

STEDMAN BROS., LIMITED

136-152 PORTLAND STREET

TORONTO, CANADA

April 8th, 1957

To the Shareholders of Stedman Bros., Limited:

Your Directors have pleasure in submitting for your consideration the Annual Report of the Company, together with the Balance Sheet and Statement of Income, for the year ending December 31, 1956, as certified by the auditors of the Company.

The year 1956 should be considered satisfactory. Our sales volume and resulting net profit show further increases. The earnings for 1956 were \$3.00 per share compared with \$2.65 per share in 1955.

The physical assets of the Company have been well maintained. The fixed assets were increased by \$600,189.38 through modernization and improvement and the acquisition of new properties.

To further improve our services a number of stores were converted to the self-serve system. Two new stores were opened and one was closed. Our shareholders can be justly proud of a new store which was opened in July, 1956, in the Northtown Shopping Centre in North Toronto. Many opportunities for new outlets were offered but your Directors favoured strengthening our position in existing locations.

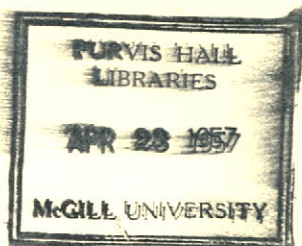
Our inventories show a moderate increase, but this is to be expected in view of gradually rising prices and the increased volume. Our cash position has been well maintained to enable us to take advantage of future opportunities.

The year 1957 is comparing favourably with 1956.

The results as disclosed by this statement result from the united effort of all our staff, both in the retail stores and in the Head Office at Toronto. On behalf of the Directors I should like to express thanks for this co-operation in which I am sure all shareholders will wish to join.

Signed on behalf of the Board,

S. W. STEDMAN,
Chairman.



STEDMAN BROS., LIMITED

INCORPORATED UNDER THE LAWS OF CANADA

BALANCE SHEET

December 31, 1956

(with comparative figures as at December 31, 1955)

ASSETS		
	1956	1955
<u>Current Assets</u>		
Cash	\$1,392,157.97	\$1,644,398.61
Marketable Securities at Cost (market value \$394,000.00)	394,250.00	
Accounts Receivable, less allowance for doubtful accounts	919,280.28	886,759.87
Merchandise inventories as determined by the management and certified to be valued at not more than the lower of cost or market	3,737,506.55	3,363,730.41
Advance Payments on Merchandise	62,225.87	69,657.78
Life Insurance, Cash Surrender Value	59,070.93	54,447.19
Prepaid Insurance and Expenses	22,392.00	37,253.04
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	\$6,586,883.60	\$6,056,246.90
<u>Mortgage Receivable</u>	\$ 8,000.00	
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<u>Fixed Assets, at Cost</u>		
Land and Buildings	\$2,215,139.37	\$2,067,084.50
Furniture, Fixtures and Leasehold Improvements	2,105,614.53	1,653,480.02
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	\$4,320,753.90	\$3,720,564.52
<u>Less: Accumulated Allowance for Depreciation</u>	1,735,578.03	1,460,180.31
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	\$2,585,175.87	\$2,260,384.21
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	\$9,180,059.47	\$8,316,631.11

LIABILITIES		
	1956	1955
<u>Current Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 152,794.28	\$ 166,145.03
Income Tax Payable	569,819.00	520,612.56
Dividends Payable	101,792.00	101,792.00
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	\$ 824,405.28	\$ 788,549.59
<u>Capital Stock and Surplus</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	8,055,653.19	7,228,080.52
Capital, Arising from Redemption of Preference Shares	5,200.00	5,200.00
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	\$8,355,654.19	\$7,528,081.52
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	\$9,180,059.47	\$8,316,631.11

Approved on behalf of the Board:

S. W. STEDMAN, *Director*

GEO. H. STEDMAN, *Director*

STEDMAN BROS., LIMITED

STATEMENT OF INCOME

Year ended December 31, 1956

(with comparative figures for the year ended December 31, 1955)

	1956	1955
Profit on Operations before Provision for the Undernoted Items.....	\$2,660,305.79	\$2,339,052.29
Deduct:		
Allowance for Depreciation	\$ 275,397.72	\$ 219,909.76
Employees' Pension Fund, Net	33,575.73	39,535.33
Remuneration of Directors:		
Salaried	61,050.86	59,611.06
Non-salaried	900.00	900.00
Tax on Income	1,067,000.00	940,000.00
	<u>\$1,437,924.31</u>	<u>\$1,259,956.15</u>
<u>Net Income for Year</u>	<u>\$1,222,381.48</u>	<u>\$1,079,096.14</u>

STATEMENT OF EARNED SURPLUS

Year ended December 31, 1956

(with comparative figures for the year ended December 31, 1955)

	1956	1955
Earned Surplus, Beginning of Year	\$7,228,080.52	\$6,313,033.88
Add:		
Net Income for Year	1,222,381.48	1,079,096.14
Life Insurance, Adjustment	961.49	717.82
Dividend from Stedman's Bookstore Limited		21,200.00
Surplus on Sale of Investment in Stedman's Bookstore Limited		41,559.08
Surplus on Sale of Real Estate	11,397.70	
Reserve against Decline in Inventory Values, Adjustment		200,000.00
	<u>\$8,462,821.19</u>	<u>\$7,655,606.92</u>
Deduct: Dividends Paid	407,168.00	427,526.40
<u>Earned Surplus, End of Year</u>	<u>\$8,055,653.19</u>	<u>\$7,228,080.52</u>

AUDITORS' REPORT

To the Shareholders of
Stedman Bros., Limited:

We have examined the balance sheet of Stedman Bros., Limited, as at December 31, 1956, 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 above balance sheet and the accompanying 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, 1956, and the results of its operations for the year ended on that date, according to the best of our information and the explanations given us and as shown by the books.

Toronto, Canada,
March 21, 1957.

THORNE, MULHOLLAND, HOWSON & McPHERSON,
Chartered Accountants.

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STEDMAN BROS., LIMITED

ANNUAL REPORT
FOR THE
Year Ending 31st December, 1956

OFFICERS:

SAMUEL W. STEDMAN.....Chairman of the Board
GEORGE H STEDMAN.....President
GEO. T. HUMBLE.....Vice-President and
 Managing Director
J. D. RAE.....Secretary-Treasurer
DOUGLAS J. MACDONALDVice-President
J. R. MORRISON.....Vice-President
A. A. MACDONALD, Q.C.....Director
A. ROSS POYNTZ.....Director

STOCK TRANSFER AGENTS:

GUARANTY TRUST COMPANY OF CANADA
70 Richmond Street West
Toronto

BANKERS:

THE TORONTO-DOMINION BANK
Toronto