

STEDMAN BROS., LIMITED

27 WELLINGTON ST. WEST

TORONTO, CANADA

March 14th, 1946.

To the Shareholders:

The Directors have pleasure in submitting for your consideration the Annual Statement, together with Profit and Loss Account for the year ending December 31st, 1945. They are glad to report a gain in volume and a similar gain in Net Profit.

Our main problem still remains a shortage in supplies, especially in textile goods. We are hopeful that as the year advances this will improve. We are glad to welcome back former members of the organization who have been on Active Service. This has improved our labor position. Your Directors have made a survey of the physical conditions of our stores and plans for improvement and expansion are well developed. These will be carried forward as soon as restrictions permit.

With the notice for this meeting you will receive a notice of a Special Meeting for the purpose of obtaining your consent to the splitting of our stock on a basis of 4 to 1.

You will be glad to know that the year 1946 shows further improvement over 1945. However, we must expect some readjustment during the year, which makes the immediate future uncertain. This should not cause us to lose sight of the larger picture.

Much has been said about our need of foreign trade. The foreign market will, in the future, be world wide. To participate in it, we must give consideration to how our customers can pay for their purchases, as well as how to sell them. The opportunities never were greater. To grasp them will require our united effort as a nation.

I have much pleasure in expressing the grateful thanks of the Board to the members of our organization for the loyal service during the past year.

Yours very truly,

S. W. STEDMAN,

Chairman of the Board.



STEDMAN BROS., LIMITED

BALANCE SHEET AS AT DECEMBER 31st, 1945

ASSETS

Cash on Hand and in Banks		\$ 512,345.02
Dominion of Canada Bonds		218,000.00
Accounts Receivable	\$ 416,139.32	
Less: Reserve for Bad Debts	5,000.00	
		411,139.32
Inventories at Cost	\$ 912,880.72	
Less: Reserve for Warehouse Profit on Store Inventories	\$ 57,532.49	
Reserve for Increased Prices re Excess Profits Tax	103,169.59	
		160,702.08
		752,178.64
Cash Surrender Value of Life Insurance		19,153.33
Real Estate	\$ 405,909.36	
Less: Reserve for Depreciation	38,659.18	
		367,250.18
Furniture and Fixtures	\$ 432,262.20	
Less: Reserve for Depreciation	365,858.03	
		66,404.17
Loans to Employees and Advances re Purchase Dominion of Can- ada Bonds		28,547.43
Refundable Portion of Excess Profits Tax		249,371.58
Prepaid Expenses and Other Assets		3,820.44
Advance re Employees Pension Contribution		14,186.15
Trade Creditors (Prepayment of Merchandise)		1,854.25
		\$2,644,250.51
Investment in Wholly-owned Subsidiary Company		37,100.00
		\$2,681,350.51

LIABILITIES

Reserves:		
1945 Dominion Income Taxes (after Prepayment of \$504,000.00)	\$ 96,881.45	
Salaries	29,215.00	
Common Dividend 25 cents per share	25,448.00	
		\$ 151,544.45
Mortgage on Real Estate		14,375.00
Reserve re Real Estate		205,192.84
Capital Stock, Common — 101,792 Shares No Par Value		294,801.00
Surplus: Earned	\$1,760,865.64	
Deferred	249,371.58	
Capital	5,200.00	
		2,015,437.22
		\$2,681,350.51

AUDITOR'S CERTIFICATE

I have examined the above Balance Sheet of Stedman Bros., Limited, as at December 31st, 1945; 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 explanations given me, and as shown by the books of the Company.

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

S. W. STEDMAN, *Chairman of the Board.*
GEO. H. STEDMAN, *President.*

C. J. PARKER, C.A.

STEDMAN BROS., LIMITED
GENERAL INCOME AND EXPENDITURE ACCOUNT

for the year ended December 31st, 1945

Net Operating Profit for Year before Provision for Depreciation, Pension and Income Taxes		\$ 949,569.25
Provision for Depreciation	\$ 38,740.89	
Employees' Pension Fund	22,839.47	
Dominion Income Taxes	600,881.45	
		662,461.81
Net Profit for Year carried forward to Earned Surplus Account		\$ 287,107.44

The Total of the Amount Paid for the Year ended December 31st, 1945, 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 President, Managing Director, and any other Directors who hold Salaried employment or office with the Company was \$46,038.28.

Fees of Directors, not holding Salaried Employment in the Company were \$300.00.

EARNED SURPLUS ACCOUNT

as at December 31st, 1945

Surplus, forward January 1st, 1945		\$1,683,101.56
<i>Add:</i> Increase in Cash Surrender Value of Life Insurance, plus Accrued Dividends	\$ 2,790.13	
Profit on Investments	387.43	
Transfer from Profit and Loss Account	287,107.44	
		290,285.00
		\$1,973,386.56
<i>Less:</i> Life Insurance Premiums Paid	\$ 3,662.25	
Balance, 1940 and 1941 Dominion Income Taxes	52,521.92	
Transfer to Capital Surplus	5,200.00	
Premium on Redemption of 104 Preferred Shares not converted	520.00	
Goodwill, written off	1.00	
		61,905.17
Preference Dividends:		\$1,911,481.39
Paid April 1st, 1945	\$ 4,500.00	
Paid July 1st, 1945	4,431.75	
Paid October 1st, 1945	1,865.50	
		10,797.25
Common Dividends:		
Paid April 1st, 1945	\$ 67,500.00	
Paid July 1st, 1945	22,545.50	
Paid October 1st, 1945	24,325.00	
Payable January 1st, 1946	25,448.00	
		139,818.50
		150,615.75
Balance of Earned Surplus, December 31st, 1945, Carried to Balance Sheet		\$1,760,865.64

DEFERRED SURPLUS ACCOUNT

as at December 31st, 1945

Surplus, forward January 1st, 1945		\$ 167,476.28
<i>Add:</i> Refundable Portion 1945 Excess Profits Tax		81,895.30
Balance of Deferred Surplus, December 31st, 1945, Carried to Balance Sheet		\$ 249,371.58

CAPITAL SURPLUS ACCOUNT

as at December 31st, 1945

Provision from Earned Surplus Account for Redemption of outstanding Preferred Shares of Company	\$	5,200.00
Balance of Capital Surplus, December 31st, 1945, Carried to Balance Sheet	\$	5,200.00

STEDMAN BROS., LIMITED

ANNUAL REPORT

FOR THE

Year Ending 31st December, 1945

OFFICERS:

SAMUEL W. STEDMAN..... *Chairman of the Board*
GEORGE H. STEDMAN *President and Managing Director*
CLARENCE R. PETTIT..... *Executive Vice-President*
and Secretary-Treasurer
DOUGLAS J. MACDONALD..... *Vice-President*
GEO. T. HUMBLE..... *Director*

STOCK TRANSFER AGENTS:

GUARANTY TRUST COMPANY OF CANADA
70 Richmond Street West
Toronto

BANKERS:

BANK OF TORONTO
Toronto