

Corporation
INC

ANNUAL REPORT

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The Great West Saddlery Company Ltd.

Fiscal Year Ended December 31st, 1947

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ANNUAL REPORT

To the Shareholders:

Your Directors have pleasure in submitting the Balance Sheet of your Company as at December 31st, 1947 and the Profit and Loss, and Earned Surplus and Capital Surplus accounts, which together, show results of operations for the fiscal year ended December 31st, 1947.

Operating profits for the year ended December 31st, 1947, after bond interest, but before depreciation and income and excess profits taxes, amounted to.....	\$ 342,075.06
After setting aside an amount of.....	26,462.00
for depreciation of buildings, and machinery, and providing for income and excess profits taxes of.....	150,000.00
there is a net profit of.....	165,613.06
Following the deduction of a small loss of.....	991.59
from disposal of fixed assets, the balance of.....	164,621.47
has been carried to Earned Surplus account.	

Net Working Capital as of December 31st, 1947, was..... 1,312,073.62
an increase of \$219,197.75 over the figure at the end of the preceding fiscal year. Current assets were approximately 3.06 times current liabilities.

During the year, the Company called for redemption, the outstanding balance of its First Mortgage Six Year 3% Instalment Bonds, due 1948, also its 6,992 shares 6% Cumulative Redeemable First Preference Stock, refunding the redemption cost by an issue of First Mortgage Seven year 3% Instalment Bonds to the amount of..... 525,250.00
maturing \$30,000 semi-annually for six and one-half years, and the balance on August 1st, 1954. An eventual substantial saving in dividend disbursement thereby accruing to the Company.

Regular dividends at the rate of \$3.00 per annum per share were paid on the First Preference Shares to and including redemption date of September 30th, and on the Second Preference shares for the entire year.

The foregoing discloses another year of active operation. Sales reached new high levels, being 14.45% over 1946, and net profits increased over the same period by 14.03% following conservative inventory pricing and substantial additions to reserves for customers accounts receivable.

Prospects for 1948 continue somewhat variable. The supply situation leaves much to be desired. The Company's suppliers are unable to provide full requirements of many lines in greatest demand, a situation more aggravated by recent embargoes.

Demand for the Company's merchandise somewhat influenced by higher prices, is still active and should remain so for another year at least. Despite reduced yields in major crops, gross values plus substantial bonus payments on earlier years' deliveries will result in increased purchasing power.

On behalf of the Board,

R. A. ADAMS,

President.

Winnipeg, Manitoba,
March 31st, 1948.

The Great West Saddlery Company Limited

STATEMENT II

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31st DECEMBER, 1947

Profit from Operations for the year, before charging Executive Salaries, Bond Interest, Depreciation and Income and Excess Profits Taxes		\$ 386,445.45
Deduct		
Executive Salaries.....	\$ 37,435.66	
Directors' Fees.....	1,200.00	
Bond Interest.....	5,734.73	
	44,370.39	
Profit for the year, before providing for Depreciation and Income and Excess Profits Taxes.....		\$ 342,075.06
Deduct		
Provision for Depreciation.....	\$ 26,462.00	
Income and Excess Profits Taxes, estimated.....	150,000.00	
	176,462.00	
Deduct loss from disposal of Fixed Assets.....		\$ 165,613.06 991.59
Net Profit for the year carried to Surplus Account (Statement III).....		\$ 164,621.47

STATEMENT III

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED 31st DECEMBER, 1947

Surplus at 31st December, 1946.....		\$ 349,560.94
Dividends paid for the year ended 31st December, 1947		
Three quarterly dividends of 1½% on First Preference Shares re- deemed 30th September, 1947.....	\$ 14,883.75	
Four quarterly dividends of 1½% on Second Preference Shares....	3,474.00	
Premium paid on Preference Shares redeemed 30th September, 1947, in accordance with provisions of issue thereof.....	34,960.00	
	53,317.75	
Net Profit for the year, per statement II.....		\$ 296,243.19 164,621.47
		\$ 460,864.66
Amount appropriated and transferred to Capital Surplus on redemption of First Preference Shares outstanding 31st December, 1946, in accordance with the requirements of the Companies' Act.....		349,600.00
Surplus at 31st December, 1947, carried to Statement I.....		\$ 111,264.66

ERY COMPANY LIMITED

1st DECEMBER, 1947

PT I

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:

Bank Overdraft—Current Account.....	\$183,398.64	
Bank Loan (Secured).....	79,000.00	
	<hr/>	\$ 262,398.64
Accounts Payable and Accrued Charges:		
Trade and Sundry.....	\$270,421.34	
Dominion and Provincial Taxes, Sundry.....	5,203.86	
Estimated Income and Excess Profits Taxes.....	91,474.00	
Bond Interest Accrued.....	6,565.00	373,664.20
	<hr/>	<hr/>
Total Current Liabilities.....		\$ 636,062.84
FIRST MORTGAGE 7 year 3% Instalment Bonds Authorized and issued in 1947.....		525,250.00
RESERVE FOR CONTINGENCIES.....		36,587.38
CAPITAL		
Authorized:		
6,992 Shares of 6% Cumulative First Preference Stock, of \$50.00 each, Redeemable at the Company's option.....	\$349,600.00	
1,158 Shares of 6% Cumulative Second Preference Stock, of \$50.00 each, Redeemable at the Company's option.....	\$ 57,900.00	
	<hr/>	
Common Stock of No Par Value, 40,000 shares		
Issued:		
6,992 Shares of First Preference Stock.....	\$349,600.00	
Redeemed during the year 1947		
1,158 Shares of Second Preference Stock.....	57,900.00	
39,871 Shares of Common Stock.....	806,016.28	
	<hr/>	863,916.28
DEFERRED CREDIT TO SURPLUS—being estimated refundable portion of Excess Profits Taxes, per contra.....		94,589.43
CAPITAL SURPLUS—Transferred from Earned Surplus on Redemp- tion of Preferred Shares.....		349,600.00
EARNED SURPLUS.....		111,264.66
		<hr/>
		<u>\$2,617,270.59</u>

REPORT

l, in accordance with the requirements of the Companies' Act (Dominion) we report that we have obtained all the information and explana-
of the Company at 31st December, 1947, according to the best of our information and the explanations given to us and as shown by the books
n the Balance Sheet; which provision, in the opinion of the Directors, is adequate.

GEORGE A. TOUCHE & CO.,
Chartered Accountants, Auditors.

THE GREAT WEST SADDLERY COMPANY LIMITED

BALANCE SHEET AT 31st DECEMBER 1947

STATEMENT

ASSETS

CURRENT ASSETS:

Cash on Hand.....		\$ 7,686.43
Accounts Receivable.....	\$627,029.89	
Less Reserve for Doubtful Accounts.....	56,362.30	
		570,667.59
Raw Materials, goods in process, finished stock and supplies on hand as per inventories valued on the basis of cost or market, whichever is the lower, as determined from cost or other records, and certified by responsible officials; less Reserves.....		1,365,080.97
Prepaid Expenses.....		4,701.47
Total Current Assets.....		<u>\$1,948,136.46</u>

FIXED ASSETS:

Land, Buildings, Plant, Machinery and Equipment at depreciated values based on appraisal by Sterling Appraisal Co. Ltd., dated 10th February, 1928, with subsequent additions at cost, less Depreciation provided to 31st December, 1936.....	\$772,404.58	
Deduct subsequent provision for Depreciation.....	244,869.64	
		527,534.94

SUNDRY PROPERTIES AND MORTGAGES..... 28,572.74

DEFERRED ACCOUNT RECEIVABLE—being estimated refundable portion of Excess Profits Taxes, per contra..... 94,589.43

EQUITY IN RECIPROCAL INSURANCE EXCHANGES.....	\$ 20,833.85	
Less Reserve.....	7,500.00	
		13,333.85

GOODWILL..... 1.00

DEFERRED CHARGES..... 5,102.17

Approved on behalf of the Board

R. A. ADAMS, Director
D. J. HUTCHINGS, Director

\$2,617,270.59

AUDITOR

To the Shareholders of

The Great West Saddlery Company Limited, Winnipeg.

We have examined the books and accounts of The Great West Saddlery Company Limited for the year ended 31st December, 1947 in accordance with the provisions we have required. In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Company. Depreciation of Fixed Assets for the year, provided at the usual rates, is based on the reduced value of \$772,404.58, as shown in the Balance Sheet.

Winnipeg, 14th February, 1948.

The Great West Saddlery Company Ltd.

DIRECTORS

R. A. ADAMS,
Toronto

D. J. HUTCHINGS,
Winnipeg

C. V. SHAVER,
Toronto

J. H. MARSHALL,
Toronto

P. ROBERTSON
Toronto

OFFICERS

President.....R. A. ADAMS
Vice-President and General Manager.....D. J. HUTCHINGS
Secretary and Assistant General Manager.....J. C. BROADFOOT
General Sales Manager.....M. H. WITERS
Treasurer.....B. PAPWORTH

Branch Managers:

Calgary.....J. Stinson
Edmonton.....J. McCaughan
Saskatoon.....J. Power
Regina.....E. Pettipiece
Winnipeg.....R. E. Lathey