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STEDMAN BROS., LIMITED

136-152 PORTLAND STREET - TORONTO, CANADA

April 7, 1962.

To the Shareholders of Stedman Bros., Limited:

Your directors have pleasure in submitting for your consideration the Annual Report of the Company, together with Balance Sheet and Statement of Income for the year 1961 as certified by the Auditors of the Company.

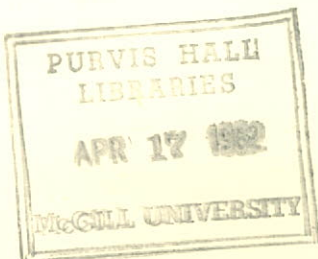
The results of the year show a slight increase in volume and a slight increase in profit. The physical assets of the Company have been well maintained. During the year we spent \$431,000 on improvements and new construction. On December 31, 1961 there were 133 stores in operation owned by the Company, also 211 associated stores owned by the person operating them. They contract with us for their purchases and we assist them in every way we can.

The year 1961 was one of keen competition. The merchandising business is changing very fast; Food Stores, Shopping Plazas, Discount Stores, all striving for the Retail Dollar—but as of the present no definite trend has been established.

This business was founded on the policy—To distribute merchandise at the lowest price consistent with the cost of doing business. We still support that policy and we face the future with confidence.

On behalf of the Directors, I would like to express our thanks for the loyal support of the staff during 1961.

S. W. STEDMAN,
Chairman of the Board.



STEDMAN BROS., LIMITED

INCORPORATED UNDER THE LAWS OF CANADA

BALANCE SHEET

December 31, 1961

(with comparative figures as at December 31, 1960)

(Cents omitted)

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ASSETS

	1961	1960
<u>Current assets:</u>		
Cash	\$ 3,530,387	\$ 2,099,310
Accounts receivable, less allowance for doubtful accounts	1,045,024	790,834
Merchandise inventories, at not more than the lower of cost or market	5,400,836	6,243,544
Advance payments on merchandise	104,417	130,716
Life insurance, cash surrender value	9,578	9,361
Prepaid insurance and expenses	68,839	88,971
	<u>\$10,159,081</u>	<u>\$ 9,362,736</u>
<u>Fixed assets, at cost:</u>		
Land and buildings	\$ 4,096,337	\$ 3,919,396
Furniture, fixtures and leasehold improvements	4,133,040	3,878,522
	<u>\$ 8,229,377</u>	<u>\$ 7,797,918</u>
<u>Less: Accumulated depreciation</u>	3,666,551	3,247,104
	<u>\$ 4,562,826</u>	<u>\$ 4,550,814</u>
	<u>\$14,721,907</u>	<u>\$13,913,550</u>

LIABILITIES

	1961	1960
<u>Current liabilities:</u>		
Accounts payable and accrued expenses	\$ 797,016	\$ 835,852
Income taxes payable	745,248	935,034
Dividend payable	152,688	122,151
	<u>1,694,952</u>	<u>\$ 1,893,037</u>
<u>6% Mortgage, payable \$2,000 annually until fully paid</u>	<u>\$ 16,000</u>	<u>\$ 18,000</u>
<u>Shareholders' equity:</u>		
Capital stock:		
Authorized:		
1,500,000 common shares without nominal or par value (increased from 500,000 to 1,500,000 shares by Supplementary Letters Patent dated October 14, 1961)		
Issued:		
1,221,504 shares (split 3 for 1 in 1961)	\$ 294,801	\$ 294,801
Retained earnings	12,716,154	11,707,712
	<u>\$13,010,955</u>	<u>\$12,002,513</u>
	<u>\$14,721,907</u>	<u>\$13,913,550</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, 1961

(with comparative figures for the year ended December 31, 1960)

(Cents omitted)

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	1961	1960
Profit on operations before the undernoted items.....	\$ 3,680,356	\$ 3,604,199
<u>Deduct:</u>		
Allowance for depreciation.....	478,560	489,385
Employees' pension fund, net.....	48,719	40,947
Remuneration of directors:		
Salaried.....	46,090	45,428
Non-salaried.....	1,200	1,200
Taxes on income.....	1,593,000	1,595,000
	<u>\$ 2,167,569</u>	<u>\$ 2,171,960</u>
<u>Net income for year.....</u>	<u>\$ 1,512,787</u>	<u>\$ 1,432,239</u>

STATEMENT OF RETAINED EARNINGS

Year ended December 31, 1961

(with comparative figures for the year ended December 31, 1960)

(Cents omitted)

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	1961	1960
Retained earnings at beginning of year.....	\$11,707,712	\$10,759,028
<u>Add:</u>		
Net income for year.....	1,512,787	1,432,239
Surplus on disposal of fixed assets.....	16,977	
Transfer of capital surplus, arising from redemption of preference shares.....		5,200
	<u>\$13,237,476</u>	<u>\$12,196,467</u>
<u>Deduct:</u>		
Dividends paid.....	\$ 519,139	\$ 488,602
Life insurance adjustment.....	183	153
Value of real estate written down.....	2,000	
	<u>521,322</u>	<u>488,755</u>
<u>Retained earnings at end of year.....</u>	<u>\$12,716,154</u>	<u>\$11,707,712</u>

AUDITORS' REPORT

To the Shareholders of
Stedman Bros., Limited:

We have examined the balance sheet of Stedman Bros., Limited, as at December 31, 1961 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, 1961 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.
March 20, 1962.

THORNE, MULHOLLAND, HOWSON & McPHERSON,
Chartered Accountants.

STEDMAN BROS., LIMITED

ANNUAL REPORT

FOR THE

Year Ending 31st December, 1961

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. HUMBLE.....Director
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.