

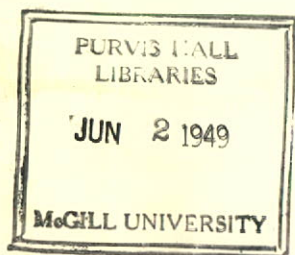


DOMINION STORES LIMITED

29th

annual report

for the fiscal year ended March 19th, 1949



t h e *Aim* o f D o m i n i o n S t o r e s L i m i t e d

*is to fulfil with ever-increasing efficiency
its responsibility as a distributor of food, thereby
performing a satisfactory service to the consumer,
producer, manufacturer and processor;
to discharge its responsibility to shareholders
whose investment makes the Company possible;
and to provide its employees with a satisfactory
living under the best possible conditions.*

directors and officers

directors

Stewart G. Bennett
*Rolph R. Corson
*J. William Horsey
John B. Jameson

M. W. McCutcheon
*John A. McDougald
Hon. Lucien Moraud, K.C.
Lt.-Col. W. E. Phillips

J. Edouard Simard
*Louis D. Squair
*E. P. Taylor
Howard L. Walker

**Member of Executive Committee of the Board of Directors*

officers

President J. William Horsey
Executive Vice-President Louis D. Squair
Vice-President Ivor Crimp
Vice-President C. W. Foster
Secretary Alfred A. Beevor
Treasurer T. G. McCormack

transfer agents

Crown Trust Company,
Toronto, Canada
The Royal Trust Company,
Montreal, Canada
Bankers Trust Company,
New York, U.S.A.

registrars

Chartered Trust & Executor Company,
Toronto and Montreal
Bankers Trust Company,
New York, U.S.A.

bankers

The Canadian Bank of Commerce
The Bank of Toronto
The Bank of Nova Scotia
Banque Canadienne Nationale
The Royal Bank of Canada

annual report to

the shareholders of Dominion Stores Limited

With the approval of the directors of your Company, the following report on the affairs of Dominion Stores Limited, together with a comparative balance sheet, comparative statement of income and expenditure and comparative statement of earned surplus for the fiscal year ended March 19th, 1949, is hereby submitted to the shareholders.

Since the people of Canada look to Canadian business for goods and services, jobs and dividends, the workings of a corporation are and should be a matter of public interest. To encourage a better understanding of how a typical Canadian Company operates, in this report we talk in plain language about the operations of your Company.

The report as indicated in our operating record for the year ended March 19th, 1949, shows that your Company provided its customers with \$62,779,383 worth of goods. Most of this money went to the principal groups that look to your Company for revenue—

We paid to producers and processors	\$53,415,851
We paid to employees	\$ 5,449,529
We paid to proprietors & utility companies	\$ 1,339,924
We paid to governments in income taxes	\$ 810,000
We paid to shareholders	\$ 466,535

After meeting all other costs and expenses we had left \$837,854 which was re-invested in the business so that the interests of all groups would be better served.

sales

The steady growth in volume of the past eight years was continued, and sales to the public reached a new peak even

though our total number of retail outlets decreased from 228 to 221 during the year. Much of the sales gain is a result of new customers and new business through the investment and establishment in recent years of a number of modern Dominion Master Markets, in communities where careful analysis had indicated the need for such stores.

Total sales for the year ended March 19th, 1949, amounted to \$62,779,383, an increase of \$9,287,159 or 17.36% over last year.

It is perhaps interesting to note at this time that within the last five fiscal years our annual sales to the public have increased from \$27,655,078 in 1943 to \$62,779,383 in 1948, an increase of 127%, whereas the number of retail outlets have been reduced from 251 to 221, a decrease of 30 stores.

earnings

Attributable primarily to the increase in the volume of business transacted and number of customers served, net profits

after providing for Dominion and Provincial Income Taxes amounted to \$1,304,389 compared with \$883,016 last year, an increase of \$421,373. Net profit being equal to \$4.19 per share, compared with \$2.86 per share last year, an increase of \$1.33 per share.

operating expenses

There were significant increases in a number of items of operating expense as compared to the previous year. The most important of these was greater costs of labour, due partly to increases in wage and salary rates and increases in the cost-of-living bonus, and partly to expansion of the personnel in our employ.

While total operating expenses in dollars were higher in the year ended March 19th, 1949, a record low ratio to sales was achieved. This achievement, we believe, was obtained through a keen sense of constant improvement which is diligently cultivated in every department of your Company.

taxes

Because of reduced rates of taxation on income, your Company was able to retain a slightly larger proportion of its earnings

this year. Total provision for Dominion and Provincial Income Taxes for the year amounted to \$810,000. It is believed that Dominion and Provincial Income Tax

comparative operating record

for the year ended March 19th, 1949 —
and what happened to each hundred dollars of sales

Last Year Ended March 20th, 1948	
Total Dollars	Each Hundred Dollars
\$53,492,224	\$100.00
45,581,169	85.21
4,567,233	8.54
1,171,698	2.19
769,000	1.44
520,108	.97
<u>\$52,609,208</u>	<u>\$ 98.35</u>
 <u>\$ 883,016</u>	 <u>\$ 1.65</u>
 \$ 432,632	 \$.81
\$ 450,384	\$.84

OUR INCOME (SALES)

Our Total Sales Amounted to

OUR COSTS

We paid to Producers, Manufacturers and Processors for Merchandise
and Supplies

We paid to Employees for Salaries and Wages, Including Cost-of-Living
Bonus, Pension Plan, Group Insurance, and Other Benefits

We paid to Landlords, Utility Companies and Municipalities, for Rents,
Taxes, Insurance, Licenses, Light, Heat, etc.

We paid to Dominion and Provincial Governments for Income Taxes

We paid for Advertising and Overhead Expenses, Including Donations,
Legal Fees, Audit Fees and Expenses Other than Those Shown Above.....

This Brought Our Total Costs to

OUR PROFIT WAS

Divided as Follows:

We paid to Shareholders as Dividends

We Retained for Working Capital and Development

This Year Ended March 19th, 1949	
Total Dollars	Each Hundred Dollars
\$62,779,383	\$100.00
53,415,851	85.09
5,449,529	8.67
1,339,924	2.13
810,000	1.29
459,690	.74
<u>\$61,474,994</u>	<u>\$ 97.92</u>
 <u>\$ 1,304,389</u>	 <u>\$ 2.08</u>
 \$ 466,535	 \$.74
\$ 837,854	\$ 1.34

Laws and Regulations have been interpreted conservatively in estimating the Company's liability for taxes on income, and that adequate reserves have been provided.

The Company's Dominion Income Tax Returns to the end of the 1944-45 fiscal year have now been assessed by the Department of National Revenue.

dividends and surplus

Total dividends paid to shareholders during the year amounted to \$466,535. These dividends at an annual rate of \$1.50 per share were paid to shareholders on a quarterly basis of 37½c per share, on June 15th, 1948, September 15th, 1948, December 15th, 1948, and March 15th, 1949.

Earned surplus account after payment of dividends in full amounted to \$2,816,434, or \$9.06 per share.

financial

To enable shareholders to quickly visualize the improvement in the financial condition of the Company, we have shown on the opposite page a very simple and brief comparative tabulation which sets forth the financial position of your Company at the close of the respective fiscal years. It will be noted that your Company's financial position remains very strong. Cash resources are much higher, notwithstanding the repayment of our term bank loan in the amount of \$1,000,000 and substantial capital expenditures covering the acquisition of a number of land sites for future development, the purchase of new equipment for new markets and the replacement of equipment in continuing stores.

This accomplishment has been made possible by first, the reduction of inventories to the lowest possible minimum consistent with good business judgment, secondly, the re-investment in your business of the major proportion of earnings, and thirdly, the liquidation of certain properties and retail buildings upon which your Company had advanced all construction costs.

Working capital of your Company was \$2,795,436. The ratio of current assets to current liabilities was 2.3 to one.

The five-year statistical summary also shown on the opposite page immediately following the comparative financial position sets forth in easily digestible form pertinent information regarding your Company's operations. We believe these figures indicate quite clearly your Company's progressive record during the past five years.

shareholders

On March 19th, 1949, Dominion Stores Limited was owned by 2,162 shareholders.

personnel

The building of new business requires the development of people for that purpose. The highlight of the year, from a personnel

point of view, is in this field, the development of people. Your Company feels, particularly under present business conditions, that it can have no greater asset than a friendly, courteous group of efficient employees. With this thought in mind, a definite programme was set up, specifically designed to help employees improve their personalities and correct their personality weaknesses. We call it the Personality Development Programme. While employees are assisted with any or all of their personality weaknesses under this programme, the main emphasis is placed on the development of a friendly, courteous nature. Your Company feels that if it can create a deep and lasting desire in the minds of all employees to be friendly and courteous, it will thereby make the greatest contribution possible to the happiness and well-being of the individual employee and at the same time to the development of new business.

The theme of the programme is the development of the individual employee as an individual. Employees are urged to be friendly and courteous in all their daily contacts—to be friendly and courteous with their fellow-employees, suppliers, friends and acquaintances as well as customers. It is intended to continue this programme until every employee in the organization realizes that being friendly and courteous is a definite part of his or her job. We are confident that this programme will materially assist us in maintaining a position of leadership in the retail food field.

• • •

On behalf of the Board of Directors, I am indeed glad to be able to report that operations during the year for your Company as a whole have been most satisfactory.

Much of the credit for this accomplishment goes to the employees of the organization, who demonstrated team-work, efficiency, and ingenuity, in the face of old and new problems in the greatly increased competitive field. I sincerely believe that these performances on the part of our people are the best guarantee of the successful future of your Company.

Sincerely,

J. WILLIAM HORSEY,

President.

our financial position year ended March 19th, 1949

	March 19th 1949	March 20th 1948
WE OWN		
Cash and Bonds	\$1,502,670	\$ 652,470
Money Due Us	347,840	166,462
Merchandise & Supplies	3,018,172	3,799,044
Properties, Plants, & Equipment	3,370,723	3,697,667
Other Sundry Assets	317,829	411,983
Our Total Possessions	<u>\$8,557,234</u>	<u>\$8,727,626</u>

	March 19th 1949	March 20th 1948
WE OWE		
For Merchandise & Supplies	\$1,502,902	\$1,590,734
Dominion & Provincial Taxes	598,216	553,914
Sundry Taxes	31,717	29,183
Term Bank Loan		1,000,000
Our Total Obligations	<u>2,132,835</u>	<u>3,173,831</u>
Difference Between What We Own & What We Owe Is Our Net Worth, Which Amounts To	<u>6,424,399</u>	<u>5,553,795</u>
	<u>\$8,557,234</u>	<u>\$8,727,626</u>

five-year statistical summary

	1948-49	1947-48	*1946-47	1945-46	1944-45
Net Sales	\$62,779,383	\$53,492,224	\$40,898,921	\$34,829,346	\$31,989,334
Net Profit	\$ 1,304,389	\$ 883,016	\$ 760,920	\$ 450,804	\$ 361,119
Net Profit Per Share	\$ 4.19	\$ 2.86	\$ 2.46	\$ 1.55	\$ 1.29
Shares of Stock Outstanding	311,014	309,014	309,014	290,014	280,014
Number of Shareholders	2,162	2,101	2,097	2,194	2,149
Dividends	\$ 466,535	\$ 432,632	\$ 350,220	\$ 198,010	\$ 140,007
Dividends Per Share	\$ 1.50	\$ 1.40	\$ 1.15	\$.70	\$.50
Income Taxes	\$ 810,000	\$ 769,000	\$ 821,000	\$ 885,000	\$ 665,000
Income Taxes Per Share	\$ 2.60	\$ 2.49	\$ 2.66	\$ 3.05	\$ 2.37
Current Assets	\$ 4,928,271	\$ 4,743,958	\$ 3,980,460	\$ 4,680,417	\$ 4,144,016
Current Liabilities	\$ 2,132,835	\$ 2,173,831	\$ 1,553,136	\$ 2,230,891	\$ 1,307,444
Working Capital	\$ 2,795,436	\$ 2,570,127	\$ 2,427,324	\$ 2,449,526	\$ 2,836,572
Ratio Current Assets To Current Liabilities	2.3	2.2	2.5	2.1	3.1
Number of Stores at Year End	221	228	229	234	243

* Contains
53 weeks

Dominion Stores Limited

assets

CURRENT:

	19th March, 1949	20th March, 1948
Cash	\$ 745,545	\$ 652,470
Dominion of Canada Bonds—at cost (market value \$757,500.)	757,125	
Accounts receivable (less reserve)	75,985	72,700
Accounts receivable (sale of properties)	165,940	
Refundable excess profits tax—current	105,915	93,762
Inventories of merchandise and supplies—valued at the lower of cost or market	3,018,172	3,799,044
Prepaid expenses	59,589	125,982
	<u>4,928,271</u>	<u>4,743,958</u>
REFUNDABLE EXCESS PROFITS TAX — non-current	<u>258,239</u>	<u>286,000</u>

FIXED — (at cost):

Store, warehouse and office equipment	2,463,658	2,055,536
Buildings	1,724,201	2,236,278
	<u>4,187,859</u>	<u>4,291,814</u>
Less: Reserves for depreciation	1,299,166	1,184,697
	<u>2,888,693</u>	<u>3,107,117</u>
Land	482,030	590,550
	<u>3,370,723</u>	<u>3,697,667</u>
GOODWILL	<u>1</u>	<u>1</u>
	<u>\$8,557,234</u>	<u>\$8,727,626</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the books and accounts of Dominion Stores Limited for the year ended 19th March, 1949, and we have obtained all the information and explanations which we have required.

We report that, in our opinion, the above balance sheet and the accompanying statements of surplus and income and expenditure are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at

balance sheet as at 19th March, 1949

liabilities

CURRENT:

	19th March, 1949	20th March, 1948
Accounts payable and accrued expenses	\$1,502,902	\$1,590,734
Provision for Dominion and Provincial income taxes	598,216	553,914
Sundry taxes	31,717	29,183

2,132,835 2,173,831

DEFERRED:

Notes payable to bank		<u>1,000,000</u>
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CAPITAL STOCK AND SURPLUS:

Capital stock—

Authorized—

1,000,000 common shares without nominal or par value

Issued and fully paid—

309,014 shares at 20th March, 1948 3,575,215 3,575,215

2,000 shares for cash during the year 32,750

311,014 shares 3,607,965

Earned surplus—(As per attached statement) 2,816,434 1,978,580

6,424,399 5,553,795

\$8,557,234 \$8,727,626

19th March, 1949 and the results of the operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the company.
Toronto, 3rd May, 1949.

(Signed) McDONALD, CURRIE & CO.,
Chartered Accountants.

Approved on Behalf of the Board:

J. WILLIAM HORSEY,

S. G. BENNETT,

Directors

statement of income and expenditure

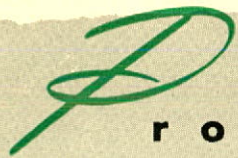
		For the years ended	
		19th March, 1949	20th March, 1948
SALES		\$62,779,383	\$53,492,224
COST OF SALES, SELLING AND ADMINISTRATIVE EXPENSES:			
Costs other than those shown below	\$60,109,261		\$51,416,549
Provision for depreciation of fixed assets	210,839		141,699
Employees' pension plan	73,241		79,631
Executive remuneration	236,786		171,427
Directors' fees	12,250		11,750
Legal fees	4,456		18,659
Interest on notes	18,161	60,664,994	493
		<u>2,114,389</u>	<u>1,652,016</u>
PROVISION FOR TAXES ON INCOME		810,000	769,000
NET PROFIT FOR THE YEAR		<u>\$ 1,304,389</u>	<u>\$ 883,016</u>

statement of earned surplus

		For the years ended	
		19th March, 1949	20th March, 1948
BALANCE AT BEGINNING OF YEAR		\$ 1,978,580	\$ 1,528,196
Net profit for the year		1,304,389	883,016
		<u>3,282,969</u>	<u>2,411,212</u>
Dividends paid		466,535	432,632
BALANCE AT END OF YEAR		<u>\$ 2,816,434</u>	<u>\$ 1,978,580</u>



The development of each Dominion Master Market
is essentially a community project.



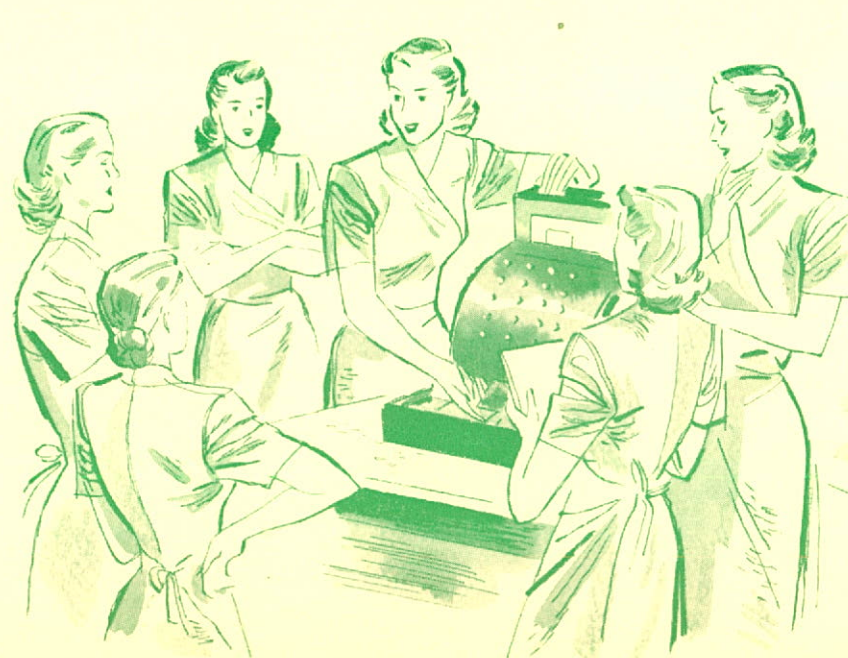
progress through vision

In the economy of this great country of ours your Company is playing an important role in the development of progressive communities throughout the four eastern provinces in which it operates 221 retail stores and two large distributing plants.

The development of each Dominion Master Market is essentially a community project. The enviable position your Company enjoys today is a story of progress through vision, and confidence in great Canadian communities.

Ten years ago your Management recognized the extreme importance of modern stores properly located as one of the vital factors in the development and protection of your business. Policies were made, and your Management planned purposefully for the future of your Company along these lines:

- Expansion of physical assets (stores, warehouses and equipment).
- Training and development of personnel.
- Protection and enhancement of consumer goodwill.





A modern Dominion Master Market

Progressive research and careful planning during these past ten years have resulted in the establishment of 49 large community projects, ten of which have been added during the past year. This achievement was accomplished in the face of difficulties and restrictions caused by wartime conditions, the incidence of heavy corporate taxation, and postwar increases in the cost of building materials and equipment.



Many attractive Dominion Master Markets have become the centres of new shopping areas.

*D*ominion Master Markets are

In the building of the modern Dominion Master Market every consideration was given to the development we would bring to the communities served. The opening of these stores has contributed to each of the communities where they are located, both in increased revenue to the municipalities and in the enhancement in value of the adjoining property. In many instances the establishment of the new Dominion Master Market has constituted the hub of a new shopping centre.

In the formation of our plans for the building of a new store—a complete “food centre” with a full range of fresh, smoked, and cooked meats, poultry and fish; fresh fruits and vegetables; and over 2,000 items of groceries—we are guided at all times by the direction of modern tendencies in public preference.

Every detail of the store layout and every innovation in equipment is



The airy spaciousness and gleaming cleanliness of the Dominion Master Market makes shopping a pleasure.

The wholesome attractiveness of Dominion guaranteed meats is enhanced by refrigerated display cases and absolute cleanliness.



convenient, pleasant shopping centres

scrutinized, experimented with, and finally judged, with the shopper's convenience uppermost in mind.

Our experience thus far makes it evident that policies and plans conscientiously designed to increase consumer satisfaction never fail to gain consumer goodwill.

In these pages we have depicted photographically many of the important factors which go into making our stores pleasant and convenient places in which to shop—from the selection of the land site to the arrangement of the merchandise everything has been done to bring this modern food store into the centre of a community where it will be easily accessible to the maximum number of people.

Of particular advantage to today's busy homemaker is the inauguration of parking lots in conjunction with many of our Master Markets as an additional service to our customers.

"... the work of every employee is designed and directed to the complete shopping satisfaction of the homemaker as a Dominion Store customer."



Expert meat operators give the homemaker friendly, courteous personal service.



Easy to see, easy to select—that's the keynote behind merchandise displayed at your Dominion Store.



Fruits and vegetables are trimmed, washed, pre-packaged and clearly priced for convenient personal selection.

*C*ustomer satisfaction is assured

In our bright airy stores, spaciousness is the keynote. Wide aisles enable customers to move about freely to select their own merchandise, conveniently arranged on easy-to-reach shelving and self-service displays.

Garden-fresh fruits and vegetables trimmed, washed, and pre-packaged, travel on automatic conveyors from basement refrigerators to self-service displays.

The wholesome attractiveness of top-quality Dominion "guaranteed meats" is enhanced by refrigerated display counters, absolute cleanliness, and scientific

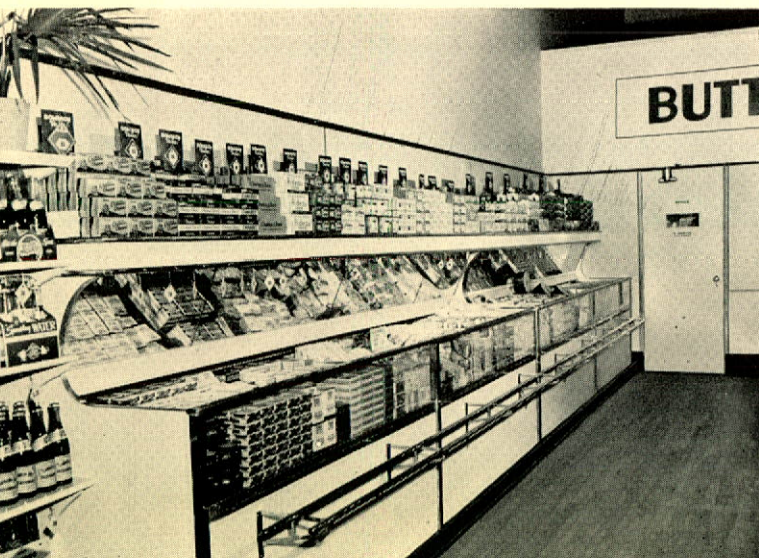


b y " b a c k s t a g e " o p e r a t i o n s

a n d c o u r t e o u s p e r s o n n e l

handling by expert meat men. Butter, cheese, milk and other dairy products are all displayed under refrigeration to ensure freshness. The design and construction of our open-top dairy product display units provide customers with the extra convenience of self-service selection.

It is because of this care in the selection and handling of merchandise that your Company is able to guarantee satisfaction. Every item of merchandise sold through every Dominion Store carries your Company's unconditional guarantee of 100% satisfaction.





*D*ominion people contribute to community welfare

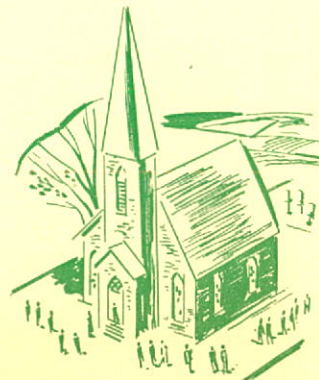


The men and women of Dominion Stores who daily meet customers and cater to their needs and desires are the real representatives of your Company.

The men and women of Dominion Stores who daily meet customers and cater to their needs and desires are the real representatives of your Company. In a very practical sense it is through these people that your Company's policies are translated into action. Consequently, going hand in hand with the plan for the development of physical assets there is a very comprehensive plan for the development of people in your Company, the broad outline of which has been previously covered in this report.

The dual programme—development of physical assets and development of people—is designed to promote and protect our most important asset, the community Dominion Master Market offering convenience of location, convenience in selection of quality foods in an atmosphere of friendliness and courtesy.

That this policy has been widely accepted is proven in the fact that, included in our employee activities are well over 100 memberships in Boards of Trade, Chambers of Commerce and service clubs.



★ **LONDON**

London District Office
operating 38 stores.

★ **TORONTO**

Toronto Division Office operating
98 stores. Toronto plant
servicing 137 stores in Ontario.
Company General Offices.

★ **OTTAWA**

Ottawa District Office
operating 28 stores.

★ **MONTREAL**

Montreal District Office
operating 31 stores.
Montreal plant servicing
84 stores in Quebec,
Ontario and the Maritimes.

★ **HALIFAX**

Halifax District Office
operating 26 stores.



The area over which Dominion Stores operate extends from Windsor in Western Ontario to Halifax in Nova Scotia. Decentralization is featured—each territory being served by its own District Office. These offices are strategically located in the District in order that the full benefit of guidance and leadership through a thorough knowledge of the locality may be directed toward the procurement of merchandise and the development of personnel.





Your **DOMINION** *Store*

