

STEDMAN BROS., LIMITED

136-152 PORTLAND STREET

TORONTO, CANADA

April 6, 1951.

To the Shareholders of Stedman Bros., Limited:

Your Board of Directors submits for your consideration the Balance Sheet and the Profit and Loss Statement covering the operation of the Company for the year ending December 31, 1950.

The year 1950 opened with some indication that prices would go down, and during the first quarter we had a number of price reductions. With the opening of the Korean War the situation changed very quickly and prices started to advance. To-day prices are continuing to advance and merchandise with metal or rubber contents are becoming short in supply.

Our volume for the year shows an increase of 4%, but owing to a larger depreciation write-off, including our new warehouse on Portland Street, our profit for the year is 2.08% less than last year.

The building of our new warehouse has added greatly to the duties of the staff and has also created considerable non-recurring expenses that cannot be directly charged to the building. When we are finally moved and established in our new surroundings, I am sure the expense will be justified by the more efficient operation. During the year we spent \$534,228.00 on store improvement and new construction, which includes our new warehouse.

The year 1951 compares favorably with 1950. To what extent new controls will be adopted and to what extent materials will be rationed we do not know. Any increase will have a bearing on the results for 1951.

On behalf of the Directors, I would like to express our thanks to the management and staff for their loyal co-operation.

Signed on behalf of the Board,

S. W. STEDMAN,
Chairman.

STEDMAN BROS., LIMITED

And Wholly-Owned Subsidiary Companies

STATEMENT OF CONSOLIDATED EARNED SURPLUS

For the Year Ended December 31, 1950

Balance at Credit, January 1, 1950		\$3,700,603.99
<i>Add:</i> Net profit for the year	\$ 845,725.44	
Profit on Disposal of Fixed Assets	29,102.04	
Refundable Portion of 1944 Excess Profits Tax Received	63,958.79	
Increase in Cash Surrender Value of Life Insurance	3,057.11	
		<u>941,843.38</u>
		\$4,642,447.37
<i>Deduct:</i> Life Insurance Premiums Paid	\$ 3,662.25	
Dividends on Common Shares	325,734.40	
		<u>329,396.65</u>
Balance at Credit, December 31, 1950, as per Balance Sheet		<u><u>\$4,313,050.72</u></u>

STATEMENT OF CONSOLIDATED DEFERRED SURPLUS

For the Year Ended December 31, 1950

Balance at Credit, January 1, 1950		\$ 158,893.29
<i>Deduct:</i> Transfer of 1944 refundable portion of Excess Profits Tax to Earned Surplus		63,958.79
Balance at Credit, December 31, 1950, as per Balance Sheet		<u><u>\$ 94,934.50</u></u>

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

For the Year Ended December 31, 1950

1949		1950
\$1,588,706.60	Net Earnings before Provision for the following items..	\$1,633,028.58
402.00	<i>Add:</i> Income from Investments	458.00
<u>\$1,589,108.60</u>		<u>\$1,633,486.58</u>
	<i>Deduct:</i>	
\$ 72,156.03	Provision for Depreciation	\$ 105,767.51
30,886.65	Employees' Pension Fund	29,401.23
	Remuneration of Directors Holding	
51,800.00	Salaried Employment	50,600.00
	Remuneration of Directors Not	
300.00	Holding Salaried Employment	300.00
30.00	Legal Fees	1,247.44
563,162.10	Provision for Taxes on Income	600,444.96
<u>\$ 718,334.78</u>		<u>\$ 787,761.14</u>
	Net Profit Transferred to Statement	
<u>\$ 870,773.82</u>	of Consolidated Earned Surplus	<u>\$ 845,725.44</u>

STEDMAN BROS., LIMITED

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

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1950

1949	ASSETS	1950
	Current:	
\$1,167,745.60	Cash on Hand and in Banks	\$1,086,267.17
416,847.39	Accounts Receivable	588,077.75
	Merchandise Inventory as determined by the Management and certified to be valued at not more than the lower of	
\$2,193,822.71	Cost or Market	\$2,233,001.26
	Less: Reserve for Profit on	
126,578.14	Store Inventories	\$ 141,041.98
	Reserve against decline in	
200,000.00	Inventory Values	200,000.00
326,578.14		341,041.98
\$1,867,244.57		1,891,959.28
32,296.85	Cash Surrender Value of Life Insurance	35,353.96
8,566.06	Investment in Securities (Market Value \$9,080.00)	8,566.06
\$3,492,700.47		\$3,610,224.22
709,651.47	Fixed: At Cost Land and Buildings	\$1,267,243.13
90,228.22	Reserve for Dep'n	140,497.76
\$ 619,423.25		\$1,126,745.37
680,407.55	Furniture and Fixtures	\$ 762,811.50
475,880.10	Reserve for Depreciation	531,378.07
\$ 204,527.45		231,433.43
\$ 823,950.70		\$1,358,178.80
	Other Assets:	
\$ 50,871.26	Prepaid Insurance, Pension and Other Expenses	\$ 47,565.03
17,917.40	Advances to Employees	16,031.13
\$ 68,788.66		\$ 63,596.16
158,893.29	Refundable Portion of Excess Profits Tax	94,934.50
\$4,544,333.12		\$5,126,933.68

LIABILITIES

	Current:	
\$ 11,966.47	Accounts Payable	\$ 9,225.70
8,736.63	Salaries Payable	28,883.79
282,698.14	Reserve for Taxes on Income	299,404.37
81,433.60	Common Dividend Payable 2nd January, 1951	81,433.60
\$ 384,834.84		\$ 418,947.46
	Capital Stock:	
	Authorized 500,000 Common Shares	
	without Nominal or Par Value	
\$ 294,801.00	Issued 407,168 Shares	\$294,801.00
	Surplus:	
3,700,603.99	Earned	\$4,313,050.72
158,893.29	Deferred	94,934.50
5,200.00	Capital	5,200.00
\$3,864,697.28		\$4,413,185.22
\$4,544,333.12		\$5,126,933.68

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

AUDITOR'S CERTIFICATE

March 21, 1951.

To the Shareholders of Stedman Bros., Limited, Toronto, Ontario:

We have examined the consolidated balance sheet of Stedman Bros., Limited and wholly owned subsidiary companies, Stedman's Bookstore Limited and Guest's Limited as at December 31, 1950, 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 subsidiaries 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, 1950 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.

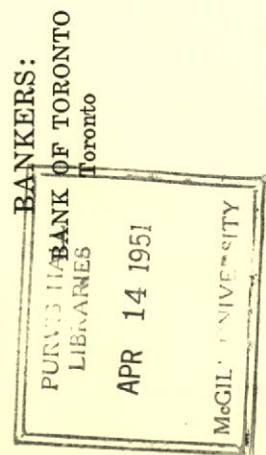
STEDMAN BROS., LIMITED

ANNUAL REPORT FOR THE Year Ending 31st December, 1950

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



(Stack)