

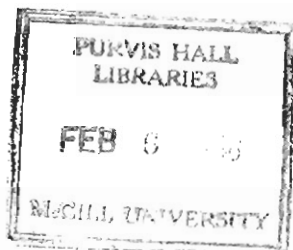
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ANNUAL REPORT

The Great West Saddlery Company Ltd.

FISCAL YEAR ENDED DECEMBER 31st, 1941

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ANNUAL REPORT

To the Shareholders:

Your Directors present herewith the Balance Sheet of the Company as at December 31st, 1941, the profit and loss, and earned surplus account showing results of operations in detail for the fiscal year ended December 31st, 1941.

Operating profits for the year ended December 31st, 1941, after bond interest, but before depreciation, Income and Excess Profits taxes amounted to.....	\$143,634.00
After setting aside an amount of.....	25,300.00
for depreciation of buildings and machinery and providing for	
Income and Excess Profits taxes of.....	60,550.00
there is a net profit of.....	57,784.00
which has been carried to earned surplus account.	

While in comparison with the year 1940 returns from the Western wheat crop were disappointingly low the purchasing power was greatly augmented by revenues from coarse grains, livestock, dairy products and the various crop and acreage bonuses. Volume of sales reached new levels during the year, producing increased gross earnings, which resulted in the necessity of substantially higher provision for Excess Profits and Income taxes.

Regular Dividends of \$3.00 per share were paid and in addition accumulated arrears of \$1.50 per share were paid on First Preference shares. There are now no arrears of Dividends on this class of shares. A payment of \$2.25 per share was also made on account of arrears on Second Preference shares, leaving Second Preference shares in arrears from December 31st, 1939.

Net working capital was increased during the year to.....	918,076.00
and sinking fund operations during the year reduced Bonds outstanding to.....	312,500.00

Your Directors are fully aware of the many uncertainties in the outlook for the future. The operations of the Wartime Prices and Trade Board will most certainly reduce gross mark-up. Shortages in materials and merchandise will, in all probability, also occur. No effort will be spared to maintain the liquid position of the Company.

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,

A. G. A. SPENCE,
President.

Winnipeg, Manitoba,
March 20th, 1942.

THE GREAT WEST SADDLERY COMPANY LIMITED

BALANCE SHEET AT 31st DECEMBER, 1941

STATEMENT I

<u>ASSETS</u>			<u>LIABILITIES AND CAPITAL</u>	
CURRENT ASSETS:			CURRENT LIABILITIES:	
Cash on Hand and in Bank.....	\$	6,976.73	Bank Loan (Secured).....	\$373,200.00
Accounts Receivable.....	\$533,414.98		Bank Overdraft.....	54,918.87
Less Reserve.....	20,132.03			\$ 428,118.87
	\$513,282.95		Accounts Payable and Accrued Charges:	
Relief Orders (payable out of funds provided by Dominion and Provincial Governments).....	1,781.13	515,064.08	Trade and Sundry.....	\$146,476.45
			Dominion and Provincial Taxes Payable.....	2,354.83
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.....		1,058,233.21	Estimated Income and Excess Profits Taxes.....	78,547.86
			Bond Interest Payable and Accrued.....	6,700.00
MORTGAGES, AGREEMENTS FOR SALE AND SUNDRY SECURITIES.....		683.98		234,079.14
PROPERTIES ACQUIRED THROUGH LIQUIDATION OF COLLATERAL.....		4,002.00	FIRST MORTGAGE 20 Year 6% Sinking Fund Gold Bonds, due 1948	
			Authorized.....	\$1,000,000.00
FIXED ASSETS:			Issued.....	\$850,000.00
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.....		816,304.51	Less Redeemed.....	537,500.00
DEFERRED CHARGES, prepaid insurance, etc.....		4,186.59		312,500.00
EQUITY IN RECIPROCAL INSURANCE EXCHANGES	\$ 14,562.34		RESERVE FOR SUNDRY CONTINGENCIES.....	16,352.50
Less Reserve.....	7,500.00		RESERVE FOR DEPRECIATION.....	112,655.50
GOODWILL.....		7,062.34		
		1.00	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
Approved on behalf of the Board			EARNED SURPLUS.....	95,292.15
A. G. A. SPENCE, Director			NOTE: Cumulative Dividends are in arrears:	
D. J. HUTCHINGS, Director			On Second Preference Stock from 31st December, 1939.	
		\$2,412,514.44		\$2,412,514.44

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, 1941, 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, 1941, 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, 4th March, 1942.

AUDITORS' REPORT

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, 1941

Profit from operations for the year, before charging Executive Salaries, Bond Interest, Depreciation and Income Taxes.....		\$ 186,441.47
Deduct Executive Salaries and Bonuses.....	\$ 22,916.60	
Directors' Fees.....	900.00	
Bond Interest.....	18,989.95	
		42,806.55
Profit before providing for Depreciation and Income Taxes.....		\$143,634.92
Deduct Provision for Depreciation.....	\$ 25,300.00	
Dominion Income and Excess Profits Taxes, estimated.....	60,550.00	
		85,850.00
Net Profit for the year, carried to Surplus Account (Statement III).....		\$ 57,784.92

STATEMENT III

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED 31st DECEMBER, 1941

Surplus at 31st December, 1940.....		\$ 93,700.73
Dividends paid, being:		
Six quarterly dividends of 1½% on First Preference Stock for the eighteen months ended 31st December, 1941.....	\$ 31,464.00	
Seven quarterly dividends of 1½% on Second Preference Stock for the twenty-one months ended 31st December, 1939.....	6,079.50	
Additional provision for Income Taxes to 31st December, 1940.....	18,650.00	
		56,193.50
		\$ 37,507.23
Net Profit for the year ended 31st December, 1941, per Statement II....		57,784.92
Surplus at 31st December, 1941, carried to Statement I.....		\$95,292.15

The Great West Saddlery Company Ltd.

DIRECTORS

A. G. A. SPENCE,
Toronto

H. R. DRUMMOND-HAY, K.C.,
Winnipeg

H. E. COCHRAN,
Toronto

D. J. HUTCHINGS,
Winnipeg

H. W. BELL,
Winnipeg

J. C. BROADFOOT,
Winnipeg

H. R. CARSON,
Calgary

OFFICERS

President.....A. G. A. SPENCE
Vice-President.....H. E. COCHRAN
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