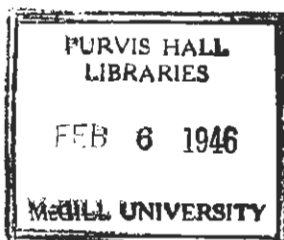


ANNUAL REPORT

The Great West Saddlery Company Ltd.

Fiscal Year Ended December 31st, 1943



ANNUAL REPORT

To the Shareholders:

Your Directors present herewith the Balance Sheet of the Company as at December 31st, 1943, the profit and loss, and earned surplus accounts showing results of operations in detail for the fiscal year ended December 31st, 1943.

| | |
|---|--------------|
| Operating profits for the year ended December 31st, 1943, after bond interest, but before depreciation, Income and Excess Profits Taxes, amounted to..... | \$332,416.00 |
| After setting aside an amount of..... | 24,309.00 |
| for depreciation of buildings and machinery and providing for Income and Excess Profits Taxes of..... | 239,500.00 |
| there is a net profit of..... | 68,607.00 |

which has been carried to surplus account.

During the year the Company retired \$44,000 of Bonds which matured on September 1st, 1943. Regular dividends of \$3.00 per share were paid on both First and Second Preference Shares.

| | |
|---|--------------|
| Net Working capital was increased during the year to..... | \$968,328.61 |
|---|--------------|

| | |
|--|------------|
| Since the Balance Sheet published as at December 31st, 1942, accounts receivable show a decrease from..... | 266,505.87 |
| as at December 31st, 1942 to..... | 166,059.45 |
| as at December 31st, 1943, or a net decrease of..... | 100,446.42 |
| in the year, and the inventory for the same period shows an increase of..... | 106,270.53 |

| | |
|--|--------------|
| Your Company again experienced a year of extremely buoyant sales. This is shown by a substantial increase in gross earnings which as shown above were..... | \$332,416.00 |
| for the year ending December 31st, 1943, as against gross earnings of..... | 263,900.77 |
| for the year ending December 31st, 1942, or an increase of..... | \$ 68,515.23 |

| | |
|---|--------------|
| The full impact of the Income and Excess Profits Taxes was felt during the year, with the result that net profits decreased from..... | \$ 81,232.77 |
| for the year ending December 31st, 1942, to..... | 68,607.00 |
| for the year ending December 31st, 1943, or a decrease of..... | \$ 12,625.77 |

This is exclusive of the refundable portion of the Excess Profits Tax which amounted to \$38,300.00 for the year, making a total to date of \$50,500.00.

In accordance with the policy outlined in previous years of buoyant sales, the liquidity of your business has been closely watched and the Company's position has been further improved. Accounts Receivable are at the lowest point in the history of the Company but cannot be expected to be maintained at this low level, when times become more normal.

During the past year the question of supply of merchandise has been more acute than ever. The Management and Merchandising staff have faced an acute problem of keeping a satisfactory inventory and at the same time of satisfying customers on a fair and equitable basis. The fact that the Company's reputation has never stood higher and that a comparatively satisfactory supply of merchandise is available for 1944 bears witness to the success of their efforts.

It is impossible to foretell business conditions during the coming year. At the present time it appears likely that buying power will continue to be high during the first half of 1944. The course of the war and the amount of goods for civilian uses that will be released are matters of conjecture only. Your company is in excellent position and should be capable of meeting circumstances as they arise.

Your Directors wish to again express their appreciation of the loyal co-operation of the General Manager, Mr. D. J. Hutchings, and the Assistant General Manager, Mr. J. C. Broadfoot. The past year has been a trying one both for them and for the staff. Man power shortage has been keenly felt and the successful year just ended has only been possible through the untiring efforts of every employee.

It is not being too optimistic to feel that difficulties in the future will be overcome by the same spirit of co-operation.

On behalf of the Board,

A. G. A. SPENCE,
President.

Winnipeg, Manitoba,
February 12th, 1944.

THE GREAT WEST SADDLERY COMPANY LIMITED

BALANCE SHEET AT 31st DECEMBER, 1943

STATEMENT 1

| <u>ASSETS</u> | | <u>LIABILITIES AND CAPITAL</u> | |
|--|----------------|---|----------------|
| CURRENT ASSETS: | | | |
| Cash on Hand..... | \$ 1,556.25 | Bank Overdraft, Current Account..... | \$ 126,031.66 |
| Accounts Receivable..... | \$216,052.79 | Bank Loan—Special re Victory Bonds (Secured)..... | 14,226.00 |
| Less Reserve..... | 49,993.34 | Accounts Payable and Accrued Charges: | |
| | \$166,059.45 | Trade and Sundry..... | \$122,864.13 |
| 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 Reserves.... | 1,070,596.45 | Dominion and Provincial Taxes (Sundry)..... | 608.80 |
| | 1,277.33 | Estimated Income and Excess Profits Taxes..... | 155,980.28 |
| Goods in Transit..... | | Bond Interest Accrued..... | 2,200.00 |
| DOMINION OF CANADA BONDS, at cost..... | \$150,000.00 | | 281,653.21 |
| Interest accrued thereon..... | 750.00 | FIRST MORTGAGE 6 year 3% Instalment Bonds | |
| | 150,750.00 | Authorized and Issued in 1942..... | \$264,000.00 |
| PROPERTIES AND MORTGAGES ACQUIRED THROUGH LIQUIDATION OF COLLATERAL..... | 4,008.00 | Less Instalment redeemed..... | 44,000.00 |
| FIXED ASSETS: | | | 220,000.00 |
| 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 provided to 31st December, 1936..... | 777,064.18 | RESERVE FOR DEPRECIATION..... | 161,173.07 |
| DEFERRED ACCOUNT RECEIVABLE—being estimated refundable portion of Excess Profits Tax—per contra..... | 50,500.00 | RESERVE FOR CONTINGENCIES..... | 18,000.00 |
| DEFERRED CHARGES, prepaid insurance, etc..... | 18,914.60 | CAPITAL | |
| EQUITY IN RECIPROCAL INSURANCE EXCHANGES..... | \$ 16,565.58 | Authorized: | |
| Less Reserve..... | 7,500.00 | 6,992 Shares of 6% Cumulative Redeemable (at Company's option) First Preference Stock of \$50.00 each..... | \$349,600.00 |
| GOODWILL..... | 9,065.58 | 1,158 Shares of 6% Cumulative Redeemable (at Company's option) Second Preference Stock of \$50.00 each..... | \$ 57,900.00 |
| CASH SURRENDER VALUE, LIFE INSURANCE..... | 1,725.00 | Common Stock of No Par Value..... | 40,000 Shares |
| | 1,213,516.28 | Issued: | |
| Approved on behalf of the Board | | 6,992 Shares of First Preference Stock..... | \$349,600.00 |
| A. G. A. SPENCE, Director | | 1,158 Shares of Second Preference Stock..... | 57,900.00 |
| D. J. HUTCHINGS, Director | | 39,871 Shares of Common Stock..... | 806,016.28 |
| | \$2,251,517.84 | DEFERRED CREDIT TO SURPLUS—being estimated refundable portion of Excess Profits Taxes—per contra..... | 50,500.00 |
| | | EARNED SURPLUS..... | 166,417.62 |
| | | | \$2,251,517.84 |

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, 1943, 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, 1943, 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, 5th February, 1944.

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, 1943

| | | |
|---|--------------|---------------|
| Profit from Operations for the year, before charging Executive Salaries, Bond Interest, Depreciation and Income and Excess Profits Taxes | | \$ 364,046.00 |
| Deduct | | |
| Executive Salaries and Bonuses..... | \$ 23,250.00 | |
| Directors' Fees..... | ' 900.00 | |
| Bond Interest..... | 7,480.00 | |
| | | 31,630.00 |
| Profit for the year before providing for Depreciation and Income and Excess Profits Taxes..... | | \$ 332,416.00 |
| Deduct | | |
| Provision for Depreciation..... | \$ 24,309.00 | |
| Income and Excess Profits Taxes, estimated..... | 239,500.00 | |
| | | 263,809.00 |
| Net Profit for the year, carried to Surplus Account (Statement III)..... | | \$ 68,607.00 |

STATEMENT III

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED 31st DECEMBER, 1943

| | | |
|--|--------------|---------------|
| Surplus at 31st December, 1942..... | \$141,229.24 | |
| Reduction in estimate of 1942 Income and Excess Profits Taxes due to rebate of Harness Subsidy..... | 8,559.74 | \$ 149,788.98 |
| Rebate of 1942 Harness Subsidy..... | \$ 9,528.36 | |
| Dividends paid for the year ended 31st December, 1943 | | |
| Four quarterly dividends of 1½% on First Preference Stock..... | 20,976.00 | |
| Four quarterly dividends of 1½% on Second Preference Stock..... | 3,474.00 | |
| Transfer to Reserve for Contingencies..... | 18,000.00 | 51,978.36 |
| | | \$ 97,810.62 |
| Net Profit for the year ended 31st December, 1943, per Statement II.. | | 68,607.00 |
| Surplus at 31st December, 1943, carried to Statement I..... | | \$ 166,417.62 |

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..... | J. E. O'CONNOR |
| Saskatoon..... | J. POWER |
| Regina..... | G. C. AVISON |
| Winnipeg..... | J. W. STINSON |