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1962 ANNUAL REPORT  
**G.TAMBLYN, LIMITED**



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G.TAMBLYN, LIMITED  
AND SUBSIDIARY COMPANIES

HIGHLIGHTS OF THE YEAR	1962	1961
Retail Store Sales	\$19,879,310	\$19,830,260
Net Profit for Year	379,180	365,685
Net Profit per Common Share	1.27	1.22
Dividends paid per Common Share	1.05	1.05
Capital Expenditures for New Plant, etc.	422,921	626,025
Working Capital	3,730,232	2,929,887
Ratio Current Assets to Current Liabilities	3.03 to 1	2.15 to 1

- ☒ Five modern self-service stores were opened during the year, three in Ontario and two in Alberta.
- ☒ Five stores of declining profit potential were closed.
- ☒ Five former drug stores were converted to Owl Cut-Rate Stores during the year, bringing the number of such stores to seven at the year end.
- ☒ New financing was completed in 1962 by the issue of \$900,000 par value 5 1/2% Sinking Fund Debentures maturing on April 1, 1982.
- ☒ The total debenture debt outstanding at the end of the year amounted to \$2,590,000.
- ☒ Debentures with a par value of \$115,000 were redeemed during the year, thus satisfying Sinking Fund requirements.
- ☒ The shortage of graduate pharmacists continued to be a dominant factor in the retail drug business.

G.TAMBLYN,LIMITED  
AND SUBSIDIARY COMPANIES

**Directors**

W. A. Arbuckle, C.A.  
\*H. G. Browne  
\*H. E. Cochran, C.B.E.  
J. A. Ferris, Phm.B.  
A. H. Hutchinson, Phm.B.  
\*J. E. Orns, Phm.B.  
\*N. S. Robertson, Q.C.

*\*Member of executive committee*

**Officers**

J. E. Orns, Phm.B.,  
*President and General Manager*  
J. A. Ferris, Phm.B.,  
*Vice-President*  
A. H. Hutchinson, Phm.B.,  
*Vice-President*  
H. C. Johnston, Phm.B.,  
*Vice-President*  
A. J. Riches,  
*Secretary-Treasurer*  
R. White, C.A.,  
*Asst. Secretary-Treasurer*

**Stock transfer agents**

**and registrars**  
Chartered Trust Company, Toronto

**Bankers**

Canadian Imperial Bank of Commerce and The Bank of Nova Scotia

**Auditors**

Price Waterhouse & Co.

**G. Tamblyn, Limited**

Operates all Tamblyn stores in Ontario and Manitoba

**Tamblyn (Western) Limited**

Operates all Tamblyn stores in Saskatchewan and Alberta

**Advance Show Case Limited**

In addition to other commitments, fabricates, installs, and maintains Tamblyn Drug Store interiors

**Administrative offices:**

84 Sheppard Ave. E., Willowdale, Ontario

**Distributing warehouses:**

Willowdale, Ontario—Edmonton, Alberta

**Annual meeting**

The Annual Meeting of Shareholders will be held at the Head Office of the Company, 84 Sheppard Avenue East, Willowdale, on Friday, the fifth day of April, 1963, at the hour of 2:30 o'clock in the afternoon.

## REPORT OF THE DIRECTORS



John E. Orns

### To the shareholders:

Your Directors wish to submit the Consolidated Balance Sheet and Earnings Statements of your Company and its subsidiaries, Tamblyn (Western) Limited, and Advance Show Case Limited for the year ended December 31, 1962.

Before we report the results of operations for the year, your Directors must remind you of the loss your Company sustained through the death of its former President, Mr. George R. Ginn. We shall feel the loss of his wise counsel and shrewd foresight. Mr. Ginn had a loyal and sincere interest in your Company.

The Board of Directors elected Mr. John E. Orns, Phm.B., President and General Manager. Mr. Orns had held the position of Vice-President and General Stores' Manager for several years and has been actively associated with the Company for over thirty years.

Other executive appointments were made as follows:

Mr. J. A. Ferris, Phm.B.—Vice-President and Director

Mr. A. H. Hutchinson, Phm.B.—Vice-President and Director

Mr. R. White, C.A.—Secretary-Treasurer

Mr. R. B. Long, Phm.B.—Managing Director, Tamblyn (Western) Limited.

Mr. A. J. Riches, who completed thirty years' service with the Com-

\$13,495 over the year 1961.

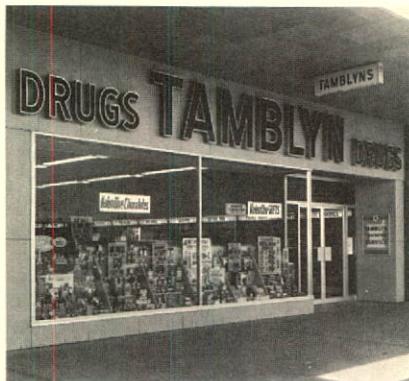
It is interesting to note that taxes on income in the present year amounted to approximately 97¢ per Common Share.

Retail stores sales for the year amounted to \$19,879,310, showing an increase of \$49,050 over the preceding year. Income from various other departments chiefly from warehouse sales, rentals and the operations of Advance Show Case Limited amounted to \$746,143 bringing gross income from all sources to \$20,625,453, as compared with a corresponding figure for the year 1961 of \$20,451,999.

During the year there was a small improvement in the rate of gross profit realized by your Company, but this was to a great extent offset by a continuing tendency for expenses to increase.

A large number of stores traditionally far removed from the drug business are now displaying and selling items of merchandise formerly associated with retail drug stores for many years. This trend seems to be expanding, making competition intense.

Reduced prices to meet this competition, combined with higher salaries because of the scarcity of pharmacists, influence our plans for the future. Your Company is endeavouring to combat this situation by con-



Tamblyn's in Richmond Hill, Ontario

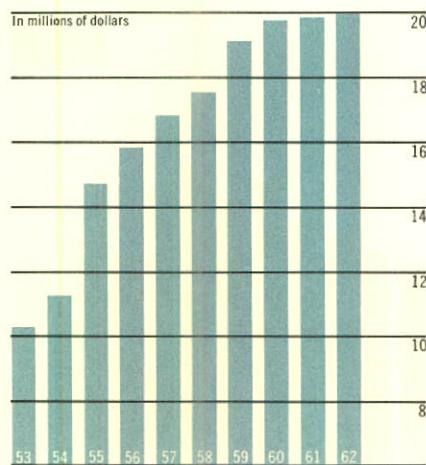


Modern efficient interiors invite self-service

tinuing to open larger drug units, each producing more volume and by converting smaller neighbourhood units to Owl Cut-Rate Stores. It is interesting to note that Tamblyn made a net profit of less than 2¢ on each \$1.00 spent in your Company's stores.

As mentioned earlier, the net profit for the year amounted to \$379,180. After providing for dividends to holders of Preferred Shares, this was equal to \$1.27 per share on the outstanding Common Stock. Dividends paid on the Common Stock at the rate of \$1.05 per share amounted to \$297,406, leaving a balance of profit of \$61,774, which was retained in the business for future requirements including expansion and modernization.

#### RETAIL STORE SALES



#### Source of Funds

Net Profit.....	\$ 379,180	
Provision for Depreciation.....	346,207	
Amortization of Improvements.....	62,190	
Issue of Debentures.....	870,750	
Increase in Mortgages Payable.....	25,000	
Decrease in Deferred Charges etc. ....	9,608	
	\$1,692,935	

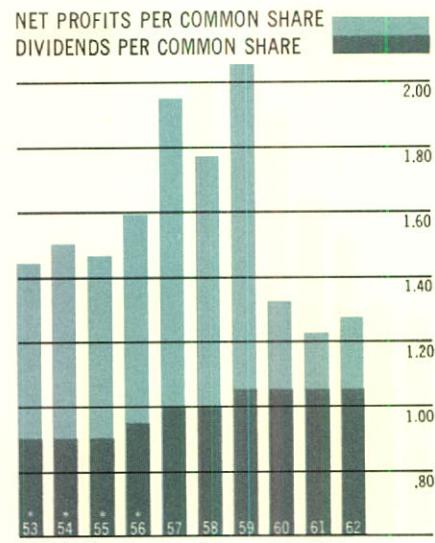
#### Application of Funds

Expenditures on Plant & Equipment (net).....	\$ 405,465	
Reduction in Mortgage and Debenture Debt.....	169,719	
Dividends Paid.....	317,406	
Increase in Working Capital.....	800,345	
	\$1,692,935	

Perhaps it might be mentioned that the increase of \$25,000 in Mortgages Payable is due to the purchase of a store in Toronto, where the Vendor made it a condition of sale that he be allowed to retain a mortgage of this amount.

#### Planned Development

During 1962, three new stores were opened in Ontario. These stores were all located in shopping centres, in Sault Ste. Marie, Belleville and Waterloo. Extensive remodeling was also carried out in four stores, two in Toronto, one in Oshawa and one in Kitchener. This policy will be continued during 1963. Your Company's policy of eliminating stores where the potential sales volume precludes profitable opera-





Tamblyn's in Wellington Square, London



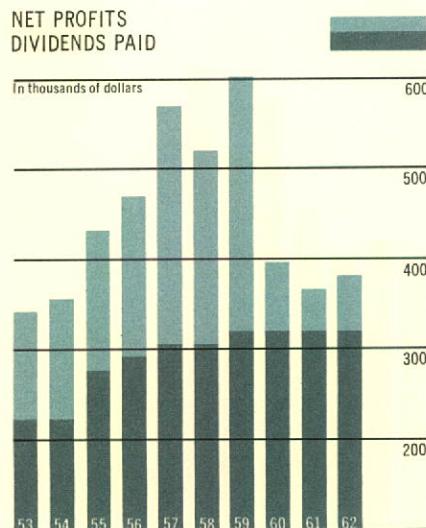
Personal service in the cosmetic department

tion was continued during the year. Following that policy, five stores, where leases expired during the year, were closed. Four of these units were located in the City of Toronto and one in Orillia.

During the year 1963 it is the intention of your Management to commence the operation of drug departments in five K-mart Stores to be opened in Ontario by the S. S. Kresge Company Limited. These departments will sell the traditional drug store merchandise and will include Prescription Departments.

Each K-mart will be operated as a modern department store, occupying substantial floor area with ample parking facilities adjacent to the premises.

The first K-mart was opened in



London on March 14th.

A modern self-service Tamblyn Drug Store will be opened in a new shopping centre in Brockville in June.

In the Report to the Shareholders for the year 1961 mention was made that two stores in Toronto had been converted to Owl Cut-Rate Stores. By eliminating dispensaries and the high salaries of graduate pharmacists and by allowing the public complete freedom of self-selection, it is possible in these converted locations to sell merchandise at lower prices.

During the year five more stores were converted to this type of operation. Four of these stores are located in Toronto and one in Chatham.

Your Management is pleased to state that these conversions have been successful and additional stores will be converted during 1963 in those areas where it appears that increased profits can be obtained by this type of operation.

You will be interested to know that

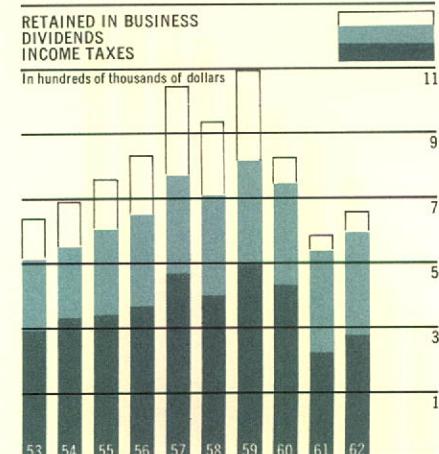
the sales realized from Owl Cut-Rate Stores during the year 1962 amounted to \$539,066.

#### Tamblyn (Western) Limited

Your Subsidiary Company, Tamblyn (Western) Limited, directs the operation of the stores located in the Provinces of Alberta and Saskatchewan. This Company reported sales for the year amounting to \$3,867,644, representing an increase of approximately 11.79% over the preceding year. The position is similar to that mentioned in last year's Annual Report, that is, while competition is keen in the Western Provinces, it has not become as intense as in Ontario.

The rate of gross profit earned by the stores in Western Canada re-

#### DISPOSITION OF PROFITS





One of the new Owl Cut-Rate Stores



Design office—Advance Show Case Limited

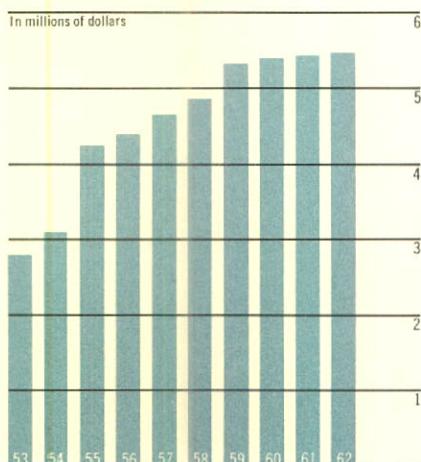
mained very similar to that shown during the preceding year and with the increase in sales referred to above, produced a substantial increase in the net profits of this Subsidiary Company.

During the year 1962, two new stores were opened in Western Canada, one in Calgary and one in Edmonton. Both stores are proving valuable additions to the Alberta operations.

#### Advance Show Case Limited

The Consolidated Profits include the results of Advance Show Case Limited, which is a wholly owned Subsidiary, manufacturing office furniture and store fixtures. The operations of this Subsidiary continue to be satisfactory, with sales for the year 1962 amounting to \$524,885,

SHAREHOLDERS' EQUITY as at December 31st



showing an increase of 21.66% over those for 1961.

This Subsidiary Company is engaged in the specialized fields of store and office planning, store fixture and furniture design and manufacture. Plant and production facilities and techniques are among the most modern in Canada. Advance Show Case Limited employs only skilled craftsmen as cabinetmakers, wood finishers and woodworking machinists.

Among the many products turned out by Advance Show Case Limited are office furniture, counters, show cases, wall cases, filing cabinets, wall paneling, greeting card stands and hanging racks.

The clientele of this Subsidiary Company continues to expand and includes some of the larger Canadian retail organizations.

#### Employees

Your Company is proud of the benefits which are available to all employees of the Parent Company and of the Subsidiary Companies.

These benefits include attractive and comfortable working conditions and also:

- An unusually generous pension plan, which is available to all regular employees after five years' service and which provides for retirement at the age of 60;
- Two weeks' vacation with pay after one year's service, three weeks' with pay after ten years' service;
- A liberal sickness benefit plan, which provides for continuation of employees' salaries when they are absent owing to illness;
- Life insurance, which is carried on all employees with over three months' service;
- Insurance against surgical costs and other similar expenses, which augments protection provided by Provincial Health Insurance Plans.

Your Board is grateful for this opportunity to express its thanks for the loyalty and co-operation of all members of the staff. It also extends sincere thanks to the shareholders and to the Company's many patrons for the excellent support accorded your Company throughout the year.

Submitted on behalf of the Board,

*John E. Orns*

President and General Manager

DISTRIBUTION OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 1962

	\$	%	What happens to each \$10.00 of Income
<b>Total income</b> showing an increase of .85% over 1961	20,625,453	100.00	\$10.00
<b>Paid to suppliers</b> for merchandise and supplies, including shipping and handling charges.....	13,018,443	63.12	\$ 6.31
Leaving.....	7,607,010	36.88	
<b>Paid to employees</b> —Salaries and employee benefits totalled.....	4,019,481	19.48	\$ 1.95
Leaving.....	3,587,529	17.40	
<b>Operating and maintenance costs</b> amounted to.....	2,668,572	12.95	\$ 1.30
Leaving.....	918,957	4.45	
<b>Advertising and promotional costs</b> totalled.....	264,777	1.28	13¢
Leaving.....	654,180	3.17	
<b>Taxes on income</b> payable to Federal and Provincial Government amounted to.....	275,000	1.33	13¢
Leaving.....	379,180	1.84	
<b>Paid to shareholders</b> —Dividends on Preferred and Common Shares.....	317,406	1.54	15¢
Leaving.....	61,774	.30	
<b>Retained in the business</b> —The balance available from the year's operations to provide for continued development and for working capital requirements was.....	61,774	.30	03¢
			Tamblyn had to sell \$54.35 worth of mer- chandise to earn \$1.00 of Net Profit in 1962

**CONSOLIDATED BALANCE SHEET**  
**AS AT DECEMBER 31, 1962**  
 (with comparative figures for the previous year)

<b>ASSETS</b>	<b>1962</b>	<b>1961</b>
<b>Current Assets:</b>		
Cash and bank balances.....	\$ 68,457	\$ 53,321
Accounts receivable.....	180,344	288,566
Inventories of merchandise, valued on the basis of approximate cost, which is not in excess of market.....	5,322,687	5,141,096
	<u>5,571,488</u>	<u>5,482,983</u>
<b>Fixed assets, at cost:</b>		
Buildings.....	1,462,342	1,447,342
Furniture and fixtures.....	4,209,486	4,039,113
Automobiles.....	68,783	72,180
	<u>5,740,611</u>	<u>5,558,635</u>
Less—Depreciation.....	2,695,880	2,495,930
	<u>3,044,731</u>	<u>3,062,705</u>
Leasehold improvements, less amount amortized.....	495,105	510,062
Land.....	519,789	489,790
	<u>4,059,625</u>	<u>4,062,557</u>
<b>Other assets:</b>		
Prepaid expenses and supplies.....	96,508	100,548
Miscellaneous advances.....	60,296	65,864
	<u>156,804</u>	<u>166,412</u>
<b>Goodwill</b> .....	1	1
	<u><u>\$9,787,918</u></u>	<u><u>\$9,711,953</u></u>

**AUDITORS' REPORT**

**To the shareholders of G. Tamblyn, Limited:**

We have examined the consolidated balance sheet of G. Tamblyn, Limited and its subsidiary companies as at December 31, 1962 and the consolidated statements of profit and loss and earnings retained for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of

our information and the explanations given to us and as shown by the books of the companies, the consolidated balance sheet and consolidated statements of profit and loss and earnings retained are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at December 31, 1962 and the combined results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.  
 Chartered Accountants.

Toronto, February 20, 1963

G.TAMBLYN, LIMITED  
AND SUBSIDIARY COMPANIES

LIABILITIES	1962	1961
<b>Current liabilities:</b>		
Bank advances.....	\$ 39,348	\$ 280,282
Short-term note payable.....	—	500,000
Dividends payable.....	132,460	132,460
Accounts payable and accrued liabilities.....	1,344,263	1,477,152
Income taxes payable.....	155,466	38,928
Mortgage and debenture payments due within one year.....	169,719	124,274
	<u>1,841,256</u>	<u>2,553,096</u>
<b>Mortgages payable, due after one year.....</b>	<b>50,462</b>	<b>35,181</b>
<b>Debenture debt (Note 2).....</b>	<b>2,430,000</b>	<b>1,690,000</b>
<b>Shareholders' equity:</b>		
Capital Stock—		
Four per cent Cumulative Redeemable Preferred Stock—		
Authorized—15,000 shares of a par value of \$50 each.....	<u>\$ 750,000</u>	
Issued, fully paid—10,000 shares.....	500,000	500,000
Common Stock—		
Authorized—400,000 shares of no par value		
Issued, fully paid—283,244 shares.....	1,064,190	1,064,190
Excess of book value of net assets over the cost of the shares of a subsidiary company	138,733	138,733
Earnings Retained, per statement attached.....	3,763,277	3,730,753
	<u>5,466,200</u>	<u>5,433,676</u>
Approved on behalf of the Board:		
J. E. Orns, <i>Director</i>		
A. H. Hutchinson, <i>Director</i>	<u>\$9,787,918</u>	<u>\$9,711,953</u>

CONSOLIDATED STATEMENTS  
OF PROFIT AND LOSS AND RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 1962  
(with comparative figures for the previous year)

<b>PROFIT AND LOSS</b>	<b>1962</b>	<b>1961</b>
Stores sales.....	\$19,879,310	\$19,830,260
Profit for the year before providing for the undernoted charges.....	\$ 1,437,660	\$ 1,360,058
 Deduct:		
Remuneration, other than directors' fees, of salaried directors, executive officers and solicitors and counsel.....	140,263	160,970
Directors' fees.....	8,205	7,915
Depreciation of buildings and equipment.....	346,207	328,185
Amortization of improvements to leased premises.....	62,190	61,935
Payments in respect of employees' pension plan.....	79,705	88,410
Interest on borrowed funds.....	146,910	120,958
 Profit before provision for income taxes.....	783,480	768,373
Deduct—Provision for income taxes (Note 1).....	654,180	591,685
 Net profit for the year.....	\$ 379,180	\$ 365,685
 <b>EARNINGS RETAINED</b>		
Balance at beginning of year.....	\$ 3,730,753	\$ 3,682,474
Add—Net profit for the year.....	379,180	365,685
 Deduct:		
Dividends—On preferred shares.....	4,109,933	4,048,159
On common shares.....	20,000	20,000
Discount on Series C Debentures issued in 1962.....	297,406	297,406
 Balance at end of year.....	29,250	—
	346,656	317,406
	<u>\$ 3,763,277</u>	<u>\$ 3,730,753</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1962

**1.** The provision for income taxes has been reduced by approximately \$33,000 (1961-\$49,000) by claiming for tax purposes, as in prior years, capital cost allowances in excess of depreciation recorded in the accounts. The cumulative amount of such tax reductions is approximately \$270,000.

**2. Debenture debt:**

Authorized.....	\$5,000,000		
Issued—		<b>1962</b>	<b>1961</b>
3 3/4% Serial Debentures Series A payable \$50,000 annually on April 1.....	\$ 150,000	\$ 200,000	
4% Sinking Fund Debentures Series A maturing on April 1, 1975, entitled to annual sinking fund deposits of \$50,000 commencing April 1, 1966.....	500,000	500,000	
5 1/4% Sinking Fund Debentures Series B maturing on April 1, 1978, entitled to annual sinking fund deposits of \$65,000.....	1,040,000	1,105,000	
5 1/2% Sinking Fund Debentures Series C maturing on April 1, 1982, entitled to annual sinking fund deposits of \$45,000 commencing April 1, 1963.....	900,000	—	
	<hr/>	<hr/>	<hr/>
Less—Payments due within one year, included in current liabilities.....	2,590,000	1,805,000	
	<hr/>	<hr/>	<hr/>
	160,000	115,000	
	<hr/>	<hr/>	<hr/>
	\$2,430,000	\$1,690,000	

(Sinking fund requirements are being met by the purchase and cancellation of Sinking Fund Debentures.)

**3. Lease commitments:**

The aggregate minimum amount of rentals under long-term leases for the year 1963 on real property now leased to the Company and its subsidiaries will approximate \$785,000. A number of leases are subject to escalator clauses.

## EIGHT-YEAR STATISTICAL REVIEW

	1962	1961	1960	1959	1958	1957	1956	1955
Number of stores—December 31st	134	134	133	131	128	129	130	130
New stores added during year	5	4	5	4	2	4	6	1
Retail store sales	\$19,879,310	\$19,830,260	\$19,742,489	\$19,185,982	\$17,540,085	\$16,866,406	\$15,817,471	\$14,760,519
Net income before provision for income taxes	654,180	591,685	823,319	1,099,046	929,034	1,041,565	836,400	757,482
Provision for income taxes	275,000	226,000	429,000	499,000	407,500	470,000	365,081	324,345
Net earnings after income taxes	379,180	365,685	394,319	600,046	521,534	571,565	471,319	433,137
Dividends on preferred shares	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Net earnings per common share	1.27	1.22	1.32	2.05	1.77	1.95	*1.59	*1.46
Dividends per common share	1.05	1.05	1.05	1.05	1.00	1.00	* .95	* .90
Total dividends	317,406	317,406	317,406	317,406	303,244	303,244	289,082	274,920
Working capital	3,730,232	2,929,887	3,191,378	3,127,746	3,462,976	2,974,359	3,090,754	3,192,922
Net book value of real estate, store equipment and improvements	4,059,625	4,062,557	3,887,344	3,973,724	3,317,704	2,487,944	2,163,112	1,955,343
Capital expenditures for new plant, store equipment and improvements	422,921	626,025	335,883	1,218,775	895,092	475,623	605,633	693,016
Long term mortgage and debenture debt	2,480,462	1,725,181	1,849,455	1,973,303	2,096,745	919,801	977,487	1,034,820
Common shareholders' equity	4,966,200	4,933,676	4,885,397	4,808,484	4,347,446	4,181,806	3,913,485	3,731,248
Common equity per share	17.53	17.42	17.25	16.98	15.35	14.76	*13.82	*13.17

\*Adjusted to reflect 2 for 1 split in 1957

## 134 STORES THROUGHOUT ONTARIO AND THE WEST

### 106 stores in 28 Ontario Communities

Barrie .....	1
Belleville .....	2
Brantford .....	1
Chatham .....	2
Cornwall .....	2
Guelph .....	2
Hamilton .....	4
Kingston .....	2
Kitchener .....	3
London .....	2
Niagara Falls .....	1
North Bay .....	2
Oshawa .....	2
Ottawa .....	4
Owen Sound .....	1
Peterborough .....	2
Port Arthur .....	1
Richmond Hill .....	1
St. Catharines .....	2
Sarnia .....	1
Sault Ste. Marie .....	1
Stoney Creek .....	1
Stratford .....	1
Sudbury .....	3
Toronto .....	57
Waterloo .....	1
Welland .....	2
Windsor .....	2

### 28 stores in 8 Western Cities

Calgary, Alta. ....	7
Edmonton, Alta. ....	11
Lethbridge, Alta. ....	1
Medicine Hat, Alta. ....	1
Red Deer, Alta. ....	1
Regina, Sask. ....	3
Saskatoon, Sask. ....	1
Winnipeg, Man. ....	3

### OUR AIMS as Canada's largest retail drug organization

#### For the buying public

To provide the widest selection of reputable merchandise at the most reasonable prices commensurate with quality, in attractive, convenient surroundings . . . and to maintain the highest standards of the profession of pharmacy for the public health and welfare.

#### For our shareholders

To plan our many-sided operations for maximum efficiency and the fullest development of the business opportunities afforded by Canada's expanding population and economy . . . to ensure a fair return to our shareholders and a steady appreciation in the value of their investment which makes this Company possible.

#### For our employees

To provide our employees with the training, security, opportunities and working conditions which enlist their loyalty and promote efficiency in the interests of our customers and the organization.

*Public Service with Enterprise*

