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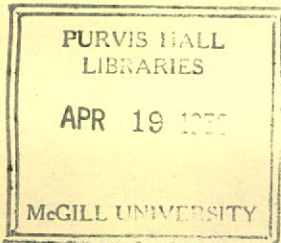
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# ANNUAL REPORT

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The Great West Saddlery Company Ltd.

Fiscal Year Ended December 31st, 1949



# ANNUAL REPORT

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To the Shareholders:

Presented herewith is a Balance Sheet showing the Company's position as of December 31st, 1949, a Statement of Profit and Loss showing the result of operation for the year, and a Statement of Earned Surplus Account.

## MATTERS OF SPECIAL INTEREST

On June 30th, 1949, the Company redeemed its total issue of Second Preference Stock at the call price of \$55.00 plus accrued dividends. To comply with the Companies' Act, the sum of \$57,900.00 was transferred from Earned Surplus to Capital Surplus.

Interest and instalments amounting to \$60,000.00 were paid on the First Mortgage Seven Year Three Percent Instalment Bonds, discharging all obligations under the Trust Deed for the year.

## TRADING CONDITIONS

Crop conditions in the area served by your Company were very diversified. In the grain growing areas of the prairie provinces, some districts—particularly Manitoba, North-Eastern Saskatchewan and the Peace River District of Alberta—produced normal or above normal crops, but on the other hand, a large area in South-Western Saskatchewan and South-Eastern Alberta experienced almost total crop failure. The rest of the grain growing area produced an average to poor crop.

In Northern Ontario and British Columbia—where much of our business is dependent upon the pulp and lumbering industries—business was affected by the small quantity of logs moved and by the mechanization of these operations.

Competition, too, was extremely keen but your Company was able to hold its share of business.

## FINANCIAL CONDITIONS

While the redemption of Second Preference Shares and Bond instalments were a substantial drain on liquid funds, Working Capital increased during the year by \$68,392.00 to \$1,508,876.00.

Bank indebtedness was retired in full, and the only substantial current liability at the year end was outstanding cheques.

Reserves of all nature are considered sufficient for the purpose for which they were created.

## OPERATING RESULTS

Previous years sales were maintained in all lines of merchandise carried by your Company with the exception of harness. Mechanization of farming and the pulp and lumber industries increased phenomenally in the past three years to the point where horse-power is now a very small factor, which is reflected in the sales of harness. Sales of harness were down about one-third from 1948, and the increase in business in other lines did not overtake the deficit, resulting in total sales of the Company being about two percent under 1948.

Greater competition for business resulted in a slightly lowered markup on sales and slightly increased overhead.

## FUTURE

The result of 1950 operations is very difficult to predict. Adjustments have already been made which give greater control of overhead. If farm economy is not radically depressed by low prices, your officers expect to maintain volume of sales, despite ever increasing competition, and look forward with cautious optimism to producing better results than in 1949.

Signed on behalf of the Board,

R. A. ADAMS,  
President.

Winnipeg, Manitoba,  
April 1st, 1950.

# The Great West Saddlery Company Limited

## STATEMENT II

### PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31st DECEMBER, 1949

Profit from Operations for the year, before charging Executive Salaries, Bond Interest, Depreciation and Income Taxes.....		\$ 212,449.67
Deduct:		
Executive Salaries.....	\$ 36,503.84	
Directors' Fees.....	900.00	
Bond Interest.....	12,748.00	
		<u>50,151.84</u>
Profit for the year, before providing for Depreciation and Income Taxes.....		\$ 162,297.83
Deduct:		
Provision for Depreciation.....	\$ 22,392.00	
Income Taxes, estimated.....	52,000.00	
		<u>74,392.00</u>
Add Gain on disposal of Fixed Assets.....		\$ 87,905.83 7,673.40
Net Profit for the year, carried to Surplus Account (Statement III).....		<u>\$ 95,579.23</u>

## STATEMENT III

### STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED 31st DECEMBER, 1949

Surplus at 31st December, 1948.....		\$ 353,863.18
Adjustment of Excess Profits Tax for years 1944 and 1945.....		2,116.35
Adjustment of Depreciation Reserve.....		6,101.71
		<u>\$ 362,081.24</u>
Transferred to Capital Surplus on Redemption of Second Preference Shares.....	\$ 57,900.00	
Premium Paid on Second Preference Shares.....	5,790.00	
Dividends paid on Preference Shares for half-year ended 30th June 1949	1,722.00	
Adjustment of Bad Debts Reserve.....	2,481.61	
Adjustment of Income Tax Provision to 31st December 1946.....	94.87	
		<u>67,988.48</u>
Net Profit for the year per Statement II.....		\$ 294,092.76 95,579.23
Surplus at 31st December 1949, carried to Statement I.....		<u>\$ 389,671.99</u>

# ALERY COMPANY LIMITED

DECEMBER, 1949

MENT 1

## LIABILITIES AND CAPITAL

### CURRENT LIABILITIES:

Bank Overdraft, Current Account (consisting of unrepresented cheques).....		\$ 385,992.93
Accounts Payable		
Trade Accounts and Accrued Charges.....	\$ 173,181.96	
Employees Salaries and Commissions, etc.....	5,903.80	
Dominion and Provincial Taxes, Sundry.....	2,379.53	
Estimated Income Taxes.....	33,627.87	
Bond Interest Accrued.....	5,055.50	
		<u>220,148.66</u>
Total Current Liabilities.....		\$ 606,141.59
FIRST MORTGAGE 7 year 3% Instalment Bonds Authorized and issued in 1947.....	\$ 525,250.00	
Less Instalments Paid.....	120,000.00	
		<u>405,250.00</u>
RESERVE FOR CONTINGENCIES.....		72,817.65
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	
Common Stock of no par value, 40,000 Shares		
Issued:		
39,871 Shares of Common Stock.....		806,016.28
CAPITAL SURPLUS—Transferred from Earned Surplus on Redemp- tion of the Preferred Shares.....		407,500.00
EARNED SURPLUS per Statement III.....		389,671.99
		<u>\$2,687,397.51</u>

## REPORT

and in accordance with the requirements of the Companies' Act (Dominion) we report that we have obtained all the information and explanations of the Company at 31st December, 1949, according to the best of our information and the explanations given to us and as shown by the books in 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

BALANCE SHEET AT 31st DECEMBER 1950

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## ASSETS

### CURRENT ASSETS:

Cash on Hand.....		\$ 18,128.10
Accounts Receivable.....	\$ 706,423.38	
Less Reserve for Doubtful Accounts.....	20,132.03	
		686,291.35
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.....		1,407,450.99
Prepaid Expenses.....		3,147.19
		\$2,115,017.63

### 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.....	\$ 690,281.09	
Deduct subsequent provision for Depreciation.....	205,255.10	
		485,025.99

SUNDRY MORTGAGES AND AGREEMENTS..... 24,863.49

DEFERRED ACCOUNT RECEIVABLE—being refundable portion of Excess Profits Taxes..... 40,116.35

EQUITY IN RECIPROCAL INSURANCE EXCHANGES.....	\$ 22,982.43	
Less Reserve.....	7,500.00	
		15,432.43

GOODWILL..... 1.00

DEFERRED CHARGES..... 6,890.62

Approved on behalf of the Board

R. A. ADAMS, Director  
C. V. SHAVER, Director

\$2,687,397.51

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, 1950, and in accordance with the conditions 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 Company. Depreciation of Fixed Assets for the year, provided at the usual rates, is based on the reduced value of \$690,281.09, as shown in the Balance Sheet.

Winnipeg, 27th March, 1950.

