

# STEDMAN BROS., LIMITED

136-152 PORTLAND STREET

- TORONTO, CANADA

April 7th, 1952.

To the Shareholders of Stedman Bros., Limited:

The Directors of Stedman Bros., Limited beg to submit for your consideration the Annual Statement together with the Profit and Loss Account for the year ending December 31st, 1951.

The results for the year show an increase in volume and an increase in earnings before taxation. After taxation, the net earnings are less.

The Statement reveals that taxation took more than double the amount received by shareholders who provide capital and assume the risk. After paying taxes and a dividend of 80c per share, the amount left barely provides for a conservative development of the business. The position of management is not that they do not want to pay their share of taxes. The problem is finding the cash to meet their obligations and not retard the development of the Company which is the earning power.

What is overlooked is that no business stands still, it either goes ahead or slips back. Its profits are seldom in sufficient liquid form to be paid out in full. They generally represent to some extent, an increase in inventory, accounts receivable and fixed assets.

Inventories are at the lowest point at the end of the year which enables us to show a strong cash position. Early in January, inventories commence to build up and by May, Christmas goods begin to arrive. These goods must be paid for on arrival and if imported, freight and duty must also be paid but they are not sold until Christmas with the result that by November our cash position is at a low ebb.

During the year new retail outlets were added and on improvements and enlargements we spent \$160,413.03. Our new warehouse is now operating satisfactorily and will, we feel, justify the investment.

The future is difficult to forecast. The first quarter compares with 1951. Conditions, however, are not uniform across the country. The Maritime Provinces have had a very difficult winter. In localities where textiles are predominant, industrial conditions are quiet. In localities where large war orders have been placed, conditions are favourable. Unless unforeseen difficulties arise, we should have a satisfactory year, from a standpoint of volume.

On behalf of the Directors, I would like to express to the management and staff, their appreciation for their faithful service and co-operation during the year.

Signed on behalf of the Board,

S. W. STEDMAN,  
*Chairman.*

# STEDMAN BROS., LIMITED

And Wholly-Owned Subsidiary Company

## STATEMENT OF CONSOLIDATED EARNED SURPLUS

For the Year Ended December 31, 1951

(With Comparative Figures for the year ended December 31, 1950)

	1951	1950
Balance at Beginning of Year .....	\$4,313,050.72	\$3,700,603.99
<i>Add:</i> Consolidated Net Profit for the Year .....	722,317.88	845,725.44
Profit on Disposal of Fixed Assets .....	105,061.87	29,102.04
Refundable Portion of Excess Profits Tax Received .....	94,934.50	63,958.79
Increase in Cash Surrender Value of Life Insurance .....	3,375.02	3,057.11
Adjustment of Prior Years Reserves for Depreciation .....	4,276.95	
Adjustment of Prior Years Reserve for Taxes on Income ....	773.10	
	<u>\$5,243,790.04</u>	<u>\$4,642,447.37</u>
<i>Deduct:</i> Life Insurance Premiums Paid .....	\$ 3,662.25	\$ 3,662.25
Dividends on Common Shares .....	325,734.40	325,734.40
	<u>\$ 329,396.65</u>	<u>\$ 329,396.65</u>
Consolidated Earned Surplus at End of Year as per Balance Sheet ....	<u>\$4,914,393.39</u>	<u>\$4,313,050.72</u>

## STATEMENT OF CONSOLIDATED DEFERRED SURPLUS

For the Year Ended December 31, 1951

	1951	1950
Balance at Beginning of Year .....	\$ 94,934.50	\$ 158,893.29
<i>Deduct:</i> Transfer of Refundable Portion of Excess Profits Tax Received to Earned Surplus .....	94,934.50	63,958.79
Consolidated Deferred Surplus at End of Year as per Balance Sheet ..	<u>Nil</u>	<u>\$ 94,934.50</u>

## STATEMENT OF CONSOLIDATED PROFIT AND LOSS

For the Year Ended December 31, 1951

	1951	1950
Net Earnings Before Provision for the Following Items .....	\$1,725,164.44	\$1,633,028.58
<i>Add:</i> Income from Investments .....	448.00	458.00
	<u>\$1,725,612.44</u>	<u>\$1,633,486.58</u>
<i>Deduct:</i> Depreciation of Buildings and Equipment .....	\$ 117,225.44	\$ 105,767.51
Employees Pension Fund .....	29,713.10	29,401.23
Remuneration of Directors Holding Salaried Employment ....	49,600.00	50,600.00
Remuneration of Director Not Holding Salaried Employment	300.00	300.00
Legal Fees .....	1,175.56	1,247.44
Provision for Taxes on Income .....	805,280.46	600,444.96
	<u>\$1,003,294.56</u>	<u>\$ 787,761.14</u>
Net Profit Transferred to Statement of Consolidated Earned Surplus..	<u>\$ 722,317.88</u>	<u>\$ 845,725.44</u>



# STEDMAN BROS., LIMITED

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

## CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1951

(With Comparative Figures at December 31, 1950)

ASSETS		
	December 31 1951	December 31 1950
Current Assets		
Cash on hand and in Banks .....	\$1,610,374.10	\$1,086,267.17
Accounts Receivable .....	595,850.72	588,077.75
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 \$200,000.00) .....	1,985,373.71	1,891,959.28
Advance Payments on Merchandise .....	33,286.96	
Cash Surrender Value of Life Insurance .....	38,728.98	35,353.96
Prepaid Insurance, Pension and Other Expenses .....	47,686.40	47,565.03
Investment in Securities (Market Value, 1950 — \$9,080.00; 1951 — \$7,790.00) .....	8,566.06	8,566.06
Refundable Portion of Excess Profits Tax .....		94,934.50
Total Current Assets .....	\$4,319,866.93	\$3,752,723.75
Fixed Assets at Cost		
Land and Buildings .....	\$1,320,728.64	\$1,267,243.13
Furniture and Fixtures .....	869,739.02	762,811.50
	\$2,190,467.66	\$2,030,054.63
Less Reserve for Depreciation .....	779,294.07	671,875.83
Total Fixed Assets .....	\$1,411,173.59	\$1,358,178.80
	\$5,731,040.52	\$5,110,902.55

### LIABILITIES

	December 31 1951	December 31 1950
Current Liabilities		
Accounts Payable .....	\$ 17,589.12	\$ 9,225.70
Salaries and Wages Payable .....	15,842.81	12,852.66
Reserve for Taxes on Income .....	401,780.60	299,404.37
Dividends Payable 2nd January, 1952 .....	81,433.60	81,433.60
Total Current Liabilities .....	\$ 516,646.13	\$ 402,916.33

### CAPITAL STOCK AND SURPLUS

Capital Stock		
Authorized 500,000 Common Shares Without Nominal or Par Value Issued 407,168 Shares .....	\$ 294,801.00	\$ 294,801.00
Surplus		
Earned .....	\$4,914,393.39	\$4,313,050.72
Deferred .....		94,934.50
Capital .....	5,200.00	5,200.00
	\$4,919,593.39	\$4,413,185.22
Total Capital Stock and Surplus .....	\$5,214,394.39	\$4,707,986.22
	\$5,731,040.52	\$5,110,902.55

Approved on behalf of the Board:  
S. W. STEDMAN, *Director*:  
GEO. H. STEDMAN, *Director*:

# AUDITOR'S CERTIFICATE

Brantford, Ontario, March 24, 1952.

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, 1951, 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, 1951, 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, 1951

#### OFFICERS:

SAMUEL W. STEDMAN.....Chairman of the Board  
GEORGE H. STEDMAN..Pres. and Managing Director  
J. D. RAE.....Secretary-Treasurer  
DOUGLAS J. MACDONALD .....Vice-President  
GEO. T. HUMBLE.....Vice-President  
J. R. MORRISON.....Director

#### STOCK TRANSFER AGENTS:

GUARANTY TRUST COMPANY OF CANADA  
70 Richmond Street West  
Toronto

#### BANKERS:

BANK OF TORONTO  
Toronto

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