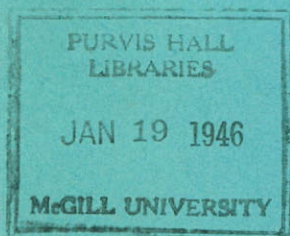


DOMINION STORES

LIMITED



Twenty-Second
ANNUAL REPORT
1941



WITH PRIDE AND GRATITUDE WE RECORD THE NAMES OF DOMINION EMPLOYEES ON ACTIVE SERVICE.



ONTARIO

QUEBEC



Allen, James
Almond, Elsie (Miss)
Annis, Ross
Auld, Douglas
Ayton, J. K.
Bell, T. H.
Bennett, J. A.
Bince, Arthur
Binns, W. A.
Blair, Merton
Blanchfield, E. G.
Blankley, E. F.
Bouchard, L.
Brown, Geo. C.
Bryson, J. G.
Buchanan, Wm.
Bunt, Albert
Byrnes, Robt.
Callaghan, Joe
Campbell, J. D. W.
Campbell, C.
Chambers, Jack
Chartrand, A.
Chisholm, A.
Christiani, E. W.
Clarke, Nelson C.
Clarkson, W. C.
Clayton, J. R.
Cole, Alf. C.
Cole, M.
Courtman, Doug.
Cowin, E.
Crossan, J. F.
Dascovitch, S.
Deebank, Geo.
Dewling, F. W.
Dunnett, Jack
Durbn, Donald
Dufour, J. L.
Earle, James F.
Edgerton, G.
Edwards, L. A.
Fancy, Harry
Ferguson, Harold
Ferris, James
Findlay, J.
Findlay, J. A.
Finn, Clair
Fleck, Donald
Fordyce, A.
Foy, John V.
Fournier, E. J.
Freshwater, G.
Frieday, N. C.
Giff, Thomas
Gordon, Eric
Gordon, Harry
Gordon, E. C.

Graham, Robert
Greenwood, R.
Gregg, George
Grey, E. H.
Griff, M. E.
Grozelle, E.
Hazle, E. S.
Hatfield, Stan.
Heddle, Harold S.
Hodgson, Albert
Hoganson, A. J.
Hollinger, Rodger
Hooper, E. B.
Horlock, Albert
Howe, Jim
Hunt, D. J.
Jackson, J. E.
Jaffray, Alex.
Jones, L.
Keeland, Gerald
Kergan, Geo.
King, Jack
Kitchen, Ronald
Kroskey, Wm. E.
Lafontaine, L.
Laird, Len
Lambert, W. T.
Laprade, Andrew
Laurie, John D.
Laviguer, M.
Lees, Thomas
Logan, Lloyd
Lunau, Roy
Luey, Wm.
Lusk, E. M.
Lyon, Robt. C.
Mahar, Albert
Malloch, I. G.
Maynard, Errol
MacArthur, L.
MacMaster, Archie
McCallum, G. Duncan
McCourt, S. T.
McDougall, W.
McEwen, J. H.
McKay, J. A.
McKenzie, James
McKinnon, Harold
McKitterick, T.
McLean, John
McNicoll, W.
McPherson, J. E.
Mills, Lloyd C.
Mogg, Frank L.
Moore, J. D.
Morris, Cecil
Morton, A.
Mulveney, John
Murray, G. B.

Murray, Geo.
Murray, Jack
Murray, W. A.
Montford, Percy
Neundorf, J.
Newlands, Ian
Nicol, Wm.
Noonan, J.
O'Donnell, J.
Panton, Arthur
Parsons, Wm.
Partington, Ed.
Patterson, Orr
Penford, R. W.
Perry, James
Potter, G. A.
Quinn, T. A.
Reavell, F. J.
Reid, J. W.
Robertson, R.
Rose, Lorne
Salmers, E.
Schaefer, R. H.
Sheridan, Ken
Showler, Howard
Smiley, H. G.
Smith, Arthur
Smith, Chas.
Snow, G. A.
Soberal, Pat
Spicer, J.
Stainton, Harold
Stanton, S.
Stephens, Murray
St. Onge, Guy
Thomas, W. G.
Thomas, Wm.
Thompson, J. M.
Thompson, Stewart
Tomlinson, Gord.
Tower, E. L.
Trusz, Michael
Tuck, Ross
Vernon, Art
Villeneuve, Leo.
Walker, John
Walker, Sam
Wanamaker, M. J.
Watson, J. L.
White, Jack
Wiley, Alfred
Wilson, Harry
Wilson, L.
Willette, J.
Wills, E.
Wiltzie, Harold
Young, Herb
Zimmerman, Bruce



NOVA SCOTIA

NEW BRUNSWICK





TYPICAL NEW DOMINION MASTER MARKET



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

E. GORDON WILLS

Officers:

Chairman of the Board E. GORDON WILLS

President J. WILLIAM HORSEY

Vice-President RICHARD O. JOHNSON

Vice-President LOUIS D. SQUAIR

Secretary-Treasurer 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 IMPERIAL BANK OF CANADA

THE BANK OF NOVA SCOTIA

THE CANADIAN BANK OF COMMERCE

THE BANK OF TORONTO

BANQUE CANADIENNE NATIONALE

ANNUAL REPORT

TO THE SHAREHOLDERS OF DOMINION STORES LIMITED

HEREIN is presented for your information the report of the operations of your company for the year 1941, together with the Balance Sheet, Statement of Income and Expenditure and Statement of Surplus Account.

During the year additional wartime restrictions created new situations affecting the conduct of the business, many of which were difficult of solution. Further progress, however, has been made in modernization of stores, in efficiency of operation, in sales development and in net results.

PROFITS

Operating profit for 1941 was \$507,180.31 as compared with \$324,015.99 in 1940. Net income for the year, before income taxes but after all other charges including depreciation at \$126,220.65, was \$300,873.42 compared with \$157,668.73 for 1940. Net profit, after providing for Dominion income and excess profits taxes at the rate of 40%, was \$170,067.42. The Surplus Account, after certain adjustments as shown in Statement No. 3, now stands at \$207,135.66.

As indicated in the report covering 1940 operations, an application has been made under the Excess Profits Tax Act, to have our standard profits computed on the basis of capital employed, rather than by reference to earnings during the standard period 1936 to 1939 which, in accordance with the Act, would not be just, because our business, for reasons peculiar to itself, was then abnormally depressed. While, at the moment, no decision has been rendered, it is expected that the Company's application will be successful and on that assumption we consider that the amount of \$130,806.00 provided for total Dominion income and excess profits taxes, as against \$56,850.00 in 1940, amply meets the requirements.

FINANCES

After substantial outlays covering the opening of new self-service "Master Markets" in Ontario, Quebec, New Brunswick, and Nova Scotia, and constructing a new warehouse in Montreal, working capital was \$2,129,316.20 as of December 31st, 1941. The ratio of current assets to current liabilities was 3.39 to 1.

The net worth of your company at December 31st, 1941 was \$3,307,475.62, equal to \$11.81 per share, of which \$7.60 is represented in net working capital.

Additional fire insurance coverage has made possible the elimination of fire loss reserve of \$15,000.00.

SALES

Sales for the year 1941 were \$21,032,783.15 compared with \$18,120,945.10 in 1940, an increase of 16.07%. During 1941 we operated 43 grocery units and 17 meat units less than in 1940. Average sales per store increased 31.32% for the year.

OPERATIONS

At the end of the year we had 70 self-service units and 211 service units, making a total of 281 stores in operation. We opened 18 new stores and closed 61 during 1941. The modernization programme was continued until restrictions due to the war made it necessary to postpone temporarily the Company's plans.

A new modern warehouse with railroad trackage was built during the year on Cote des Neiges at Bedford Road, Montreal and is now in operation. The lack of trackage accommodation and proper warehouse facilities in Toronto and Montreal have long been a serious handicap to economical conduct of your company's business. In the elimination of this handicap at Montreal we were fortunate in being able to negotiate a satisfactory sale of our old warehouse at 995 Smith Street.

We are confident that these improvements will continue to promote efficiency in the operation and in service to our customers.

Total operating expenses increased in 1941 as compared with 1940 by reason of greater volume of sales, increased wages and enhanced costs generally in wartime. However, the percentage of operating expense to sales decreased materially.

These expenses include not only all costs of operating the business but also all charges incurred through the opening and closing of stores. These charges in respect to the stores affected are naturally of a non-recurring nature.

PERSONNEL

It is a privilege to acknowledge the loyal support and zealous co-operation of the staff in these trying days. The past year has provided increasing evidence of the further development of that esprit de corps so necessary in the happy conduct of a public business.

During 1941 we were able to institute further improvements in working conditions for our employees in shorter hours, vacation allowances and increased wages within the limits of the National War Labour Board regulations.

Our Group Insurance Plan, which has been in force for several years, has been extended to include all classifications of regular employees. To those who were insured under the original Group Plan and employed on December 31st, 1941, additional hospitalization and surgical benefits have been granted at no additional cost to the employees.

During the year 81 employees joined the Active Forces, bringing the total to 172 since the beginning of the war. Of these loyal Canadians we are justly proud.

Service pins were presented to employees in 1941 as follows:

20 years' service	— 10
15 " "	— 14
10 " "	— 44
5 " "	— 41

Our employees value these pins highly. The Company in turn values this indication of stability in the organization.

GROWER RELATIONS

In line with your company's desire to co-operate in a tangible way with primary producers, a Director of Grower Relations has been appointed. His responsibility includes the study of growers' problems in production and distribution. It is our belief that this service will prove an effective means of improving the production and distribution of the products of the soil and consequently the quality of those products when offered to the consumer.

PRICE CONTROL

On November 15th, 1941 your company "pegged" its retail prices in all stores in accordance with The Wartime Prices and Trade Board regulations which later became effective on December 1st, 1941. By this action as well as in the daily operation of the business and by supplying executive assistance in developing administration of price control, we have tried to co-operate fully with the Government in its attempt to curb inflation.

Obviously price ceilings bring new difficulties seriously affecting the Company's business. The ultimate effect of such control on the retail food business and particularly on net results in your company cannot be determined at this time. In the meantime we shall endeavour to continue giving the Government our active co-operation, feeling confident that, as a result of mutual consideration, all difficulties will eventually be adjusted to a practical basis. It is well to point out, however, that the problems in our type of business are most serious and it will require all the experience and ingenuity available to operate successfully under present conditions.

While we realize fully the difficulties we face in days fraught with events of such magnitude, both national and international, we shall endeavour to so conduct the Company's affairs as to render a satisfactory service to our customers and discharge our responsibilities to them, our employees and our shareholders.

On behalf of the Board of Directors,

J. WILLIAM HORSEY,
President.

DOMINION ST

Balance Sheet AS A

ASSETS

Current:

Cash on Hand and on Deposit.....	\$ 909,837.97
Dominion of Canada War Loan Bonds.....	2,468.75
(Approximate Market Value \$2,478.12)	
Accounts Receivable (Less Reserve for Bad Debts).....	123,000.72

Merchandise:

(Inventories of merchandise in warehouses and meats and fruits in stores determined by physical count; groceries in stores by physical count prior to year end and adjusted to that date. All inventories valued at the lower of cost or market).....	1,905,280.35
---	--------------

\$2,940,587.79

Deferred Charges and Prepaid Expenses: 81,307.13

Mortgages Receivable: 80,200.00

Fixed: (At Cost)

Furniture, Fixtures and Improvements to Leasehold Premises \$1,361,156.72	
Less: Reserve for Depreciation..... 807,818.51	
	\$ 553,338.21
Buildings 548,022.67	
Less: Reserve for Depreciation..... 105,376.75	
	442,645.92
Automobiles 5,301.00	
Less: Reserve for Depreciation..... 1,275.01	
	4,025.99
Land 97,948.30	

1,097,958.42

Goodwill 1.00

\$4,200,054.34

Approved on behalf of the Board:

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

Auditor

We
information
We
Company's a

Toronto, 18th February, 1942

DRES LIMITED

STATEMENT No. 1

31st DECEMBER, 1941

LIABILITIES

Current:

Accounts Payable and Accrued Charges.....	\$ 738,393.22	
Taxes Payable and Accrued.....	17,497.41	
Provision for Dominion Income and Excess Profits Taxes.....	136,688.09	
	<hr/>	\$ 892,578.72

Capital 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 Account.....	207,135.66	
	<hr/>	3,307,475.62

\$4,200,054.34

s' Report TO THE SHAREHOLDERS

ave examined the books and accounts of Dominion Stores Limited for the year ended 31st December, 1941 and we have obtained all the
d 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
irs, according to the best of our information and the explanations given to us 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, 1941

Sales		\$21,032,783.15
Cost of Sales, Selling and Administrative Expenses Other Than Those Shown Below	\$18,361,302.61	
Wages and Salaries, Other Than Executive.....	2,106,034.23	
Taxes and Licenses (excepting Income Taxes).....	58,266.00	
		<u>20,525,602.84</u>
Operating Profit.....		\$ 507,180.31
Add: Interest Earned.....		<u>11,051.41</u>
Deduct:		\$ 518,231.72
Provision for Depreciation of Fixed Assets.....	\$ 126,220.65	
Executive Salaries.....	54,661.34	
Directors' Fees.....	1,260.00	
Provision for Possible Additional Compensation to Employees.....	28,062.00	
Legal Fees.....	7,154.31	
		<u>217,358.30</u>
Profit Before Provision for Income Taxes.....		\$ 300,873.42
Provision for Dominion Income and Excess Profits Taxes.....		<u>130,806.00</u>
Net Profit for Year.....		<u>\$ 170,067.42</u>

STATEMENT No. 3

Surplus Account

As at 31st December, 1941

Balance at Credit 31st December, 1940.....		\$ 56,342.63
Add:		
Net Profit for year after provision for Dominion Income & Excess Profits Taxes	\$170,067.42	
Elimination of Reserve for Future Fire Losses.....	15,000.00	
		<u>185,067.42</u>
Deduct:		241,410.05
Loss on Sale of Montreal Warehouse.....	\$ 31,791.02	
Adjustments Relative to Prior Years.....	2,483.37	
		<u>34,274.39</u>
Balance at Credit 31st December, 1941.....		<u>\$207,135.66</u>

DOMINION STORES LIMITED

Comparative Statement of Income and Expenditure and Surplus

	<i>Year Ended 31st December</i>	
	<i>1941</i>	<i>1940</i>
Sales	\$21,032,783.15	\$18,120,945.10
Cost of Sales, Selling and Administrative Expenses.....	18,361,302.61	15,742,518.28
Wages and Salaries, Other Than Executive.....	2,106,034.23	1,975,026.30
Taxes and Licenses (excepting Income Taxes).....	58,266.00	79,384.53
	<u>\$20,525,602.84</u>	<u>\$17,796,929.11</u>
Operating Profit	\$ 507,180.31	324,015.99
Add: Interest Earned	11,051.41	7,676.26
	<u>\$ 518,231.72</u>	<u>\$ 331,692.25</u>
<i>Deduct:</i>		
Provision for Depreciation of Fixed Assets.....	\$ 126,220.65	\$ 115,551.28
Executive Salaries	54,661.34	49,400.68
Directors' Fees	1,260.00	1,440.00
Provision for Possible Additional Compensation to Employees.....	28,062.00	
Legal Fees	7,154.31	7,631.56
	<u>217,358.30</u>	<u>174,023.52</u>
Profit Before Provision for Income Taxes.....	\$ 300,873.42	\$ 157,668.73
Provision for Dominion Income and Excess Profits Taxes.....	130,806.00	56,850.00
Net Profit for Year.....	<u>\$ 170,067.42</u>	<u>\$ 100,818.73</u>
<hr/>		
Surplus at End of Year.....	<u>\$ 207,135.66</u>	<u>\$ 56,342.63</u>

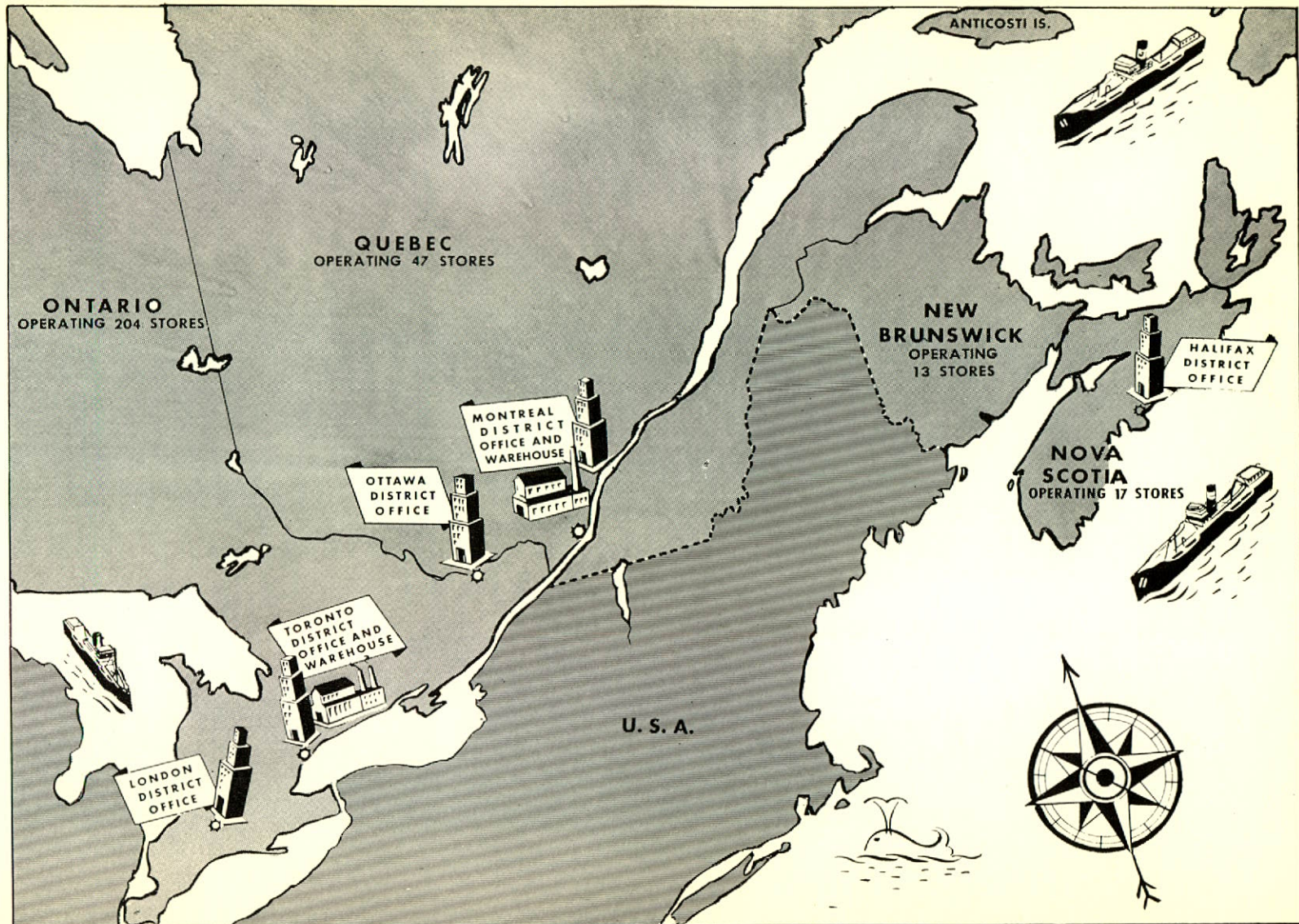
DOMINION STORES LIMITED

Comparative Balance Sheet

<i>Current:</i>	A S S E T S	31st December	
		1941	1940
Cash on Hand and on Deposit.....		\$ 909,837.97	\$ 511,841.61
Call Loans and Deposit with a Trust Company.....			175,000.00
Dominion of Canada War Loan Bonds.....		2,468.75	150,593.75
Accounts Receivable (Less Reserve for Bad Debts).....		123,000.72	119,935.76
Merchandise		1,905,280.35	1,730,789.23
TOTAL CURRENT ASSETS.....		\$2,940,587.79	\$2,688,160.35
Deferred Charges and Prepaid Expenses.....		81,307.13	66,332.30
Mortgages Receivable		80,200.00	3,000.00
Buildings, Land, and Fixtures (Less Depreciation Reserves).....		1,097,958.42	945,824.66
Goodwill		1.00	1.00
		\$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.....		\$ 738,393.22	\$ 442,422.67
Taxes Payable and Accrued (Excepting Income Taxes).....		17,497.41	32,363.05
Provision for Income Taxes.....		63,320.54	37,400.00
Provision for Excess Profits Tax.....		73,367.55	19,450.00
TOTAL CURRENT LIABILITIES.....		\$ 892,578.72	\$ 531,635.72
Reserve for Future Fire Losses.....			15,000.00
Capital Stock		3,100,339.96	3,100,339.96
Surplus		207,135.66	56,342.63
		\$4,200,054.34	\$3,703,318.31

1600 MILES



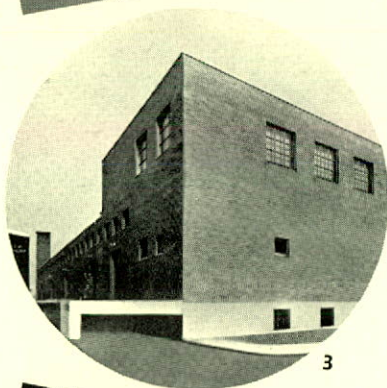


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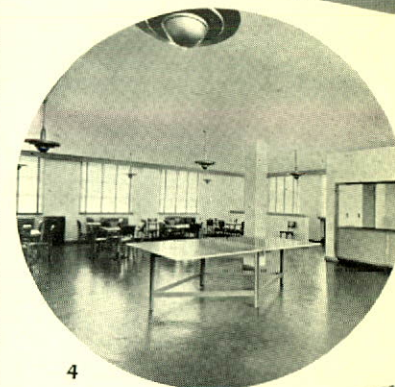
DOMINION'S NEW WAREHOUSE AT MONTREAL



2



3



4



5

All Eastern Division Company Stores are now serviced by the New Montreal Warehouse.

1. Assembly floor showing modern skylighting and hydraulic elevator.
2. Shipping and local receiving platform. Heavy beams eliminate pillars. Eight transports can load or unload simultaneously indoors.
3. Carload receiving.
4. Recreation and Dining Room.
5. Supervisors' meeting room.
6. Montreal District Office.

Centre—General Exterior View.



6

