

STEDMAN BROS., LIMITED

27-29 WELLINGTON ST. W.

TORONTO, CANADA

March 1st, 1943.

TO THE SHAREHOLDERS:

Enclosed you will find the Annual Statement and Balance Sheet of Stedman Bros., Limited, covering the year 1942.

The results of the year show a further increase in volume over 1941 and also an increase in earnings before taxation.

As of July 1st, 1942, the Excess Profits Tax was increased from 75% to 100% with provision for a refundable portion after the war.

These taxes are payable in cash, as are dividends; to keep sufficient liquid assets available for these requirements is a difficult problem for most Companies.

Our most difficult problem is obtaining merchandise; this is most discouraging to our staff as well as the public we serve.

We take consolation in the fact that our lot is much better than that of those who live in Europe.

For the new year and what it holds, I am sure you do not wish me to guess. I can only say we face it with confidence and a determination to do our best in facing the problems that will arise.

The year so far is comparable with 1942.

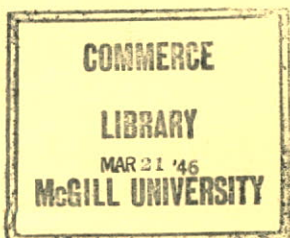
The Directors have declared the regular dividend of Seventy-five Cents for the quarter on the Preference Stock and the regular Fifteen Cents on the Common, plus a bonus of Sixty Cents per share on the Common Stock.

On behalf of the Board I wish to express their gratitude to our staff for their loyal service during a very difficult year.

Yours very truly,

S. W. STEDMAN,

President.



STEDMAN BROS., LIMITED

BALANCE SHEET AS AT DECEMBER 31st, 1942

ASSETS

Cash on Hand and in Banks		\$ 511,869.11
Dominion of Canada Bonds		151,000.00
Accounts Receivable (Less Reserve for Bad Debts, \$5,000.00) ..		271,252.66
Inventories at Cost	\$ 994,185.90	
Less: Reserves for Warehouse Profit on Store Inventories	\$ 53,005.22	
Less: Reserves for Increased Prices re Excess Profits Tax	103,169.59	
	156,174.81	
Cash Surrender Value of Life Insurance		838,011.09
Real Estate (at Cost Less Depreciation, \$19,606.86)		11,056.00
Furniture and Fixtures (Less Depreciation, \$259,196.17)		174,624.49
Advance to Employees re Purchase Dominion of Canada Bonds ..		153,032.49
Refundable Portion 1942 Excess Profits Tax		4,160.75
Prepaid Insurance		36,822.69
Prepaid Expenses and other Assets		5,894.92
Trade Creditors (Prepayment of Merchandise)		8,241.18
Goodwill		4,025.91
		1.00
		\$2,169,992.29

LIABILITIES

Accrued Wages and Commissions		\$ 910.00
Reserves:		
Business Tax	\$ 2,700.00	
Income Tax for 1940	23,262.02	
Income Tax for 1941	61,890.80	
Income Tax for 1942 (After Prepayment, \$375,000.00)	93,472.68	
Rent	666.67	
Preferred Dividend 1½%	4,500.00	
Common Dividend 15 cents per share	13,500.00	
	199,992.17	
Reserve for Real Estate		174,624.49
Capital Stock:		
Preferred—6,000 Shares, Par Value \$50.00 per Share	\$ 300,000.00	
Common—90,000 Shares, No Par Value	1.00	
	300,001.00	
Surplus		1,494,464.63
		\$2,169,992.29

AUDITOR'S CERTIFICATE

I have examined the above Balance Sheet of Stedman Bros., Limited, as at December 31st, 1942, and report that, in my opinion, it is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of my information and the explanations given me, and as shown by the books of the Company.

All my requirements, as Auditor, have been complied with.

S. W. STEDMAN, *President.*
GEO. H. STEDMAN, *Managing Director.*

C. J. PARKER, C.A.

STEDMAN BROS., LIMITED

GENERAL INCOME AND EXPENDITURE ACCOUNT

for the year ended December 31st, 1942

Net Operating Profit for year before Provision for Depreciation and Income Taxes		\$ 830,483.28
Provision for Depreciation	\$ 45,524.43	
Dominion Income Tax	468,472.68	
		513,997.11
Net Profit for year carried forward to Surplus Account		\$ 316,486.17

The total of the amount paid for the year ended December 31st, 1942, as salaries, bonuses, fees or other remuneration to the counsel, solicitors, or other legal advisers of the Company, also to the Executive Officers of the Company, including the Managing Director and any other Directors who hold salaried employment or office with the Company was \$51,016.95.

Fees of Directors not holding salaried employment in this Company were \$300.00.

SURPLUS ACCOUNT

as at December 31st, 1942

Earned Surplus, forward January 1st, 1942		\$1,267,171.39
<i>Add:</i>		
Adjustment on Reserve for Real Estate	\$ 4,470.63	
Refundable Portion 1942 Excess Profits Tax	36,822.69	
Increase in Cash Surrender Value of Life Insurance, plus Accrued Dividends	2,538.50	
Transferred from Profit and Loss Account	316,486.17	
		360,317.99
		\$1,627,489.38
<i>Less:</i>		
Life Insurance Premiums Paid	\$ 3,662.25	
Bombardment Insurance Premium Paid	2,700.00	
Loss on Investments	662.50	
		7,024.75
		\$1,620,464.63
<i>Preference Dividends:</i>		
Paid April 1st, 1942	\$ 4,500.00	
Paid July 1st, 1942	4,500.00	
Paid October 1st, 1942	4,500.00	
Payable January 1st, 1943	4,500.00	
		\$ 18,000.00
<i>Common Dividends:</i>		
Paid April 1st, 1942	\$ 40,500.00	
Paid July 1st, 1942	13,500.00	
Paid October 1st, 1942	40,500.00	
Payable January 1st, 1943	13,500.00	
		108,000.00
		126,000.00
Balance of Earned Surplus, December 31st, 1942, carried to Balance Sheet		\$1,494,464.63

STEDMAN BROS., LIMITED

ANNUAL REPORT FOR THE Year Ending 31st December, 1942

OFFICERS:

SAMUEL W. STEDMAN..... *President*
GEORGE H. STEDMAN..... *Managing Director*
DOUGLAS J. MACDONALD..... *Vice-President*
GEO. T. HUMBLE..... *Director*
CLARENCE R. PETTIT..... *Secretary-Treasurer*

STOCK TRANSFER AGENTS:

GUARANTY TRUST COMPANY OF CANADA

BANKERS:

BANK OF TORONTO
Toronto