

STEDMAN BROS., LIMITED

136-152 PORTLAND STREET - TORONTO, CANADA

April 12th, 1954.

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 for the year ending December 31st, 1953.

Your Directors feel that the results are satisfactory and should meet with your approval. Our sales show a moderate increase with a similar increase in profit.

During the year \$270,858.74 was spent on Capital Expenditures. During the same period three new outlets were opened and one was closed.

A bonus dividend of ten cents per share was declared, payable with the April dividend.

The year 1954 promises to be more difficult and there are some weak spots in our economy which affect some localities more than others. We should remember, however, that business expected a period of adjustment after World War II. This did not take place because the Korean War intervened. It would seem that those adjustments are now taking place. The delay has not removed the necessity and may make the adjustments more difficult. If they are to be met successfully, it must be by co-operation of all parts of our economy.

Our inventories are in good condition, and our financial position is sound, which will enable us to face the future with confidence.

On behalf of the Board of Directors, I would like to thank our staff for their co-operation during 1953.

Signed on behalf of the Board,

S. W. STEDMAN,
Chairman.

STEDMAN BROS., LIMITED

TORONTO

ONTARIO

And Wholly-Owned Subsidiary Company

STATEMENT OF CONSOLIDATED PROFIT AND LOSS For the Year Ended December 31, 1953

(With Comparative Figures for the Year Ended December 31, 1952)

| | 1953 | 1952 |
|--|-----------------------|-----------------------|
| Net Income Before Provision for the Following Items | \$1,937,856.20 | \$1,780,722.75 |
| <i>Add:</i> Income from Investments | 500.00 | 530.00 |
| | <u>\$1,938,356.20</u> | <u>\$1,781,252.75</u> |
| <i>Deduct:</i> Depreciation of Buildings and Equipment | \$ 149,273.58 | 135,906.28 |
| Employees' Pension Fund | 30,988.14 | 29,901.28 |
| Remuneration of Directors Holding Salaried Employment.. | 57,170.24 | 50,500.00 |
| Remuneration of Directors not Holding Salaried Employment | 900.00 | 900.00 |
| Legal Fees | | 119.95 |
| Taxes on Income | 823,303.52 | 833,899.80 |
| | <u>\$1,061,635.48</u> | <u>\$1,051,227.31</u> |
| Net Profit Transferred to Statement of Consolidated Earned Surplus.. | \$ 876,720.72 | \$ 730,025.44 |

STATEMENT OF CONSOLIDATED EARNED SURPLUS For the Year Ended December 31, 1953

(With Comparative Figures for the Year Ended December 31, 1952)

| | 1953 | 1952 |
|--|-----------------------|-----------------------|
| Balance at Beginning of the Year | \$5,322,510.01 | \$4,914,393.39 |
| <i>Add:</i> Consolidated Net Profit for the Year | 876,720.72 | 730,025.44 |
| Profit on Disposal of Fixed Assets | | 4,487.00 |
| Increase in Cash Value of Life Insurance | 3,774.84 | 3,524.37 |
| Adjustment of Prior Year's Provision for Taxes on Income .. | 2,743.68 | |
| | <u>\$6,205,749.25</u> | <u>\$5,652,430.20</u> |
| <i>Deduct:</i> Life Insurance Premiums Paid | \$ 3,662.25 | \$ 3,662.25 |
| Dividends on Common Shares | 366,451.20 | 325,734.40 |
| Prior Year Taxes on Income | | 523.54 |
| | <u>\$ 370,113.45</u> | <u>\$ 329,920.19</u> |
| Consolidated Earned Surplus at End of Year as Per Balance Sheet..... | \$5,835,635.80 | \$5,322,510.01 |

STEDMAN BROS., LIMITED

INCORPORATED UNDER THE DOMINION COMPANIES ACT
And Wholly-Owned Subsidiary Company

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1953

(With Comparative Figures at December 31, 1952)

| | | ASSETS | |
|---|--|---------------------------|---------------------|
| <u>Current Assets</u> | | December 31 1953 | December 31 1952 |
| Cash on Hand and in Banks | | \$2,124,576.27 | \$1,391,811.63 |
| Accounts Receivable (less allowance for doubtful accounts 1953 — \$5,833.65) | | 670,781.27 | 832,566.02 |
| Merchandise inventory as determined and certified by responsible officials of the company and valued at not more than cost or market (less reserve against decline in inventory values \$200,000.) | | 2,159,489.72 | 2,329,967.20 |
| Advance Payments on Merchandise | | 39,606.76 | 50,374.58 |
| Cash Surrender Value of Life Insurance | | 46,028.19 | 42,253.35 |
| Prepaid Insurance, Pension and other Expenses | | 41,109.72 | 46,074.67 |
| Investments in Securities (market value 1953—\$8,480.00; 1952—\$8,160.00) | | 8,566.06 | 8,566.06 |
| Total Current Assets | | \$5,090,157.99 | \$4,701,613.51 |
| <u>Fixed Assets — at cost</u> | | | |
| Land and Buildings | | \$1,576,240.09 | \$1,444,163.08 |
| Furniture and Fixtures | | 1,145,479.22 | 1,006,697.49 |
| | | \$2,721,719.31 | \$2,450,860.57 |
| Less: Accumulated Depreciation | | 1,062,187.98 | 912,914.40 |
| Total Fixed Assets | | \$1,659,531.33 | \$1,537,946.17 |
| | | \$6,749,689.32 | \$6,239,559.68 |
| | | LIABILITIES | |
| <u>Current Liabilities</u> | | December 31 1953 | December 31 1952 |
| Accounts Payable and Accrued Liabilities | | \$ 98,055.44 | \$ 105,758.52 |
| Income Taxes Payable | | 434,563.48 | 429,856.55 |
| Dividends Payable 2nd January, 1954 | | 81,433.60 | 81,433.60 |
| Total Current Liabilities | | \$ 614,052.52 | \$ 617,048.67 |
| | | CAPITAL STOCK AND SURPLUS | |
| <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 | | \$5,835,635.80 | \$5,322,510.01 |
| Capital | | 5,200.00 | 5,200.00 |
| | | \$5,840,835.80 | \$5,327,710.01 |
| Total Capital Stock and Surplus | | \$6,135,636.80 | \$5,622,511.01 |
| | | \$6,749,689.32 | \$6,239,559.68 |
| Approved on behalf of the Board: | | | |
| S. W. STEDMAN, <i>Director</i> | | | |
| GEO. H. STEDMAN, <i>Director</i> | | | |

AUDITOR'S CERTIFICATE

Brantford, Ontario, March 11, 1954.

To the Shareholders, Stedman Bros., Limited:

We have examined the consolidated balance sheet of Stedman Bros., Limited and wholly owned subsidiary company, Stedman's Bookstore Limited, as at December 31, 1953, and the statements of consolidated profit and loss and consolidated earned surplus for the year then ended. In connection therewith, we have reviewed the records of the company, and its wholly owned subsidiary, and have obtained all the information and explanations we have required. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. In our opinion, the accompanying consolidated balance sheet and related statements of consolidated profit and loss and consolidated earned surplus have been drawn up so as to exhibit a true and correct view of the state of the companies' affairs at December 31, 1953, and of the results of operations for the year then ended, according to the best of our information and the explanations given to us, and as shown by the books.

MILLARD, ROUSE AND ROSEBRUGH,
Chartered Accountants.

STEDMAN BROS., LIMITED

ANNUAL REPORT
FOR THE
Year Ending 31st December, 1953

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. MACDONALD.....Vice-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:

BANK OF TORONTO
Toronto

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