preferred shares, par value \$10.00 each			
	<u>840,092</u>	<u>813,470</u>	<u>26,622</u>	600,000 common shares of no par value			
	<u>\$5,598,114</u>	<u>\$5,324,112</u>	<u>\$274,002</u>	Capital stock issued:			
				41,479 preferred shares	414,790	414,790	
				402,944 common shares	957,656	957,656	
					<u>1,372,446</u>	<u>1,372,446</u>	
				<b>Earned surplus</b>	2,006,850	1,674,948	331,902
					<u>3,379,296</u>	<u>3,047,394</u>	<u>331,902</u>
					<u>\$5,598,114</u>	<u>\$5,324,112</u>	<u>\$274,002</u>

Approved: K. R. GILLELAN      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 Earnings and Earned Surplus**  
**Year ended May 31, 1957**

(With comparative figures for the 1956 fiscal year)

	<u>1957</u>	<u>1956</u>	Increase or Decrease *
<b>Net operating income for year, after deducting remuneration of executives and legal fees (\$162,601 for the 1957 period and \$159,047 for the 1956 period) but before taking into account the undernoted items ..</b>	<u>\$1,141,915</u>	<u>\$ 928,286</u>	<u>\$213,629</u>
<b>Deduct:</b>			
Taxes on income .....	462,110	342,042	120,068
Allowance for depreciation and amortization .....	131,620	121,895	9,725
Bond interest .....	32,288	37,930	5,642 *
Directors' fees (other than executives) .....		275	275 *
	<u>626,018</u>	<u>502,142</u>	<u>123,876</u>
<b>Net earnings for year .....</b>	<u>515,897</u>	<u>426,144</u>	<u>89,753</u>
<b>Earned surplus at beginning of year ..</b>	<u>1,674,948</u>	<u>1,432,799</u>	<u>242,149</u>
	<u>2,190,845</u>	<u>1,858,943</u>	<u>331,902</u>
<b>Deduct:</b>			
Dividends on preferred shares .....	22,818	22,818	.....
Dividends on common shares .....	161,177	161,177	.....
	<u>183,995</u>	<u>183,995</u>	.....
<b>Earned surplus as per balance sheet ...</b>	<u>\$2,006,850</u>	<u>\$1,674,948</u>	<u>\$331,902</u>

AUDITORS' REPORT

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

We have examined the consolidated balance sheet of Agnew-Surpass Shoe Stores, Limited and its subsidiary company as at May 31, 1957 and the consolidated statement of earnings 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 accompanying consolidated balance sheet and the related consolidated statement of earnings 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, 1957 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, 1957.



**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**  
AND ITS WHOLLY-OWNED SUBSIDIARY

**CONSOLIDATED OPERATING AND FINANCIAL RESULTS**  
**TEN YEAR SUMMARY**

Year ended May 31	Number of Stores in Operation	Total Volume of Business	Net Sales	Earnings Before Taxes	Income Taxes	Earnings After Taxes	Common Dividends Paid	Earnings Per Common Share	Dividends Per Common Share	Net Working Capital	Ratio of Current Assets to Current Debts
1948	85	\$9,021,766	\$8,388,978	\$921,894	\$403,734	\$518,160	\$203,487	\$1.28	\$0.50 <sup>1/2</sup>	\$2,335,668	\$2.26
1949	89	9,761,491	9,074,335	841,817	321,453	520,364	229,678	1.29	.57	2,633,499	2.24
1950	92	9,986,411	9,308,716	775,593	320,000	455,593	241,766	1.13	.60	2,742,985	2.32
1951	93	10,320,700	9,682,396	749,831	347,164	402,667	241,766	1.00	.60	2,419,241	2.25
1952	102	11,466,344	10,557,455	924,820	501,880	422,940	241,766	1.05	.60	2,571,786	3.06
1953	105	12,535,200	11,329,431	1,078,377	585,981	492,396	201,472	1.18	.50 †	2,510,386	2.48
1954	105	11,679,592	10,713,954	715,392	336,079	379,313	161,177	.88	.40	2,621,337	2.91
1955	108	11,531,476	10,638,500	683,066	316,340	366,726	161,177	.85	.40	2,704,974	2.75
1956	114	12,341,228	11,469,985	768,186	342,042	426,144	161,177	1.00	.40	2,859,742	2.73
1957	120	13,904,621	12,935,542	978,007	462,110	515,897	161,177	1.22	.40	3,065,022	2.81

† In addition, on December 1, 1952, a dividend of \$3.45 per common share was paid in 5<sup>1/2</sup>% preferred shares under the then-existing Section 95A of the Income Tax Act. On January 5, 1953, 70 per cent of the above-mentioned preferred shares were redeemed at par.

O n e   H u n d r e d   a n d   T w e n t y  
A G N E W - S U R P A S S   S H O E   S T O R E S  
t o   s e r v e   y o u   c o a s t - t o - c o a s t

O N T A R I O

Aylmer	Napanee	505 Danforth Ave.
Barrie	Niagara Falls	686 Danforth Ave.
Belleville	515 Queen St.	2040 Danforth Ave.
Brantford	1906 Main St.	Dixie Plaza
166 Colborne St.	North Bay	Dufferin Plaza
20 Market St.	Orillia	2948 Dundas St. W.
Brockville	Oshawa	1895 Eglinton Ave. W.
Chatham	25 Simcoe St.	Golden Mile Plaza
Fort Erie	Oshawa Plaza	813 Lakeshore Rd.
Fort William	Ottawa	Lawrence Plaza
Galt	104½ Rideau St.	742 Queen St. E.
Guelph	Carlingwood Plaza	1486 Queen St. W.
Hamilton	Peterborough	992 St. Clair Ave. W.
79 King St. E.	330 George St.	1232 St. Clair Ave. W.
5 Market Sq.	395 George St.	Weston
Mountain Plaza	Port Arthur	232 Yonge St.
293 Ottawa St. N.	Port Colborne	729 Yonge St.
Ingersoll	Sarnia	1425 Yonge St.
Kingston	Sault Ste. Marie	4829 Yonge St.
174 Princess St.	Simcoe	York Plaza
Kingston Plaza	Stratford	Wallaceburg
Kitchener	Sudbury	Welland
74 King St.	St. Catharines	Whitby
Kitchener Plaza	St. Thomas	Windsor
Leamington	Timmins	1356 Ottawa St. E.
Lindsay	Toronto District	357 Ouellette Ave.
London	952 Bloor St. W.	1528 Wyandotte St. E.
Midland	2980 Bloor St. W.	Dorwin Plaza
	Cloverdale Mall	Woodstock

NEW BRUNSWICK

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

ALBERTA

Calgary
Edmonton
101st Street
Shoppers' Park Plaza
Lethbridge

NOVA SCOTIA

Amherst
Antigonish
Dartmouth
25 Portland St.
Dartmouth Plaza
Glace Bay
Halifax
391 Barrington St.
251 Gottingen St.
New Glasgow
North Sydney
Springhill
Sydney
Truro
Windsor

MANITOBA

Brandon
Dauphin
Winnipeg

QUEBEC

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

NEWFOUNDLAND

Corner Brook
St. John's
Wabana

SASKATCHEWAN

Moose Jaw
Regina
Yorkton

BRITISH COLUMBIA
New Westminster

PRINCE EDWARD ISLAND

Charlottetown
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