

STEDMAN BROS., LIMITED

136-152 PORTLAND STREET

TORONTO, CANADA

April 10th, 1956.

To The Shareholders of Stedman Bros., Limited:

The Board of Directors submit herewith the Annual Report of the Company, together with Balance Sheet and Statement of Profit and Loss, for the year ending December 31, 1955, as certified by the Auditors of the Company. We feel sure it will meet with your approval.

The results show an increase in volume and also in net earnings of 45 cents per share.

During the year we opened five new stores. We are still continuing the policy of improving our stores, especially where we own the building.

Like every line of business, the retail business is changing very fast; Shopping Centres and Self-Service are innovations that are being adopted to a very large degree. In a number of stores where circumstances permit, we are using the Self-Service System and we are opening a large unit in the Northtown Shopping Centre (Willowdale). Whether they are the complete answer or not, only time will determine.

As our shareholders know, we operate in addition to our own stores, what we call associate stores, which are owned by the individuals operating them. We are approaching the time when the owners of these stores will wish to retire. Having spent much time and effort in developing this business, we feel that we should purchase these stores when the owners wish to retire. This will require capital and it is a matter to which we will have to give thought as time goes on.

The year 1956 is comparing favorably with 1955 and while it will bring many problems, we face it with confidence.

On behalf of the Management and Directors, I wish to express our sincere thanks to the staff for their fine co-operation during the year.

Signed on behalf of the Board,

S. W. STEDMAN,
Chairman.

STEDMAN BROS., LIMITED

INCORPORATED UNDER THE LAWS OF CANADA

BALANCE SHEET

December 31, 1955

(with comparative figures as at December 31, 1954)

ASSETS		1954 Comparative Figures
<u>Current Assets</u>	1955	
Cash on Hand and in Banks	\$1,644,398.61	\$1,668,425.90
Accounts Receivable, less allowance for doubtful accounts	886,759.87	689,772.87
Merchandise inventories as determined by the management and certified to be valued at not more than the lower of cost or market (less a reserve of \$200,000.00 against decline in inventory values at December 31, 1954 only)	3,363,730.41	2,895,736.42
Advance Payments on Merchandise	69,657.78	63,809.01
Life Insurance, Cash Surrender Value	54,447.19	50,067.12
Prepaid Insurance and Expenses	37,253.04	25,374.95
	\$6,056,246.90	\$5,393,186.27
 <u>Fixed Assets, at Cost</u>		
Land and Buildings	\$2,067,084.50	\$1,750,007.36
Furniture, Fixtures and Leasehold Improvements	1,653,480.02	1,356,411.68
	\$3,720,564.52	\$3,106,419.04
<u>Less:</u> Accumulated Allowance for Depreciation	1,460,180.31	1,240,270.55
	\$2,260,384.21	\$1,866,148.49
	\$8,316,631.11	\$7,259,334.76

LIABILITIES		1954 Comparative Figures
<u>Current Liabilities</u>	1955	
Accounts Payable and Accrued Expenses	\$ 166,145.03	\$ 124,666.26
Income Taxes Payable	520,612.56	440,200.02
Dividends Payable	101,792.00	81,433.60
	\$ 788,549.59	\$ 646,299.88
 <u>Capital Stock and Surplus</u>		
Capital Stock:		
Authorized, 500,000 Common Shares without nominal or par value		
Issued, 407,168 Shares	\$ 294,801.00	\$ 294,801.00
Surplus:		
Earned	7,228,080.52	6,313,033.88
Capital, Arising from Redemption of Preference Shares	5,200.00	5,200.00
	\$7,528,081.52	\$6,613,034.88
	\$8,316,631.11	\$7,259,334.76

Approved on behalf of the Board:

S. W. STEDMAN, *Director*

GEO. H. STEDMAN, *Director*

STEDMAN BROS., LIMITED

STATEMENT OF PROFIT AND LOSS

Year ended December 31, 1955

(with comparative figures for the year ended December 31, 1954)

	1955	1954 Comparative Figures
Profit on Operations before Provision for the Undermentioned Items	\$2,339,052.29	\$2,013,847.60
<u>Deduct:</u>		
Allowance for Depreciation	\$ 219,909.76	\$ 178,751.17
Employees' Pension Fund, Net	39,535.33	24,995.41
Remuneration of Directors:		
Salaried	59,611.06	57,809.87
Non-salaried	900.00	900.00
Taxes on Income	940,000.00	856,313.57
	<u>\$1,259,956.15</u>	<u>\$1,118,770.02</u>
<u>Net Profit for Year</u>	<u>\$1,079,096.14</u>	<u>\$ 895,077.58</u>

STATEMENT OF EARNED SURPLUS

Year ended December 31, 1955

(with comparative figures for the year ended December 31, 1954)

	1955	1954 Comparative Figures
Earned Surplus, Beginning of Year	\$6,313,033.88	\$5,778,730.82
<u>Add:</u>		
Net Profit for Year	1,079,096.14	895,077.58
Life Insurance, Adjustment	717.82	376.68
Dividend from Stedman's Bookstore Limited	21,200.00	5,300.00
Surplus on Sale of Investment in Stedman's Bookstore Limited	41,559.08	
Reserve Against Decline in Inventory Values Adjustment	200,000.00	
	<u>\$7,655,606.92</u>	<u>\$6,679,485.08</u>
<u>Deduct: Dividends Paid</u>	<u>427,526.40</u>	<u>366,451.20</u>
<u>Earned Surplus, End of Year</u>	<u>\$7,228,080.52</u>	<u>\$6,313,033.88</u>

AUDITORS' REPORT

To the Shareholders of
Stedman Bros., Limited:

We have examined the balance sheet of Stedman Bros., Limited, as at December 31, 1955, and the statements of profit and loss 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 profit and loss 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, 1955, 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, 1956.

THORNE, MULHOLLAND, HOWSON & McPHERSON,
Chartered Accountants.

