

STEDMAN BROS., LIMITED

136-152 PORTLAND STREET - TORONTO, CANADA

April 8, 1960

To the Shareholders of Stedman Bros., Limited:

The Directors of Stedman Bros., Limited submit for your consideration the Annual Statement, together with the Profit and Loss Account and the Auditors Certificate covering the operation of the business for the year 1959.

The results show an improvement in both volume and profit before taxes.

The year's operations show—	1959	1958
Earnings before Taxes per share.....	6.89	6.51
Income Taxes per share.....	3.57	3.12
Net Earnings per share.....	3.32	3.39

It should be pointed out that since last year Corporation Tax has been increased 2%, also compared with last year the Sales Tax was increased 1%. Although this increase is small, when it is applied to a business that is built on volume, it makes a noticeable difference.

In the expansion of a business, not only is capital necessary but also competent personnel. For years we have had a training course for the young men coming into our organization. It covers 5 periods. When it is completed, the trainee is ready for a position of assistant manager and eventually manager.

To provide opportunities for these young men, we must continue to open new stores.

The indications are that competition will be very keen. However there is an old motto that "Competition is the Life of Trade", so we face it with confidence.

On behalf of the Board of Directors, I would like to express our thanks for their co-operation during the year, to the staff and all members of the organization.

S. W. STEDMAN,
Chairman of the Board.

STEDMAN BROS., LIMITED

INCORPORATED UNDER THE LAWS OF CANADA

BALANCE SHEET

December 31, 1959

(with comparative figures as at December 31, 1958)

ASSETS		
	1959	1958
<u>Current Assets:</u>		
Cash.....	\$ 3,354,314.24	\$ 1,680,225.25
Accounts Receivable, less allowance for doubtful accounts.....	941,745.18	983,593.31
Merchandise inventories, determined by physical count and valued at not more than the lower of cost or market.....	4,377,042.87	4,753,488.20
Advance Payments on Merchandise.....	161,937.28	147,293.99
Life Insurance, Cash Surrender Value.....	9,114.00	69,211.70
Prepaid Insurance and Expenses.....	34,777.17	55,994.98
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	\$ 8,878,930.74	\$ 7,689,807.43
 <u>Mortgage Receivable</u>	 \$ 2,000.00	 \$ 4,000.00
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<u>Fixed Assets, at Cost:</u>		
Land and Buildings.....	\$ 3,208,337.23	\$ 2,838,075.14
Furniture, Fixtures and Leasehold Improvements.....	3,461,342.57	3,037,881.12
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	\$ 6,669,679.80	\$ 5,875,956.26
 <u>Less: Accumulated Depreciation</u>	 2,769,892.48	 2,428,995.94
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	\$ 3,899,787.32	\$ 3,446,960.32
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	\$12,780,718.06	\$11,140,767.75
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LIABILITIES		
	1959	1958
<u>Current Liabilities:</u>		
Accounts Payable and Accrued Expenses.....	\$ 839,050.41	\$ 231,708.28
Income Taxes Payable.....	740,488.18	615,636.72
Dividend Payable.....	122,150.40	122,150.40
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	\$ 1,701,688.99	\$ 969,495.40
 <u>6% Mortgage payable, \$2,000.00 annually until fully paid</u>	 \$ 20,000.00	
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<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.....	10,759,028.07	9,871,271.35
Capital, Arising from Redemption of Preference Shares.....	5,200.00	5,200.00
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	\$11,059,029.07	\$10,171,272.35
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	\$12,780,718.06	\$11,140,767.75
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Approved on behalf of the Board.

S. W. STEDMAN, *Director*

GEO. H. STEDMAN, *Director*

STEDMAN BROS., LIMITED

STATEMENT OF INCOME

Year ended December 31, 1959

(with comparative figures for the year ended December 31, 1958)

	1959	1958
Profit on Operations before Provision for the Undernoted Items.....	\$ 3,332,786.40	\$ 3,127,619.40
<u>Deduct:</u>		
Allowance for Depreciation.....	435,761.51	380,740.35
Employees' Pension Fund, Net.....	43,398.53	41,603.13
Remuneration of Directors:		
Salaried.....	46,129.37	54,151.93
Non-salaried.....	1,200.00	900.00
Taxes on Income.....	1,453,000.00	1,270,000.00
	<u>\$ 1,979,489.41</u>	<u>\$ 1,747,395.41</u>
<u>Net Income for Year.....</u>	<u>\$ 1,353,296.99</u>	<u>\$ 1,380,223.99</u>

STATEMENT OF EARNED SURPLUS

Year ended December 31, 1959

(with comparative figures for the year ended December 31, 1958)

	1959	1958
Earned Surplus at Beginning of Year.....	\$ 9,871,271.35	\$ 8,972,279.49
<u>Add:</u>		
Net Income for Year.....	1,353,296.99	1,380,223.99
Surplus on disposal of Real Estate.....	20,984.68	5,720.20
Life Insurance, Adjustment.....	2,076.65	1,649.27
	<u>\$11,247,629.67</u>	<u>\$10,359,872.95</u>
<u>Deduct Dividends Paid.....</u>	<u>488,601.60</u>	<u>488,601.60</u>
<u>Earned Surplus at End of Year.....</u>	<u>\$10,759,028.07</u>	<u>\$ 9,871,271.35</u>

AUDITORS' REPORT

To the Shareholders of
Stedman Bros., Limited:

We have examined the balance sheet of Stedman Bros., Limited, as at December 31, 1959, 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, the accompanying balance sheet and the 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, 1959, 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 and according to the best of our information and the explanations given to us and as shown by the books of the company.

Toronto, Canada
March 21, 1960.

THORNE, MULHOLLAND, HOWSON & McPHERSON,
Chartered Accountants.

