



ANNUAL REPORT



The Great West Saddlery Company Ltd.

FISCAL YEAR ENDING DECEMBER 31st, 1940



NOTICE OF ANNUAL MEETING

The Great West Saddlery Company Limited

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of THE GREAT WEST SADDLERY COMPANY LIMITED will be held at the Head office of the Company, 114 Market Ave., East, in the City of Winnipeg, Province of Manitoba, on Monday, the Third day of March, A.D., 1941 at Two o'clock in the afternoon.

1. To receive and, if deemed advisable, to approve the report of the Board of Directors for the fiscal year ended 31st December, A.D., 1940.
2. To elect a Board of Directors to hold office until the next annual meeting.
3. To appoint Auditors to hold office until the next annual meeting.
4. For the transaction of such other business as may properly come before the meeting.

The Board of Directors has fixed Monday, the 24th day of February, 1941 as the record date for the determination of shareholders entitled to vote at such annual meeting of shareholders and at all adjournments thereof.

If you do not expect to be present personally at the meeting will you please sign, date, and promptly return the attached proxy in the accompanying envelope.

A copy of the Annual Report and Balance Sheet to be submitted at such meeting is enclosed.

DATED at Winnipeg, Manitoba, this 10th day of February, A.D., 1941.

By Order of the Board,

J. C. BROADFOOT,
Secretary.

PROXY

I,.....of.....
a shareholder of

THE GREAT WEST SADDLERY COMPANY LIMITED

do hereby authorize H. E. Cochran of the City of Toronto, in the Province of Ontario; failing whom, A. G. A. Spence of the City of Toronto, in the Province of Ontario; failing whom, D. J. Hutchings of the City of Winnipeg, in the Province of Manitoba, and/or.....

.....
and/or any of them as my proxy for me and in my name and on my behalf to attend and vote at the Annual General Meeting of the Shareholders of The Great West Saddlery Company Limited to be held at the Head Office of the Company, 114 Market Avenue East, in the City of Winnipeg on Monday, the 3rd day of March, A.D. 1941 at 2:00 o'clock in the afternoon and at all adjournments thereof, and I hereby ratify all that my said proxy may do in the premises and revoke all previous proxies given by me in respect of meetings of the said Company.

Dated at.....this.....day of.....1941.

Witness.

Signature of Shareholder.

ANNUAL REPORT

To the Shareholders:

Your Directors have pleasure in submitting the balance sheet of your Company as at December 31st, 1940, and the profit and loss and earned surplus accounts, which, together, show results of operations for the fiscal year ended December 31st, 1940.

Operating profits for the year ended December 31st, 1940, after bond interest, but before depreciation and income tax, amounted to.....	\$105,916.00
After setting aside an amount of.....	24,000.00
for depreciation of buildings and machinery, and providing for income taxes of.....	33,000.00
there is a net profit of.....	48,916.00
which has been carried to earned surplus account.	

We think that the year's operations must be regarded as satisfactory, particularly in view of the fact that the economic background has been somewhat mixed. While the 1940 wheat crop was the second largest on record, low prices and storage difficulties limited the returns to the farmer. According to the Dominion Bureau of Statistics, 1940 cash income from the sale of all farm products in the three Prairie Provinces was 3% less than in 1939. Nevertheless, your Company's sales in 1940 were at a higher level than in 1939.

Dividends paid on the 6% First Preference Stock in 1940 totalled \$3.00 per share, or at the rate of 6% on the par value of \$50 per share. In addition, a quarterly dividend of 75 cents per share was declared out of 1940 profits on December 10th, payable January 2nd, 1941. Following this payment, accumulated arrears of First Preference dividends were \$1.50 per share.

Net working capital as of December 31st was.....	912,763.00
Current assets were approximately 4.1 times current liabilities.	

The operations of the Sinking Fund during the year resulted in a reduction of \$46,000 in par value of First Mortgage Bonds outstanding.

Your Directors wish to express their appreciation of the efforts and loyal co-operation of the General Manager, Mr. D. J. Hutchings, the Assistant Manager, Mr. J. C. Broadfoot, and all the members of the Staff throughout the year.

On behalf of the Board,

H. E. COCHRAN,
Vice-President.

Winnipeg, Manitoba,
February 10th, 1941.

THE GREAT WEST SADDLERY COMPANY LIMITED

BALANCE SHEET AT 31st DECEMBER, 1940

STATEMENT I

ASSETS

CURRENT ASSETS:		
Cash on Hand.....	\$ 5,420.12	
Accounts Receivable.....	\$473,105.27	
Less Reserve.....	19,528.31	
	\$453,576.96	
Relief Orders (payable out of funds provided by Dominion and Provincial Governments).....	11,687.95	
	465,264.91	
Raw Materials, goods in process, finished stock, and supplies on hand as per inventories, valued on the basis of cost or market, whichever is the lower, as determined from cost and other records and certified by responsible officials, less Reserve.....	737,268.74	
MORTGAGES, AGREEMENTS FOR SALE AND SUNDRY SECURITIES.....	2,191.13	
PROPERTIES ACQUIRED THROUGH LIQUIDATION OF COLLATERAL.....	4,002.00	
FIXED ASSETS:		
Land, Buildings, Plant, Machinery and Equipment at depreciated values based on appraisal by Sterling Appraisal Co. Ltd., dated 10th February, 1928, with subsequent additions at cost, less Depreciation Reserve provided to 31st December, 1936....	807,058.83	
DEFERRED CHARGES, prepaid insurance, etc.	5,464.42	
EQUITY IN RECIPROCAL INSURANCE EXCHANGES	\$ 12,951.80	
Less Reserve.....	7,500.00	
	5,451.80	
GOODWILL.....	1.00	
Approved on behalf of the Board:		
H. E. COCHRAN, Director.		
D. J. HUTCHINGS, Director		
	\$2,032,122.95	

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:		
Bank Loan (Secured).....	\$ 94,000.00	
Bank Overdraft.....	66,531.10	
Accounts Payable and Accrued Charges:		
Trade and Sundry.....	87,464.82	
Dominion and Provincial Taxes Payable	1,510.49	
Estimated Income and Excess Profits Taxes	33,275.03	
Bond Interest Payable and Accrued	7,165.00	
Dividends Payable.....	5,244.00	
	\$ 295,190.44	
FIRST MORTGAGE 20 Year 6% Sinking Fund Gold Bonds, due 1948		
Authorized	\$1,000,000.00	
Issued.....	\$850,000.00	
Less Redeemed.....	525,500.00	
	324,500.00	
RESERVE FOR SUNDRY CONTINGENCIES.....	16,937.50	
RESERVE FOR DEPRECIATION.....	88,278.00	
CAPITAL:		
Authorized:		
6,992 Shares 6% Cumulative Redeemable (at Company's option) First Preference Stock of \$50.00 each ..	\$349,600.00	
1,158 Shares 6% Cumulative Redeemable (at Company's option) Second Preference Stock of \$50.00 each ..	\$ 57,900.00	
Common Stock of no Par Value ..	40,000 Shares	
Issued:		
6,992 Shares First Preference Stock.....	\$349,600.00	
1,158 Shares Second Preference Stock.....	57,900.00	
39,871 Shares Common Stock.....	806,016.28	
	1,213,516.28	
EARNED SURPLUS (Subject to additional Excess Profits Tax, if any)	93,700.73	
NOTE: Cumulative Dividends are in arrears:		
On First Preference Stock, from 30th June, 1940.		
On Second Preference Stock, from 31st March, 1938.		
	\$2,032,122.95	

AUDITORS' REPORT

To the Shareholders of
The Great West Saddlery Company Limited, Winnipeg

We have examined the books and accounts of The Great West Saddlery Company, Limited, for the year ended 31st December, 1940, and, in accordance with the requirements of the Companies Act (Dominion) we report that we have obtained all the information and explanations we have required. In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Company at 31st December, 1940, according to the best of our information and the explanations given to us, and as shown by the books of the Company. Depreciation, provided at the usual rates, is now based on the reduced values as shown in the Balance Sheet, which in the opinion of the Directors is adequate.

Winnipeg, 30th January, 1941.

GEORGE A. TOUCHE & CO.,
Chartered Accountants, Auditors.

The Great West Saddlery Company Limited

STATEMENT II

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31st DECEMBER, 1940

Profit from operations for the year, before charging Executive Salaries, Bond Interest, Depreciation and Income Taxes.....		\$ 147,101.56
Deduct Executive Salaries.....	\$ 21,250.00	
Directors' Fees.....	200.00	
Bond Interest.....	20,235.49	
	<hr/>	41,685.49
Profit before providing for Depreciation and Income Taxes.....		\$105,416.07
Deduct Provision for Depreciation.....	\$ 24,000.00	
Dominion and Provincial Income and Excess Profits Taxes, estimated.....	33,000.00	
	<hr/>	57,000.00
Profit from sale of Investments.....		\$ 48,416.07
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Net Profit for the year, subject to additional Excess Profits Tax, if any, carried to Surplus Account (Statement III).....		\$ 48,916.07
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STATEMENT III

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED 31st DECEMBER, 1940

Surplus at 31st December, 1939.....	\$ 71,004.66
Dividends paid and payable, being five quarterly dividends of 1½% on First Preference Stock for the fifteen months ended 30th June, 1940.....	26,220.00
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Net Profit for the year ended 31st December, 1940, per Statement II.....	48,916.07
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Surplus at 31st December, 1940, subject to additional Excess Profits Tax, if any, carried to Statement I.....	\$ 93,700.73
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The Great West Saddlery Company Ltd.

DIRECTORS

H. E. COCHRAN, Toronto	H. R. DRUMMOND-HAY, K.C., Winnipeg
A. G. A. SPENCE, Toronto	D. J. HUTCHINGS, Winnipeg
A. E. HOSKIN, K.C., Winnipeg	J. C. BROADFOOT, Winnipeg

OFFICERS

Vice-President.....	H. E. COCHRAN
Vice-President.....	A. G. A. SPENCE
Vice-President and General Manager.....	D. J. HUTCHINGS
Secretary-Treasurer and Assistant General Manager.....	J. C. BROADFOOT
General Sales Manager.....	J. B. GRAY
Branch Managers:	
Edmonton.....	M. H. WITTERS
Calgary.....	E. O'CONNOR
Saskatoon.....	J. POWER
Regina.....	G. C. AVISON
Winnipeg.....	J. W. STINSON