

# STEDMAN BROS., LIMITED

27 WELLINGTON ST. WEST - TORONTO, CANADA

February 24th, 1947.

To the Shareholders of Steadman Bros., Limited:

The Directors have pleasure in submitting for your consideration, the Annual Statement, together with the Profit and Loss Statement covering the operations of the Company for the year 1946.

The results show a satisfactory increase in sales with an increase in profit and we feel our report should meet with your approval.

The year 1946 has been one of changing conditions; many lines popular during the war have lost their appeal. On the other hand, many lines, both domestic and imported, that have been off the market are again making their appearance but, unfortunately, at much higher prices.

While consumers recognize some justification for a modest increase in price, there is developing sales resistance against big increases and one is caused to wonder if many lines will not be priced out of their market.

People are convinced that many new lines will soon be on the market and there is a tendency to delay purchases, in the hope that something just as good and less expensive will appear.

It is the feeling of your Directors that some economic adjustment must take place before confidence in the future can be established. There are certain fundamental facts that must be kept in mind. Increased prices will reduce sales. The cost of the war must be paid for and business must pay its share. The profits in business must come from volume rather than mark-up.

In this adjustment that must come there will be losses. It will be wise to take them as soon as they occur. Recognizing this fact your Directors have deferred for the present the question of bonus dividend.

During the year much thought and study has been given to modernizing and improving our present outlets, also to expansion, but until materials are in better supply little action can be taken.

The year 1947 compares favorably with 1946 at this date, but until the year is further advanced one hesitates to prophesy.

We are glad to welcome back a number of our former employees who have been away on Active Service.

On behalf of the Board, I would like to express their appreciation for the loyal support rendered by our staff during the year.

Signed on behalf of the Board,

S. W. STEDMAN,

*Chairman of the Board.*

**STEDMAN BROS., LIMITED**  
**BALANCE SHEET AS AT DECEMBER 31, 1946**

ASSETS

Cash on Hand and in Banks .....		\$ 581,568.21
Accounts Receivable .....	\$ 513,192.62	
.....Less: Reserve for Bad Debts .....	5,000.00	
		508,192.62
Inventories .....	\$1,061,576.86	
Less: Reserve for Warehouse Profit on Store Inventories .....	\$ 68,868.12	
Reserve for Increased Prices re Excess Profits Tax .....	103,169.59	172,037.71
		889,539.15
Cash Surrender Value of Life Insurance .....		22,301.52
Real Estate .....	\$ 415,061.47	
Less: Reserve for Depreciation .....	47,246.42	
		367,815.05
Furniture and Fixtures .....	\$ 460,430.43	
Less: Reserve for Depreciation .....	394,564.38	
		65,866.05
Loans to Employees .....		19,027.45
Refundable Portion, Excess Profits Tax .....		249,711.58
Prepaid Expenses and Other Assets .....		3,087.73
Advance re Employees' Pension Contribution .....		15,989.31
Trade Creditors (Prepayment of Merchandise) .....		1,509.85
		\$2,724,608.52
Investment in Wholly-owned Subsidiary Companies:		
At Cost, less Dividends received .....		115,450.00
		\$2,840,058.52

LIABILITIES

Reserves:		
Salaries .....	\$ 15,758.60	
Common Dividend 15 cents per share .....	61,075.20	
		\$ 76,833.80
Reserve re Real Estate .....		205,192.84
Capital Stock, Common — 407,168 Shares, No Par Value .....		294,801.00
Surplus: Earned .....	\$2,008,319.30	
Deferred .....	249,711.58	
Capital .....	5,200.00	
		2,263,230.88
		\$2,840,058.52

S. W. STEDMAN, *Chairman of the Board*

GEO. H. STEDMAN, *President.*

AUDITOR'S CERTIFICATE

I have examined the above Balance Sheet of Stedman Bros., Limited, as at December 31, 1946; 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, the explanations given me, and as shown by the books of the Company.

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

C. J. PARKER, C.A.

**STEDMAN BROS., LIMITED**  
**GENERAL INCOME AND EXPENDITURE ACCOUNT**  
**for the Year ended December 31, 1946**

Net Operating Profit for Year before Provision for Depreciation, Pension and Income Taxes .....		\$1,058,544.73
Provision for Depreciation .....	\$ 37,293.59	
Employees' Pension Fund .....	26,727.27	
Dominion Income Taxes .....	501,316.62	
		565,337.48
 Net Profit for Year carried forward to Earned Surplus Account		\$ 493,207.25

The Total of the Amount Paid for the Year Ended December 31, 1946, 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 \$48,900.00.

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

**EARNED SURPLUS ACCOUNT**  
**as at December 31, 1946**

Surplus forward January 1, 1946 .....		\$1,760,865.64
Add: Increase in Cash Surrender Value of Life Insurance, plus		
Accrued Dividends .....	\$ 3,148.19	
Profit on Investments .....	952.00	
Refund, War Risk Insurance .....	2,289.06	
Adjustment, prior years' Salary Reserves .....	13,800.00	
Transfer from Profit and Loss Account .....	493,207.25	
		513,396.50
		\$2,274,262.14
Less: Life Insurance Premiums Paid .....	\$ 3,662.25	
Balance, 1945 Excess Profits Tax .....	1,700.00	
Balance, 1940 Province of Ontario Taxes .....	1,010.99	
		6,373.24
		\$2,267,888.90
Common Dividends:		
Paid April 1, 1946 .....	\$ 76,344.00	
Paid July 1, 1946 .....	61,075.20	
Paid October 1, 1946 .....	61,075.20	
Payable, January 1, 1947 .....	61,075.20	
		259,569.60
 Balance of Earned Surplus, December 31, 1946, Carried to Balance Sheet .....		\$2,008,319.30

Corporation  
File

# STEDMAN BROS., LIMITED

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## ANNUAL REPORT

FOR THE

### Year Ending 31st December, 1946

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#### OFFICERS:

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

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#### STOCK TRANSFER AGENTS:

GUARANTY TRUST COMPANY OF CANADA  
70 Richmond Street West  
Toronto

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#### BANKERS:

PURVIS HALL LIBRARIES BANK OF TORONTO  
Toronto

MAR 10 1947

McGILL UNIVERSITY