

STEDMAN BROS., LIMITED

136-152 PORTLAND STREET

TORONTO, CANADA

April 12th, 1955.

To the Shareholders of Stedman Bros., Limited:

Your Directors beg to submit for your consideration the Annual Statement, together with the Profit and Loss Account, covering the operation of the Company for the year 1954.

Your Company has had a satisfactory year, with the result that volume and profit show a moderate increase. The early part of 1954 was disappointing, but as the year progressed conditions improved.

During the year, in addition to taking normal depreciation, \$385,528.73 was spent on improvements and additions to fixed assets. Five new units were opened and three were closed.

In reviewing the year we must realize that we are in a changing world. One may say that it is the first year in a buyers' market; competition is very keen and new materials and new merchandise are appearing on the market daily. These conditions will, no doubt, continue for some years, and only those who can adjust their business to the new and changing condition will enjoy success. The year 1955 has been satisfactory up to the present, and we face the future with confidence.

On behalf of the Board, I would like to express to the management and staff our sincere appreciation for their loyalty and effort.

Signed on behalf of the Board,

S. W. STEDMAN,
Chairman.

STEDMAN BROS., LIMITED
AND WHOLLY-OWNED SUBSIDIARY COMPANY

INCORPORATED UNDER THE LAWS OF CANADA

CONSOLIDATED BALANCE SHEET

December 31, 1954

(with comparative figures as at December 31, 1953)

ASSETS		
<u>Current Assets</u>	1954	1953
Cash on Hand and in Banks	\$1,701,236.40	\$2,124,576.27
Accounts Receivable, less allowance for doubtful accounts	692,993.73	670,781.27
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....	2,923,934.52	2,159,489.72
Advance Payments on Merchandise	63,809.01	39,606.76
Life Insurance, Cash Surrender Value	50,067.12	46,028.19
Prepaid Insurance and Expenses	25,374.95	41,109.72
Marketable Securities at Book Value (market value \$8,060.00 and \$8,480.00 respectively)	8,566.06	8,566.06
	\$5,465,981.79	\$5,090,157.99
 <u>Fixed Assets — at cost</u>		
Land and Buildings	\$1,750,007.36	\$1,576,240.09
Furniture, Fixtures and Leasehold Improvements	1,357,240.68	1,145,479.22
	\$3,107,248.04	\$2,721,719.31
<u>Less:</u> Accumulated Allowance for Depreciation	1,240,971.23	1,062,187.98
	\$1,866,276.81	\$1,659,531.33
	\$7,332,258.60	\$6,749,689.32
 LIABILITIES		
<u>Current Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 133,530.67	\$ 98,055.44
Income Taxes Payable	444,757.83	434,563.48
Dividends Payable	81,433.60	81,433.60
	\$ 659,722.10	\$ 614,052.52
 <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	6,372,535.50	5,835,635.80
Capital (no change during years)	5,200.00	5,200.00
	\$6,672,536.50	\$6,135,636.80
	\$7,332,258.60	\$6,749,689.32

Approved on behalf of the Board:

S. W. STEDMAN, *Director*

GEO. H. STEDMAN, *Director*

STEDMAN BROS., LIMITED
AND WHOLLY-OWNED SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Year Ended December 31, 1954
(with comparative figures for the year ended December 31, 1953)

	1954	1953
Profit on Operation before Provision for the Undermentioned Items	\$2,028,079.30	\$1,937,856.20
<u>Add: Income from Securities</u>	540.00	500.00
	\$2,028,619.30	\$1,938,356.20
<u>Deduct:</u>		
Allowance for Depreciation	\$ 178,783.25	\$ 149,273.58
Employees' Pension Fund, Net	24,995.41	30,988.14
Remuneration of Directors:		
Salaried	57,809.87	57,170.24
Non-salaried	900.00	900.00
Taxes on Income	863,156.55	823,303.52
	\$1,125,645.08	\$1,061,635.48
<u>Net Profit for Year</u>	\$ 902,974.22	\$ 876,720.72

CONSOLIDATED STATEMENT OF EARNED SURPLUS

	1954	1953
Earned Surplus, Beginning of Year	\$5,835,635.80	\$5,322,510.01
<u>Add:</u>		
Net Profit for Year	902,974.22	876,720.72
Life Insurance, Adjustment	376.68	112.59
Provision for Taxes on Income, Adjustment re Prior Years		2,743.68
	\$6,738,986.70	\$6,202,087.00
<u>Deduct: Dividends Paid</u>	366,451.20	366,451.20
<u>Earned Surplus, End of Year</u>	\$6,372,535.50	\$5,835,635.80

AUDITORS' REPORT

Toronto, Canada, March 29, 1955.

To the Shareholders of Stedman Bros., Limited:

We have examined the accompanying consolidated balance sheet of Stedman Bros., Limited and its wholly-owned subsidiary, Stedman's Bookstore Limited, as at December 31, 1954 and the consolidated 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 accompanying consolidated balance sheet and the consolidated 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 companies as at December 31, 1954 and the results of their 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.

THORNE, MULHOLLAND, HOWSON & McPHERSON,
Chartered Accountants.

