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STEDMAN BROS., LIMITED

136-152 PORTLAND STREET - TORONTO, CANADA

March 28, 1963.

To the Shareholders of Stedman Bros., Limited:

Your directors submit for your consideration the Annual Statement covering operation of the business for the year ending December 31, 1962, together with Profit and Loss Statement and Auditors' Certificate.

The results for the year show an increase in volume and in net profit which it is hoped will meet with your approval.

During the year we opened 6 stores and closed 3. We spent on Improvements and New Fixtures \$827,766. Our inventories are somewhat higher, but it should be remembered that the gradual increase in prices is part of the increase. The Inventories of new stores opened are also a factor.

The year has been one of changes; there is no part of our economy that has felt it more than the retail business. The principle upon which this business was founded is to distribute merchandise at the lowest price, consistent with the cost of doing business, and during the past fifteen years our mark-up has not varied more than one half of one percent.

It is true that customer parking has been a factor but beyond that we are all exposed to the cost of labour, municipal taxes and other taxes. For that reason, I feel that we can face the future with confidence.

The staff and management are deserving of our sincere thanks for the statement presented.

S. W. STEDMAN,
Chairman of the Board.

STEDMAN BROS., LIMITED

INCORPORATED UNDER THE LAWS OF CANADA

BALANCE SHEET

December 31, 1962

(with comparative figures as at December 31, 1961)

(Cents omitted)

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ASSETS

	1962	1961
<u>Current assets:</u>		
Cash	\$ 3,648,953	\$ 3,530,387
Accounts receivable, less allowance for doubtful accounts	1,048,935	1,045,024
Merchandise inventories, at not more than the lower of cost or market	6,595,883	5,400,836
Advance payments on merchandise	124,257	104,417
Life insurance, cash surrender value	9,840	9,578
Prepaid insurance and expenses	45,981	68,839
	<u>\$11,473,849</u>	<u>\$10,159,081</u>
<u>Fixed assets, at cost:</u>		
Land and buildings	\$ 4,281,325	\$ 4,096,337
Furniture, fixtures and leasehold improvements	4,775,819	4,133,040
	<u>\$ 9,057,144</u>	<u>\$ 8,229,377</u>
<u>Less: Accumulated depreciation</u>	4,180,338	3,666,551
	<u>\$ 4,876,806</u>	<u>\$ 4,562,826</u>
	<u>\$16,350,655</u>	<u>\$14,721,907</u>

LIABILITIES

	1962	1961
<u>Current liabilities:</u>		
Accounts payable and accrued expenses	\$ 993,862	\$ 797,016
Income taxes payable	1,019,086	745,248
Dividend payable	152,688	152,688
	<u>\$ 2,165,636</u>	<u>\$ 1,694,952</u>
<u>6% Mortgage</u> , payable \$2,000 annually until fully paid	\$ 14,000	\$ 16,000
	<u>\$ 2,179,636</u>	<u>\$ 1,710,952</u>
<u>Shareholders' equity:</u>		
Capital stock:		
Authorized:		
1,500,000 common shares without nominal or par value		
Issued:		
1,221,504 shares	\$ 294,801	\$ 294,801
Retained earnings	13,876,218	12,716,154
	<u>\$14,171,019</u>	<u>\$13,010,955</u>
	<u>\$16,350,655</u>	<u>\$14,721,907</u>

Approved on behalf of the Board.

S. W. STEDMAN, *Director*

GEO. H. STEDMAN, *Director*

STEDMAN BROS., LIMITED

STATEMENT OF INCOME

Year ended December 31, 1962
(with comparative figures for the year ended December 31, 1961)
(Cents omitted)
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	1962	1961
Profit on operations before the undernoted items.....	\$ 4,254,438	\$ 3,680,356
<u>Deduct:</u>		
Allowance for depreciation.....	518,838	478,560
Employees' pension fund, net.....	52,340	48,719
Remuneration of directors:		
Salaried.....	46,090	46,090
Non-salaried.....	1,200	1,200
Taxes on income.....	1,865,000	1,593,000
	\$ 2,483,468	\$ 2,167,569
<u>Net income for year.....</u>	\$ 1,770,970	\$ 1,512,787

STATEMENT OF RETAINED EARNINGS

Year ended December 31, 1962
(with comparative figures for the year ended December 31, 1961)
(Cents omitted)
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	1962	1961
Retained earnings at beginning of year.....	\$12,716,154	\$11,707,712
<u>Add:</u>		
Net income for year.....	1,770,970	1,512,787
Surplus (loss) on disposal of fixed assets.....	(16)	16,977
	\$14,487,108	\$13,237,476
<u>Deduct:</u>		
Dividends.....	\$ 610,752	\$ 519,139
Life insurance adjustment.....	138	183
Value of real estate written down.....		2,000
	610,890	521,322
<u>Retained earnings at end of year.....</u>	\$13,876,218	\$12,716,154

AUDITORS' REPORT

To the Shareholders of
Stedman Bros., Limited:

We have examined the balance sheet of Stedman Bros., Limited, as at December 31, 1962 and the statements of income and retained earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and related statements of income and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1962 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada.
February 14, 1963.

THORNE, MULHOLLAND, HOWSON & McPHERSON,
Chartered Accountants.

STEDMAN BROS., LIMITED

ANNUAL REPORT

FOR THE

Year Ending 31st December, 1962

OFFICERS:

SAMUEL W. STEDMAN.....Chairman of the Board
GEORGE H. STEDMAN President
DOUGLAS J. MACDONALD.....Vice-President
A. ROSS POYNTZ Vice-President
S. P. WOOLEVER..... Managing Director
GEO. T. HUMBLEDirector
A. A. MACDONALD, Q.C.....Director
E. J. EASON Secretary-Treasurer
G. W. FLETCHER.....Asst. Secretary-Treasurer

STOCK TRANSFER AGENTS:

GUARANTY TRUST COMPANY OF CANADA
366 Bay Street
Toronto.

BANKERS:

THE TORONTO-DOMINION BANK
Toronto.