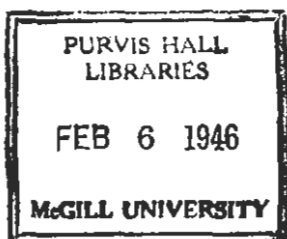


# ANNUAL REPORT

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The Great West Saddlery Company Ltd.

Fiscal Year Ended December 31st, 1944



# ANNUAL REPORT

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To the Shareholders:

Your Directors present herewith the Balance Sheet of the Company as at December 31st, 1944, the profit and loss, and earned surplus accounts showing results of operations in detail for the fiscal year ended December 31st, 1944.

Operating profits for the year ended December 31st, 1944, after bond interest, but before depreciation and Income and Excess Profits Taxes, amounted to..... \$270,557.23

After setting aside an amount of..... 26,803.00  
 for depreciation of buildings and machinery and providing for  
 Income and Excess Profits Taxes of..... 181,600.00  
 there is a net profit of..... 62,154.23  
 which has been carried to surplus account.

During the year the Company retired \$44,000 of Bonds which matured on September 1st, 1944. Regular dividends of \$3.00 per share were paid on both First and Second Preference Shares.

Net working capital during the year was increased to..... 985,839.87

Since the Balance Sheet published as at December 31st, 1943, accounts receivable show an increase from..... 166,059.45  
 as at December 31st, 1943, to..... 255,737.30  
 as at December 31st, 1944 or a net increase of..... 89,677.85

The inventory for the same period remains approximately the same.

The increase in accounts receivable is a direct reflection of a year of extremely buoyant sales.

The full effects of the restrictions imposed by the Wartime Prices and Trade Board together with increased operating costs have decreased gross earnings for the year from..... 332,416.00  
 for the year ended December 31st, 1943, to..... 270,557.23  
 for the year ended December 31st, 1944, or a decrease of ..... 61,858.77

After deduction of Income and Excess Profits Taxes, the net profits decreased from..... 68,607.00  
 for the year ended December 31st, 1943, to..... 62,154.23  
 for the year ended December 31st, 1944, or a decrease of ..... 6,452.77

This is exclusive of the refundable portion of Excess Profits Tax which amounts to..... 26,000.00  
 for the year, making a total to date of..... 77,908.19

In accordance with the established policy of the Company the liquidity of the business has again been closely watched. Accounts receivable show a slight increase which as noted above is purely a reflection of increased sales and is not occasioned by extending of terms or extending age of outstanding accounts. As times become more normal it must be anticipated that accounts receivable will increase.

Again during the past year the question of supply of merchandise has been acute. The management and merchandising staff have done an excellent job of maintaining inventory and at the same time satisfying customers. This again has made necessary a rationing operation which naturally increases the cost of doing business.

Comparatively satisfactory supplies of merchandise are available for 1945. Buying power in the field covered by your Company has been high during the entire period under review and it appears likely that it will continue high in the immediate future.

Naturally, the course of the war, which at this moment is so critical, will affect both the buying power of our customers and also the amount of goods available for civilian uses.

Your Directors again wish to 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, as well as all members of the staff.

Man-power shortage has again been a major problem and the successful year just ended has only been possible through the utmost co-operation of every employee of the Company.

On behalf of the Board,

A. G. A. SPENCE,

President.

Winnipeg, Manitoba,  
 March 20th, 1945.

# THE GREAT WEST SADDLERY COMPANY LIMITED

BALANCE SHEET AT 31st DECEMBER, 1944

## STATEMENT 1

<u>ASSETS</u>			<u>LIABILITIES AND CAPITAL</u>		
<b>CURRENT ASSETS:</b>					
Cash on Hand.....		\$ 1,742.17	Bank Overdraft, Current Account.....		\$116,020.54
Accounts Receivable.....	\$275,869.33		Bank Loan (Secured).....		280,425.00
Less Reserve.....	20,132.03				\$ 396,445.54
		255,737.30	Accounts Payable and Accrued Charges:		
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 or other records, and certified by responsible officials, less Reserves ...		1,030,819.38	Trade and Sundry.....		\$124,727.77
		10,254.07	Dominion and Provincial Taxes, Sundry.....		695.44
Goods in Transit.....			Estimated Income and Excess Profits Taxes.....		63,182.21
			Bond Interest Accrued.....		1,760.00
DOMINION OF CANADA BONDS, at cost.....	\$250,000.00				\$ 190,365.42
Interest accrued thereon.....	875.00		Total Current Liabilities.....		\$ 586,810.96
		250,875.00	FIRST MORTGAGE 6 year 3% Instalment Bonds		
PREPAID EXPENSES.....		23,222.91	Authorized and issued in 1942.....		\$264,000.00
			Less Instalments Redeemed.....		88,000.00
Total Current Assets.....		\$1,572,650.83			176,000.00
DEPOSIT WITH TRUSTEES FOR BONDHOLDERS.....		3,500.00	RESERVE FOR DEPRECIATION.....		185,992.07
FIXED ASSETS:			RESERVE FOR CONTINGENCIES.....		29,861.31
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.....		780,629.49	CAPITAL		
PROPERTIES AND MORTGAGES ACQUIRED THROUGH LIQUIDATION OF COLLATERAL .....		12,459.00	Authorized:		
DEFERRED ACCOUNT RECEIVABLE—being estimated refundable portion of Excess Profits Taxes—per contra.....		77,908.19	6,992 Shares of 6% Cumulative Redeemable (at Company's option) First Preference Stock of \$50.00 each.....		\$349,600.00
EQUITY IN RECIPROCAL INSURANCE EXCHANGES.....	\$ 17,363.23		1,158 Shares of 6% Cumulative Redeemable (at Company's option) Second Preference Stock of \$50.00 each.....		\$ 57,900.00
Less Reserve.....	7,500.00		Common Stock of No Par Value.....		40,000 Shares
GOODWILL.....		1.00	Issued:		
CASH SURRENDER VALUE, LIFE INSURANCE.....		5,190.00	6,992 Shares of First Preference Stock.....		\$349,600.00
			1,158 Shares of Second Preference Stock.....		57,900.00
Approved on behalf of the Board			39,871 Shares of Common Stock.....		806,016.28
A. G. A. SPENCE, Director			DEFERRED CREDIT TO SURPLUS—being estimated refundable portion of Excess Profits Tax—per contra.....		1,213,516.28
D. J. HUTCHINGS, Director		\$2,462,201.74	EARNED SURPLUS.....		77,908.19
					192,112.93
					\$2,462,201.74

## 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, 1944, 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, 1944, 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, 1945.

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

# The Great West Saddlery Company Limited

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## STATEMENT II

### PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31st DECEMBER, 1944

Profit from Operations for the year, before charging Executive Salaries, Bond Interest, Depreciation and Income and Excess Profits Taxes		\$ 300,867.23
Deduct		
Executive Salaries and Bonuses.....	\$ 23,250.00	
Directors' Fees.....	900.00	
Bond Interest .....	6,160.00	
		<u>30,310.00</u>
Profit for the year, before providing for Depreciation and Income and Excess Profits Taxes .....		\$ 270,557.23
Deduct		
Provision for Depreciation.....	\$ 26,803.00	
Income and Excess Profits Taxes, estimated.....	181,600.00	
		<u>208,403.00</u>
Net Profit for the year, carried to Surplus Account (Statement III).....		<u><u>\$ 62,154.23</u></u>

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## STATEMENT III

### STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED 31st DECEMBER, 1944

Surplus at 31st December, 1943.....		\$ 166,417.62
Adjustment in 1942 Income and Excess Profits Taxes.....	\$ 12,008.92	
Dividends paid for the year ended 31st December, 1944		
Four quarterly dividends of 1½% on First Preference Stock.....	20,976.00	
Four quarterly dividends of 1½% on Second Preference Stock.....	3,474.00	
		<u>36,458.92</u>
		\$ 129,958.70
Net Profit for the year ended 31st December, 1944, per Statement II..		<u>62,154.23</u>
Surplus at 31st December, 1944, carried to Statement I.....		<u><u>\$ 192,112.93</u></u>

# The Great West Saddlery Company Ltd.

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## 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	

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## 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.....	M. H. WITTERS
Branch Managers:	
Edmonton.....	J. McCAUGHAN
Calgary.....	J. STINSON
Saskatoon.....	J. POWER
Regina.....	R. E. PETTIPiece
Winnipeg.....	R. E. LATHEY