

STEDMAN BROS., LIMITED
27-29 WELLINGTON ST. WEST - TORONTO, CANADA

February 25, 1942.

TO THE SHAREHOLDERS:

The Directors have pleasure in submitting for your consideration the Annual Statement and Balance Sheet, covering operations for the year 1941.

The results of the year show a further increase in volume and an increase in Net Profit.

The statement, while showing the position of the Company, does not give an accurate picture of conditions as they exist to-day, as only part of the year 1941 was affected by the many regulations now in force.

During the year the increases in the Cost of Living Bonus, the loss of experienced employees and the general turnover of labor has increased the cost of doing business. The ceiling placed on retail prices in order to stop inflation has made profitable merchandising very difficult, while the obtaining of many lines of merchandise is becoming a serious problem.

Just how far they will affect our business it is difficult to say, but we are hopeful that a reasonable solution will be found. It is the opinion of your Directors that the strong liquid position of the Company should be maintained as far as possible, and for that reason the usual bonus has been reduced to thirty cents. It is their intention to further consider it just as soon as conditions become clarified.

We face the new year with confidence but realizing that it will bring many problems.

On behalf of the Board, I wish to express our sincere appreciation of the efforts of the staff during the year and their continued loyalty.

Yours truly,

S. W. STEDMAN,
President.



STEDMAN BROS., LIMITED

BALANCE SHEET AS AT DECEMBER 31, 1941

ASSETS

Cash on Hand and in Banks		\$ 333,727.64
Dominion of Canada Bonds		74,750.00
Accounts Receivable (Less Reserve for Bad Debts, \$5,000.00)		332,919.72
Inventories at Cost	\$1,000,659.84	
Less: Reserves for Warehouse Profit on Store Inventories	56,870.29	
Less: Reserves for Increased Prices re Excess Profits Tax	103,169.59	
		840,619.96
Cash Surrender Value of Life Insurance		8,517.50
Real Estate (at Cost less Depreciation, \$14,871.18)		179,095.12
Furniture and Fixtures (Less Depreciation, \$218,407.42)		170,252.10
Prepaid Expenses and Other Assets		9,901.78
Trade Creditors		3,959.71
Goodwill		1.00
		<u>\$1,953,744.53</u>

LIABILITIES

Accrued Wages and Commissions		\$ 19,215.00
Reserves:		
Business Tax	\$ 2,000.00	
Income Tax for 1940	23,262.02	
Income Tax for 1941 (after Prepayment of \$200,000.00)	145,000.00	
Preferred Dividend 1½%	4,500.00	
Common Dividend 15 cents per share	13,500.00	
		188,262.02
Reserve re Real Estate		179,095.12
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		1,267,171.39
		<u>\$1,953,744.53</u>

AUDITOR'S CERTIFICATE

I have examined the above Balance Sheet of Stedman Bros., Limited, as at December 31, 1941, 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 31, 1941

Net Operating Profit for year before Provision for Depreciation and Dominion and Provincial Income Taxes		\$752,321.91
Provision for Depreciation	\$ 44,548.92	
Dominion and Provincial Income Taxes	345,000.00	
Reserve for Increased Prices in Store and Warehouse Inventories	59,214.33	
		<u>448,763.25</u>
Net Profit for year carried forward to Surplus Account		<u>\$303,558.66</u>

The total of the amount paid for the year ended December 31, 1941, 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 \$40,675.00. Fees of Directors not holding salaried employment in this Company were \$300.00.

SURPLUS ACCOUNT

as at December 31, 1941

Earned Surplus, forward January 1, 1941		\$1,103,521.52
Add:		
Adjustment to reduce Reserve for 1940 Dominion and Provincial Income Taxes to \$23,262.02	\$ 15,990.98	
Increase in Cash Surrender Value of Life Insurance, plus accrued Dividends	4,962.50	
Transferred from Profit and Loss Account	303,558.66	
		<u>324,512.14</u>
		\$1,428,033.66
Less:		
Life Insurance Premiums Paid	\$ 3,662.25	
Added to Reserve against Real Estate	31,200.02	
		<u>34,862.27</u>
		\$1,393,171.39
Preference Dividends:		
Paid April 1, 1941	\$ 4,500.00	
Paid July 1, 1941	4,500.00	
Paid October 1, 1941	4,500.00	
Payable January 1, 1942	4,500.00	
		<u>\$ 18,000.00</u>
Common Dividends:		
Paid April 1, 1941	\$ 67,500.00	
Paid July 1, 1941	13,500.00	
Paid October 1, 1941	13,500.00	
Payable January 1, 1942	13,500.00	
		<u>108,000.00</u>
		126,000.00
Balance of Earned Surplus, December 31, 1941, carried to Balance Sheet		<u>\$1,267,171.39</u>

STEDMAN BROS., LIMITED

ANNUAL REPORT FOR THE Year ending 31st December, 1941

OFFICERS:

SAMUEL W. STEDMAN..... *President*
GEORGE H. STEDMAN..... *Managing Director*
DOUGLAS J. MACDONALD..... *First Vice-President*
EDWARD I. STEDMAN..... *Second Vice-President*
CLARENCE R. PETTIT..... *Secretary-Treasurer*

STOCK TRANSFER AGENTS:
GUARANTY TRUST COMPANY OF CANADA

BANKERS:
BANK OF TORONTO
Toronto

STEDMAN BROS., LIMITED

27-29 WELLINGTON ST. WEST

TORONTO, CANADA

NOTICE OF ANNUAL GENERAL MEETING

TAKE NOTICE that the Annual General Meeting of the Shareholders of STEDMAN BROS., LIMITED, will be held at the Head Office of the Company, 27 Wellington Street West, Toronto, on Saturday, the 21st day of March, 1942, at the hour of twelve-thirty o'clock in the afternoon for the purposes following:

- (a) To receive and consider the report of the Directors of the Company and the Balance Sheet and Statement of Income and Expenditure and Auditor's Report for the past year.
- (b) To confirm all actions of the Directors and Officers of the Company during the past year.
- (c) To elect Directors for the ensuing year.
- (d) To appoint Auditors.
- (e) To transact such other business as properly may come before the meeting.

DATED AT TORONTO this 25th day of February, 1942.

BY ORDER OF THE BOARD,

C. R. PETTIT,

Secretary.

