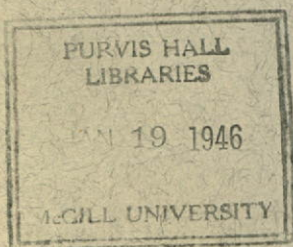


DOMINION



Twenty-Third
ANNUAL REPORT
DOMINION STORES LIMITED
1942





DOMINION MASTER MARKET, SPRING GARDEN ROAD, HALIFAX, N.S.
ONE OF THE FINEST FOOD MARKETS IN CANADA



DOMINION STORES LIMITED

Sullivan Street, TORONTO, 2

Directors:

STEWART G. BENNETT
MME. PIERRE F. CASGRAIN
ROLPH R. CORSON
FRANCOIS FAURE
J. WILLIAM HORSEY

JOHN B. JAMESON
RICHARD O. JOHNSON
N. L. NATHANSON
LOUIS D. SQUAIR
E. GORDON WILLS

Officers:

<i>Chairman of the Board</i>	E. GORDON WILLS
<i>President</i>	J. WILLIAM HORSEY
<i>Vice-President</i>	RICHARD O. JOHNSON
<i>Vice-President</i>	LOUIS D. SQUAIR
<i>Secretary-Treasurer</i>	FRED McCONNELL

Transfer Agents:

THE TRUSTS AND GUARANTEE COMPANY LIMITED, TORONTO, CANADA.
THE ROYAL TRUST COMPANY, MONTREAL, CANADA.

Registrars:

CHARTERED TRUST & EXECUTOR COMPANY, TORONTO AND MONTREAL.

Bankers:

THE CANADIAN BANK OF COMMERCE
THE BANK OF TORONTO

THE BANK OF NOVA SCOTIA
BANQUE CANADIENNE NATIONALE

ANNUAL REPORT

TO THE SHAREHOLDERS OF DOMINION STORES LIMITED

WE PRESENT the report of operations of your Company, together with financial statements, for the year ended December 31st, 1942 — the Company's twenty-third year of operation.

The difficulties of conducting your business under wartime conditions did not diminish in 1942. Shortages in merchandise and in experienced personnel increase constantly. These factors, along with reduced profit margins resulting from retail price control, continue to minimize the possibility of reasonable returns.

Your Company has endeavoured to follow a conservative policy with respect to all branches of its activity in an effort to maintain a sound financial position and to preserve the goodwill of its employees and the public.

It will be noted that notwithstanding restrictions and control affecting the conduct of the business, further progress was made during 1942 in sales and net results.

As indicated in our 1941 report, war restrictions have prohibited further modernization of stores.

EARNINGS

The operating profit for 1942 was \$830,897.00 compared with \$479,118.31 for 1941. Net income for the year, before taxes but after all other charges including depreciation at \$163,700.32, was \$586,339.65 compared with \$300,873.42 for 1941. Net profit, after providing for income and excess profits taxes, was \$301,339.65 compared with \$170,067.42 for 1941, or \$1.08 per share for 1942 as compared with .61c per share for 1941. It was gratifying to the Board of Directors to be able to resume the payment of dividends in 1942. Two payments each at the rate of ten cents a share were made on August 20th and on November 20th.

The Surplus Accounts, after the payment of dividends, now aggregate \$452,472.51. In view of the exigencies of post-war rehabilitation, your Directors feel it is imperative to build up a satisfactory surplus.

The Company's standard profits have been ascertained under the provisions of The Excess Profits Tax Act, 1940. The amount of the provision for income and excess profits taxes shown in the financial statements is considered to be adequate for that purpose.

SALES

Sales for 1942 were \$26,268,904.70 compared with \$21,032,783.15 for 1941, an increase of \$5,254,121.55 or 24.90%. This is the largest volume of business done in any one year of the Company's history. At December 31st, 1942, your Company operated 23 grocery units and 17 meat units less than at the end of the previous year. At the end of the year we had 258 stores in operation.

OPERATIONS

Total operating expenses continued to increase during 1942 as a result of increased sales volume, increased wages and rising costs for services and supplies. The gain in sales was greater than the relative increase in expenses with the result that the percentage of operating costs to sales was further reduced in 1942.

FINANCE

Your Company's financial position shows further improvement. Net working capital was \$2,350,659.95 at December 31st, 1942, compared with \$2,048,009.07 a year ago. The ratio of current assets to current liabilities at the year-end was 3.42. The net worth of your Company at December 31st, 1942, was \$12.69 a share, of that amount \$8.39 is represented in net working capital.

PERSONNEL

It is our happy privilege again to record our grateful appreciation of the generous support given by the employees of the Company in the most trying year we have experienced. We have our greatest asset in our personnel.

Staff turnover was the highest yet experienced. This is inevitable in wartime due to calls for military service and voluntary enlistment, as well as the demands of war industries. Much credit is due the remaining staff for maintaining operations in the face of increasing losses of trained personnel. Everyone is conscious of the important job we have to do in assuring orderly distribution of food, despite the difficulties presented through rationing and shortages in trained personnel and in supplies.

During the year our organization endeavoured to support the Government in various fields of activity by supplying assistance, when called upon, and through the voluntary contributions of its staff generally.

There are now 421 or 23.8% of our full-time staff in the Active Services. We miss them, but we are proud of the service they are rendering their country and the cause of freedom.

Service Pins were presented to employees in 1942 as follows:

20 years' service —	17
15 years' service —	23
10 years' service —	33
5 years' service —	46
	<hr/>
	119

The growing number of employees eligible for these pins is a pleasing indication of stability.

FOOD, DISTRIBUTION AND PRICE CONTROL

Your Company is participating, along with food retailers generally, in one of the most important and difficult jobs the food industry has ever faced—that of feeding a nation engaged in total war. It is a vital and complicated problem.

The effect of price control and wartime restrictions on food production and retail distribution is most serious. It is encouraging to observe, however, a growing realization of the intricate functions of the food industry and an appreciation of the fact that primary production, processing and distribution are all one problem in providing essential food to the consumer. It is our hope that general interest in its solution will continue to develop and that remedial action will result. In the meantime, your Company will endeavour to maintain the business on a sound basis.

On behalf of the Board of Directors,

J. WILLIAM HORSEY,
President.

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Balance Sheet AS

ASSETS

Current:

Cash on Hand and in Banks.....	\$ 280,439.10	
Dominion of Canada War Loan Bonds.....	252,468.75	
(Approximate Market Value \$251,490.00)		
Accounts Receivable (Less Reserve for Bad Debts).....	117,680.69	
Merchandise:		
(Inventories of merchandise in warehouses and meats and fruits in stores determined by physical count; groceries in stores determined by physical count prior to year-end and adjusted to that date. All valued at the lower of cost or market).....	2,671,139.00	\$3,321,727.54

Deferred Charges and Prepaid Expenses: 79,318.03

Mortgages Receivable: 79,900.00

Refundable Portion of Excess Profits Tax: 15,000.00

Fixed: (At Cost — Less Amounts Written Off)

Furniture, Fixtures and Improvements to Leasehold Premises \$1,334,288.42		
Less: Reserve for Depreciation.....	844,159.35	\$ 490,129.07
Buildings	559,151.21	
Less: Reserve for Depreciation.....	123,220.10	435,931.11
Automobiles	6,903.25	
Less: Reserve for Depreciation.....	2,978.24	3,925.01
Land	97,948.30	1,027,933.40

Goodwill 1.00

\$4,523,880.06

Approved on behalf of the Board:

R. O. JOHNSON }
J. W. HORSEY } Directors

Aud

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affairs, ac

Toronto, 12th March, 1943.

DOMINION STORES LIMITED

STATEMENT No. 1

TO 31st DECEMBER, 1942

LIABILITIES

Current:

Accounts Payable and Accrued Charges.....	\$ 749,587.43	
Taxes Payable and Accrued.....	12,363.56	
Reserve for Income and Excess Profits Taxes after deducting Prepayments	209,116.60	\$ 971,067.59

Capital Stock and Surplus:

Capital Stock—

Authorized:

50,000 shares 6½% Cumulative Preferred stock of a Par Value of \$100.00 each

1,000,000 shares Common Stock of no Par Value

Issued:

280,014 shares Common Stock..... \$3,100,339.96

Surplus—

Earned (Statement No. 3).....\$ 437,472.51

Deferred—Refundable Portion of Excess Profits Tax..... 15,000.00 452,472.51 3,552,812.47

NOTE: As required by a ruling under the Excess Profits Tax Act, it is hereby noted that the company proposes to claim an inventory reserve for taxation purposes.

\$4,523,880.06

Report TO THE SHAREHOLDERS

have examined the books and accounts of Dominion Stores Limited for the year ended 31st December, 1942 and we have obtained all the explanations which we have required.

report that, in our opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs at the end of the year and as shown by the books of the Company.

(Signed) McDONALD, CURRIE & CO.

Chartered Accountants.

DOMINION STORES LIMITED

Income and Expenditure

For the Year Ended 31st December, 1942

Sales.....		\$26,268,904.70
Cost of Sales, Selling and Administrative Expenses other than those shown below		25,438,007.70
Operating Profit		830,897.00
Add: Interest Earned.....		10,986.18
		<u>\$ 841,883.18</u>
Deduct:		
Provision for Depreciation of Fixed Assets.....	\$ 163,700.32	
Executive Remuneration.....	76,065.71	
Directors' Fees.....	1,460.00	
Legal Fees.....	14,317.50	255,543.53
Profit before Provision for Income and Excess Profits Taxes.....		<u>\$ 586,339.65</u>
Provision for Income and Excess Profits Taxes.....	\$ 300,000.00	
Less: Refundable Portion of Excess Profits Tax.....	15,000.00	285,000.00
Balance carried to Earned Surplus.....		<u>\$ 301,339.65</u>

STATEMENT No. 3

Earned Surplus

As at 31st December, 1942

Balance at Credit 31st December, 1941.....		\$ 207,135.66
Add: Balance transferred from Income and Expenditure (Statement No. 2)...		301,339.65
		<u>\$ 508,475.31</u>
Deduct: Dividends.....	\$ 56,002.80	
Transfer to Deferred Surplus—		
Refundable Portion of Excess Profits Tax.....	15,000.00	71,002.80
Balance at Credit 31st December, 1942.....		<u>\$ 437,472.51</u>

Comparative Statement

Income and Expenditure:

	<i>Years Ended December 31st</i>		
	<i>1942</i>	<i>1941</i>	<i>1940</i>
Sales	\$26,268,904.70	\$21,032,783.15	\$18,120,945.10
Cost of Sales, Selling and Administrative Expenses.....	25,438,007.70	20,553,664.84	17,796,929.11
Operating Profit.....	\$ 830,897.00	\$ 479,118.31	\$ 324,015.99
Add: Interest Earned.....	10,986.18	11,051.41	7,676.26
	<u>\$ 841,883.18</u>	<u>\$ 490,169.72</u>	<u>\$ 331,692.25</u>
<i>Deduct:</i>			
Provision for Depreciation of Fixed Assets.....	\$ 163,700.32	\$ 126,220.65	\$ 115,551.28
Executive Remuneration.....	76,065.71	54,661.34	49,400.68
Directors' Fees.....	1,460.00	1,260.00	1,440.00
Legal Fees.....	14,317.50	7,154.31	7,631.56
	<u>\$ 255,543.53</u>	<u>\$ 189,296.30</u>	<u>\$ 174,023.52</u>
Profit before provision for Income and Excess Profits Taxes	\$ 586,339.65	\$ 300,873.42	\$ 157,668.73
Provision for Income and Excess Profits Taxes.....	285,000.00	130,806.00	56,850.00
Net Profit.....	<u>\$ 301,339.65</u>	<u>\$ 170,067.42</u>	<u>\$ 100,818.73</u>

DOMINION STORES LIMITED

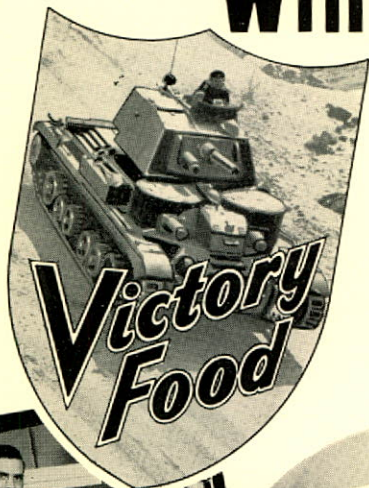
Comparative Balance Sheet:

<i>Current:</i>	A S S E T S		31st December	
		1942	1941	1940
Cash on Hand and in Banks.....	\$	280,439.10	\$ 909,837.97	\$ 511,841.61
Call Loans and Deposit with a Trust Company.....				175,000.00
Dominion of Canada War Loan Bonds.....		252,468.75	2,468.75	150,593.75
Accounts Receivable (Less Reserve for Bad Debts).....		117,680.69	123,000.72	119,935.76
Merchandise		2,671,139.00	1,905,280.35	1,730,789.23
TOTAL CURRENT ASSETS.....	\$	3,321,727.54	\$ 2,940,587.79	\$ 2,688,160.35
Deferred Charges and Prepaid Expenses.....		79,318.03	81,307.13	66,332.30
Mortgages Receivable.....		79,900.00	80,200.00	3,000.00
Refundable Portion of Excess Profits Tax.....		15,000.00		
Buildings, Land and Fixtures (Less Depreciation Reserve)...		1,027,933.49	1,097,958.42	945,824.66
Goodwill		1.00	1.00	1 00
	\$	4,523,880.06	\$ 4,200,054.34	\$ 3,703,318.31

<i>Current:</i>	L I A B I L I T I E S			
Accounts Payable and Accrued Charges.....	\$	749,587.43	\$ 738,393.22	\$ 442,422.67
Taxes Payable and Accrued.....		12,363.56	17,497.41	32,363.05
Reserve for Income and Excess Profits Taxes.....		209,116.60	136,688.09	56,850.00
TOTAL CURRENT LIABILITIES.....	\$	971,067.59	\$ 892,578.72	\$ 531,635.72
Reserve for Future Fire Losses.....				15,000.00
Capital Stock.....		3,100,339.96	3,100,339.96	3,100,339 96
Surplus: Earned.....		437,472.51	207,135.66	56,342.63
Deferred		15,000.00		
	\$	4,523,880.06	\$ 4,200,054.34	\$ 3,703,318.31

VICTORY FOODS

Win Applause



There's loud acclaim from all the family when DOMINION'S tasty Victory Foods are served. There's a heart-warming thrill for the housewife in the applause of her enthusiastic family—and how proud she is to think that choosing foods with Victory Tags is the way to know the items it is currently patriotic to buy, from day to day. That way she helps the war effort by helping to normalize the food situation.

DOMINION

The promotion of Victory Foods is a new plan for DOMINION STORES to direct customers' attention to the more cheerful side of the food situation. Our advertisements portray pictures of real people radiating happiness and approval of Victory Foods.

