

STEDMAN BROS., LIMITED

27 WELINGTON ST. WEST - TORONTO, CANADA

To the Shareholders of Stedman Bros., Limited:

The Directors of Stedman Bros., Limited, beg to submit for your consideration the Balance Sheet, together with the Profit and Loss Statement covering the operation of the Company and Subsidiaries for the year 1948.

It is the opinion of the Directors that it is a good statement, and they trust it will meet with your approval. In comparison with 1947, our volume was increased by 11 per cent., and our earnings for the year, after taxes, amounted to \$1.95 per share, which is a satisfactory improvement over 1947.

During the year six new outlets were opened. On buildings and fixtures and some small land purchases we spent \$102,636.00.

While we have continued our policy of store improvement, we have confined it to essential changes, for the reason that major expenditures at present high cost will establish a high overhead for many years.

Up to the present, 1949 compares favorably with 1948.

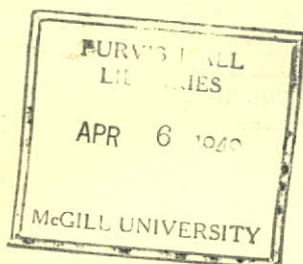
As of April 1st, the Directors have increased the dividend from 15 cents to 20 cents per quarter, which is equal to a $33\frac{1}{3}$ per cent. increase. It is hoped to make this increase permanent, if earnings justify.

On behalf of the Directors, I would like to express their appreciation for the loyal co-operation of all members of the staff.

Signed on behalf of the Board,

S. W. STEDMAN,

Chairman.



STEDMAN BROS., LIMITED

And Wholly-Owned Subsidiary Companies

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

For the Year Ended December 31, 1948

Net Earnings before Provision for the following items.....		\$1,414,529.96
<i>Add:</i> Income from Investments		440.00
		\$1,414,969.96
<i>Deduct:</i> Provision for Depreciation	\$ 41,880.36	
Employees' Pension Fund	30,503.84	
Remuneration of Directors Holding Salaried Employment	54,700.00	
Remuneration of Directors Not Holding Salaried Employment	300.00	
Legal Fees	832.94	
Provision for Taxes on Income	490,572.31	
		618,789.45
Net Profit Transferred to Statement of Consolidated Earned Surplus		\$ 796,180.51

CONSOLIDATED EARNED SURPLUS ACCOUNT

For the Year Ended December 31, 1948

Balance at Credit, January 1, 1948.....		\$2,256,650.71
<i>Add:</i> Net Adjustments on Consolidation Applicable to Prior Years		17,466.09
		\$2,274,116.80
<i>Add:</i> Net Profit for the Year		796,180.51
Profit on Disposal of Real Estate		7,967.16
Profit on Sale of Investments		191.00
Reserve re Real Estate Transferred		205,192.84
Reserve for Bad Debts Transferred		5,000.00
Refundable Portion of 1942 Excess Profits Tax		36,822.69
Increase in Cash Surrender Value of Life Insurance.....		3,550.35
		\$3,329,021.35
<i>Less:</i> Income and Excess Profits Taxes Applicable to Prior Years	\$ 21,946.02	
Life Insurance Premiums Paid	3,662.25	
Dividends Paid on Common Shares	244,300.80	
		269,909.07
Balance at Credit, December 31, 1948, as per Balance Sheet....		\$3,059,112.28

STATEMENT OF CONSOLIDATED DEFERRED SURPLUS

For the Year Ended December 31, 1948

Balance at Credit, January 1, 1948	\$ 249,711.58	
<i>Add:</i> Adjustments on Consolidation Applicable to Prior Years	18,551.09	
		\$ 268,262.67
<i>Add:</i> Adjustment of Refundable Portion of Excess Profits Tax for the years 1943, 1944 and 1945		356.38
		\$ 268,619.05
<i>Less:</i> Transfer of 1942 Refundable Portion to Earned Surplus..		36,822.69
Balance at Credit, December 31, 1948, as per Balance Sheet.....		\$ 231,796.36

STEDMAN BROS., LIMITED

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

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1948

ASSETS

Current Assets:

Cash on Hand and in Banks.....				\$1,182,974.17
Accounts Receivable				417,298.27
Merchandise Inventory as determined by the management and certified to be valued at not more than the lower of cost or market				\$1,492,394.10
Less: Reserve for Warehouse Profit on Store Inventories		\$ 94,673.69		
Reserve against decline in Inventory Values	200,000.00	294,673.69	1,197,720.41	
Cash Surrender Value of Life Insurance.....				29,187.02
Investment in Securities (at Approximate Market Value)....				8,566.06
				<u>\$2,835,745.93</u>

Fixed Assets—At Cost:

Land and Buildings	\$ 582,707.86			
Reserve for Depreciation	64,809.14	\$ 517,898.72		
Furniture and Fixtures	\$ 584,433.45			
Reserve for Depreciation	459,231.69	\$ 125,201.76		
				<u>643,100.48</u>

Other Assets:

Prepaid Insurance, Pension and Other Expenses.....	\$ 38,614.91			
Loans to Employees	18,649.31			
				<u>57,264.22</u>
Refundable Portion of Excess Profits Tax.....				231,796.36
				<u>\$3,767,906.99</u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 21,930.11			
Salaries Payable	30,301.42			
Reserve for Dominion and Provincial Taxes.....	63,690.62			
Common Dividend Payable 3rd January, 1949.....	61,075.20			
				<u>\$ 176,997.35</u>

CAPITAL STOCK AND SURPLUS

Capital Stock:

Authorized 500,000 Common Shares Without Nominal or Par Value				
Issued 407,168 Shares				\$ 294,801.00

Surplus:

Earned	\$3,059,112.28			
Deferred	231,796.36			
Capital	5,200.00	3,296,108.64		
				<u>3,590,909.64</u>
				<u>\$3,767,906.99</u>

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

AUDITOR'S CERTIFICATE

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, 1948, and the statements of Consolidated Profit and Loss and Consolidated Earned Surplus for the year then ended. In connection therewith, we have examined the records of the Company and its Wholly-Owned Subsidiaries and obtained all the information we have required from officers and employees; we also made a general review of the accounting methods and of the operating and incoming accounts for the year but we did not make a detailed audit of the transactions.

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, 1948, 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.

Empire

STEDMAN BROS., LIMITED

ANNUAL REPORT

FOR THE

Year Ending 31st December, 1948

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. MACDONALDVice-President
GEO. T. HUMBLE.....Director

STOCK TRANSFER AGENTS:

GUARANTY TRUST COMPANY OF CANADA
70 Richmond Street West
Toronto

BANKERS:

BANK OF TORONTO
Toronto

OPERATING COMPANY AND FRANCHISE STORES IN THE FOLLOWING LOCATIONS

ALBERTA
Camrose
Drumheller
Grande Prairie
Lacombe
Olds
Ponoka
Red Deer
Rocky Mountain House
Stettler
Taber
Vegreville
Vulcan
Wetaskiwin

BRITISH COLUMBIA
Armstrong
Courtenay
Dawson Creek
Duncan
Kelowna
Kimberley
Langley Prairie
Mission
Revelstoke
Burnaby
Vernon
Westview

MANITOBA
Minnedosa
Neepawa
Souris

NEW BRUNSWICK
Bathurst
Chatham
Chipman
Dalhousie
Edmundston
Hartland
Minto
Newcastle
Perth
St. George
St. Stephen (2 stores)
Sackville
Shediac
Sussex
Tracadie
Woodstock

NOVA SCOTIA
Annapolis Royal
Antigonish
Berwick
Bridgetown
Bridgewater (2 stores)
Dartmouth
Digby
Kentville
Kingston
Liverpool

Lunenburg
Middleton
North Sydney
Parrsboro
Pictou
St. Peter's
Shelburne
Springhill
Stellarton
Sydney
Tatamagouche
Truro
Weymouth
Windsor
Yarmouth

**PRINCE EDWARD
ISLAND**
O'Leary
Summerside
QUEBEC
Campbell's Bay
Huntingdon
Shawville
Val D'Or
Valleyfield

SASKATCHEWAN
Lloydminster
Meadow Lake
Melfort
Rosetown
Rose Valley

ONTARIO
Acton
Alexandria
Alliston
Almonte
Alvinston
Amherstburg
Araprior
Arthur
Athens
Aurora
Aylmer
Bancroft
Barry's Bay
Belle River
Blind River
Bobcaygeon
Bolton
Bowmanville
Bracebridge
Brantford
Brighton
Bradford
Burford
Burk's Falls
Burlington
Caledonia
Campbellford
Cannington
Capreol
Carleton Place

Chatham
Chesley
Clifford
Clinton
Cobourg
Cochrane
Colborne
Coldwater
Collingwood
Deseronto
Dryden
Dunnville
Durham
Dutton
Eganville
Elmira
Elmvale
Englehart
Essex
Fenelon Falls
Fergus
Fort Erie N.
Fort Frances
Gananoque
Georgetown
Glencoe
Goderich
Gore Bay
Grand Valley
Grimsby
Hagersville
Hamilton (2 stores)
Hanover
Harriston
Harrow
Hastings
Havelock
Huntsville
Ingersoll
Kapusking
Kincardine
Kingsville
Lakefield
Lanark
Leamington
Lindsay
Listowel
Long Branch
Lucknow
Mactier
Madoc
Manitowaning
Markdale
Markham
Marmora
Mattawa
Meaford
Merlin
Midland
Milton
Minden
Mitchell
Mount Forest
Napanee
New Hamburg
New Liskeard
Newmarket

Niagara-on-the-Lake
North Bay
Norwich
Oakville
Orangeville
Orono
Paisley
Palmerston
Paris
Parkhill
Parry Sound
Penetang
Perth
Peterboro
Petrolia
Picton
Port Colborne
Port Credit
Port Dover
Port Elgin
Port Hope
Port McNichol
Port Perry
Preston
Port Rowan
Renfrew
Richmond Hill
Ridgetown
Ridgeway
Rodney
St. Mary's
Seaford
Shelburne
Simcoe
Southampton
Springvale
Stayner
Stirling
Stouffville
Strathroy
Streetsville
Sturgeon Falls
Tavistock
Teeswater
Thessalon
Thorold
Tilbury
Tillsonburg
Toronto (7 stores)
Trenton
Tweed
Uxbridge
Walkerton
Wallaceburg
Warkworth
Waterford
Waterloo
Watford
Wellesley
Wellington
West Lorne
Wheatley
Warton
Winchester
Windsor (2 stores)
Wingham
Woodbridge