

Stack

STEDMAN BROS., LIMITED
136-152 PORTLAND STREET - TORONTO, CANADA

April 7, 1961

To the Shareholders of Stedman Bros., Limited:

The Directors of the Company have pleasure in submitting for your approval the Annual Statement, the Profit and Loss Statement, and the Auditors' Certificate, covering operations of the Company for the year ending December 31, 1960.

The year 1960 has been a satisfactory one considering the conditions that existed. During the year we spent \$27,175.30 on improvements to Leased Properties and on new buildings and additions \$711,059.00. We opened three new stores and closed one. At present we operate 126 Company owned stores and 206 franchise stores which are owned by the individuals who operate them.

Our success depends on volume and the efficiency of operation. We cannot buy any cheaper than our competitors and we cannot sell for more. For this reason we cannot pass on to our customers any increase in cost of operation. In our operation we feel that we are not only serving our own customers but are rendering a worthwhile service to the small and independent merchant who must face the same competition.

The success during 1960 has been achieved by the co-operation of all members of our staff; for this the Directors would like to express their thanks, it justifies our confidence in facing the future. The year 1961 compares favorably with 1960 for the first quarter, beyond that it is hard to forecast.

S. W. STEDMAN,
Chairman of the Board.

STEDMAN BROS., LIMITED

INCORPORATED UNDER THE LAWS OF CANADA

BALANCE SHEET

December 31, 1960

(with comparative figures as at December 31, 1959)

ASSETS

	1960	1959
<u>Current Assets:</u>		
Cash.....	\$ 2,099,310.87	\$ 3,354,314.24
Accounts Receivable, less allowance for doubtful accounts.....	790,833.64	941,745.18
Merchandise inventories, determined by physical count and valued at not more than the lower of cost or market.....	6,243,544.26	4,377,042.87
Advance Payments on Merchandise.....	130,715.73	161,937.28
Life Insurance, Cash Surrender Value.....	9,361.00	9,114.00
Prepaid Insurance and Expenses.....	88,970.67	34,777.17
	<u>\$ 9,362,735.67</u>	<u>\$ 8,878,930.74</u>
<u>Mortgage Receivable</u>		<u>\$ 2,000.00</u>
<u>Fixed Assets, at Cost:</u>		
Land and Buildings.....	\$ 3,919,396.26	\$ 3,208,337.23
Furniture, Fixtures and Leasehold Improvements.....	3,878,522.06	3,461,342.57
	<u>\$ 7,797,918.32</u>	<u>\$ 6,669,679.80</u>
<u>Less: Accumulated Depreciation</u>	<u>3,247,103.83</u>	<u>2,769,892.48</u>
	<u>\$ 4,550,814.49</u>	<u>\$ 3,899,787.32</u>
	<u>\$13,913,550.16</u>	<u>\$12,780,718.06</u>

LIABILITIES

	1960	1959
<u>Current Liabilities:</u>		
Accounts Payable and Accrued Expenses.....	\$ 835,852.22	\$ 839,050.41
Income Taxes Payable.....	935,034.24	740,488.18
Dividend Payable.....	122,150.40	122,150.40
	<u>\$ 1,893,036.86</u>	<u>\$ 1,701,688.99</u>
<u>6% Mortgage</u> , payable \$2,000.00 annually until fully paid.....	<u>\$ 18,000.00</u>	<u>20,000.00</u>
<u>Shareholders' Equity:</u>		
<u>Capital Stock:</u>		
Authorized, 500,000 Common Shares without nominal or par value		
Issued, 407,168 Shares.....	\$ 294,801.00	\$ 294,801.00
<u>Surplus:</u>		
Earned.....	11,707,712.30	10,759,028.07
Capital, Arising from Redemption of Preference Shares.....		5,200.00
	<u>\$12,002,513.30</u>	<u>\$11,059,029.07</u>
	<u>\$13,913,550.16</u>	<u>\$12,780,718.06</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, 1960

(with comparative figures for the year ended December 31, 1959)

	1960	1959
Profit on Operations before Provision for the Undernoted Items.....	\$ 3,604,198.70	\$ 3,332,786.40
Deduct:		
Allowance for Depreciation.....	489,385.26	435,761.51
Employees' Pension Fund, Net.....	40,947.05	43,398.53
Remuneration of Directors:		
Salaried.....	45,427.81	46,129.37
Non-salaried.....	1,200.00	1,200.00
Taxes on Income.....	1,595,000.00	1,453,000.00
	<u>\$ 2,171,960.12</u>	<u>\$ 1,979,489.41</u>
<u>Net Income for Year.....</u>	<u>\$ 1,432,238.58</u>	<u>\$ 1,353,296.99</u>

STATEMENT OF EARNED SURPLUS

Year ended December 31, 1960

(with comparative figures for the year ended December 31, 1959)

	1960	1959
Earned Surplus at Beginning of Year.....	\$10,759,028.07	\$ 9,871,271.35
Add:		
Net Income for Year.....	1,432,238.58	1,353,296.99
Surplus on disposal of Real Estate.....		20,984.68
Life Insurance, Adjustment.....	(152.75)	2,076.65
Transfer of Capital Surplus, arising from Redemption of Preference Shares.....	5,200.00	
	<u>\$12,196,313.90</u>	<u>\$11,247,629.67</u>
Deduct:		
Dividends Paid.....	488,601.60	488,601.60
<u>Earned Surplus at End of Year.....</u>	<u>\$11,707,712.30</u>	<u>\$10,759,028.07</u>

AUDITORS' REPORT

To the Shareholders of
Stedman Bros., Limited:

We have examined the balance sheet of Stedman Bros., Limited, as at December 31, 1960 and the statements of income and earned surplus 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 earned surplus 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, 1960 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 17, 1961.

THORNE, MULHOLLAND, HOWSON & McPHERSON,
Chartered Accountants.

STEDMAN BROS., LIMITED

ANNUAL REPORT

FOR THE

Year Ending 31st December, 1960

OFFICERS:

SAMUEL W. STEDMAN.....Chairman of the Board
GEORGE H. STEDMAN.....President
DOUGLAS J. MACDONALD.....Vice-President
S. P. WOOLEVER.....Managing Director
GEO. T. HUMBLE.....Director
A. A. MACDONALD, Q.C.....Director
A. ROSS POYNTZ.....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.

