



REPORT AND ACCOUNTS 1957

Hudson's Bay Company,

288th ANNUAL GENERAL COURT

THE GOVERNOR AND COMPANY
OF ADVENTURERS OF ENGLAND
TRADING INTO HUDSON'S BAY

PURVIS HALL
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APR 11 1957

McGILL UNIVERSITY

Board

W. J. KESWICK, *Governor*

H. A. BENSON, C.B.E., F.C.A., *Deputy Governor*

I. P. R. NAPIER, M.C.

THE RT. HON. VISCOUNT WAVERLEY, P.C., G.C.B., G.C.S.I., G.C.I.E., F.R.S.

P. A. CHESTER, *Managing Director*

J. G. LINKS, O.B.E.

FIELD MARSHAL THE RT. HON. THE VISCOUNT ALANBROOKE,
K.G., G.C.B., O.M., G.C.V.O., D.S.O.

E. O. FAULKNER, M.B.E.

J. E. WOODS

Canadian Committee

J. E. WOODS, *Chairman*

P. A. CHESTER

THE HON. CHARLES A. DUNNING

F. F. MARTIN

J. HARRIS

S. A. SEARLE

C. GORDON SMITH

GRAHAM F. TOWERS, C.M.G.

Grand Seigneur

THE RT. HON. SIR WINSTON CHURCHILL, K.G., O.M., C.H., F.R.S., M.P.

Notice of Meeting

1. The 288TH ANNUAL GENERAL COURT of the Governor and Company of Adventurers of England trading into Hudson's Bay will be held at Beaver Hall, Garlick Hill, London, E.C. 4, on the 2nd May, 1957, at 11.30 a.m., to receive the Accounts for the year ended 31st January, 1957, together with a Report from the Board.
2. Resolutions will be proposed at the meeting :—
- (a) For payment of final distributions for the year ended 31st January, 1957, at the rate of 11 per cent. from Trading and $1\frac{1}{4}$ per cent. from the receipts of Land Sales, to Proprietors registered as Shareholders on 13th April, 1957. **(Resolution No. 1)**
- (b) To approve and adopt the Report, Balance Sheet and Profit and Loss Account for the year ended 31st January, 1957, including the Group Accounts. **(Resolution No. 2)**
3. Directors retiring by rotation and proposed for re-election are :—
- H. A. BENSON, ESQ., C.B.E., F.C.A.
(Deputy Governor) **(Resolution No. 3)**
- THE RT. HON. VISCOUNT WAVERLEY,
P.C., G.C.B., G.C.S.I., G.C.I.E., F.R.S. **(Resolution No. 4)**
- P. A. CHESTER, ESQ. **(Resolution No. 5)**
4. MESSRS. DELOITTE, PLENDER, GRIFFITHS & COMPANY, having notified the Company that they are willing to continue as Auditors, a Resolution will be proposed at the meeting that their fee be fixed at £900. **(Resolution No. 6)**
5. Transfer books will be closed from 15th April to 25th April, 1957, inclusive.

By Order of the Board,

R. A. REYNOLDS,

Secretary.

BEAVER HOUSE,
GREAT TRINITY LANE,
LONDON, E.C. 4.

9th April, 1957.

Consolidated Financial Summary

YEAR ENDED 31st JANUARY, 1957

	1957 £	1956 £
SALES	69,360,000	62,017,000
TRADING PROFIT	4,024,000	3,641,000
TAXES	1,854,000	1,706,000
NET TRADING PROFIT	2,170,000	1,935,000
NET DIVIDENDS AND PROFITS TAX ON DISTRIBUTIONS ...	745,000	692,000

DISTRIBUTION, LAND ACCOUNT	140,000	140,000

FIXED ASSETS AND TRADE INVESTMENTS	16,290,000	13,718,000
NET CURRENT ASSETS	11,223,000	12,913,000
CAPITAL IN USE	27,513,000	26,631,000

Operating Results Before Taxes

RETAIL STORES—SALES	44,092,000	38,618,000
PROFIT	2,408,000	2,179,000
FUR TRADE—SALES	9,409,000	8,634,000
PROFIT	825,000	766,000
WHOLESALE DEPARTMENT—SALES	15,859,000	14,765,000
PROFIT	197,000	156,000
ROYALTIES	509,000	435,000

NOTE.—The figures of Sales exclude furs sold on consignment £20,018,000 (£19,285,000).

CONSOLIDATED FINANCIAL SUMMARY

Year ended 31st January, 1957

	1957	1956
	\$	\$
SALES*.....	194,208,000	173,648,000
TRADING PROFIT.....	11,267,000	10,192,000
TAXES.....	5,191,000	4,777,000
NET TRADING PROFIT.....	6,076,000	5,415,000
NET DIVIDENDS AND PROFITS TAX ON DISTRIBUTIONS.....	2,086,000	1,938,000

DISTRIBUTION, LAND ACCOUNT.....	393,000	393,000

FIXED ASSETS AND TRADE INVESTMENTS.....	45,612,000	38,410,000
NET CURRENT ASSETS.....	31,424,000	36,154,000
CAPITAL IN USE.....	77,036,000	74,564,000

OPERATING RESULTS BEFORE TAXES

RETAIL STORES—SALES.....	123,458,000	108,130,000
—PROFIT.....	6,742,000	6,101,000
FUR TRADE —SALES.....	26,345,000	24,175,000
—PROFIT.....	2,310,000	2,142,000
WHOLESALE —SALES.....	44,405,000	41,342,000
—PROFIT.....	552,000	437,000
ROYALTIES.....	1,425,000	1,218,000

*Sales exclude furs sold on consignment: 1957, \$56,050,000; 1956, \$53,998,000

Figures converted into Canadian dollars at \$2.80 to the £.

Report to the Proprietors

Canada achieved a record output of goods and services in 1956 and the Company's profits reflected this prosperity as well as the strength of its organisation.

Net profit after taxes of £1,854,000 was £2,170,000, or 7s. 9d. per share.

Trading dividends paid and proposed amount to 15 per cent. being 3s. 0d. per share gross or 1s. 8 $\frac{3}{4}$ d. net after United Kingdom Tax. The same distribution as last year is proposed from the Land Account of 2 $\frac{1}{2}$ per cent. (6d. per share), half of which was paid last November with the interim trading dividend of 4 per cent.

Details of profit, interim and proposed final dividends and appropriations to reserves are shown in the Profit and Loss Account. The interim and proposed final distributions from Land Sales are shown in the Land Account.

A total of £450,000 has been appropriated to Development Reserve and £500,000 to Staff Retirement, leaving a carry forward of £223,000 from the Parent Company and £252,000 from the Subsidiaries.

Net current assets are £11,223,000. The reduction of £1,690,000 compared with last year, reflects the heavy capital expenditure of the past twelve months. £1,000,000 has been raised by way of short term loans.

This substantial capital expenditure totalled £3,322,000 which, after deducting depreciation of £1,055,000 and £141,000 representing sales of small properties, resulted in a net addition of £2,126,000 to the fixed assets.

The most important projects were the completion of the Edmonton store extension, the Calgary "Parkade," the Calgary store extension which will be finished in 1957, and four new Bay Stores. Additions to equipment and transport cost over £1,000,000 and £446,000 was advanced to Hudson's Bay Oil and Gas Company Ltd.

An important fur sale in New York coincided with the end of the financial year, causing an increase in Creditors, and Debtors to a lesser extent, which is substantial but temporary.

Royalties, which came mainly from oil, amounted to £509,000, as compared with £435,000 in the previous year.

At the Extraordinary General Court held in November, 1956, Proprietors approved proposals that the number of members of the Board should be increased from nine to fourteen in order to include members of the Canadian Committee. It is hoped that the Supplemental Charter will be granted soon, after which this important constitutional development in the history of the Company will be implemented.

A brief review of operations follows :

The Department Stores had another good year with an improvement in sales better than the reported average national increase. The expense arising out of store extensions and modernisation resulted in a fractional decline in the rate of profit to sales from 5.64 per cent. to 5.46 per cent.

During the year a six-day store week with night openings was introduced to meet the demand of customers for these shopping facilities. With these changes the five and a half day working week of forty hours is altered to a five-day week of forty hours.



The Company's Kitimat store, which opened early in December, is shown circled in this aerial view of the Aluminum Company town now being built in the forest of Northern British Columbia. In the background is the great Coastal Range of mountains.

The building of the six-storey and basement extension to the Calgary store will be completed in 1957, and the additional area so provided will be opened for business in sections as it is laid out and equipped.

The Bay Stores, formerly called the Interior Stores, also reported a satisfactory increase in sales and profit. Two new stores were built during the year ; two were transferred from the Fur Trade Department, and three were extended to meet growing local needs. There are now 28 of these stores.

The building of two stores to be opened in 1957 has been started, and other stores will be transferred to this Division from the Fur Trade Department.

In the development of these Bay Stores the closest co-operation exists with the Fur Trade Department, which often pioneers the new town sites because of its long experience in unorganised territory.

The Fur Trade Department, which includes the Fur Sales operations, also had a successful year. Part of the increase in profit came from higher volume of sales of merchandise arising from the many developments in the North, but wild fur purchases and the profit thereon again declined because of market conditions.

Ice, gales and blizzards combined with a late break-up and early freeze-up produced one of the most difficult navigational seasons ever experienced in northern waters. Deliveries of the largest seaborne tonnage on record in the Company were made successfully but the delays and premature end to the season caused the lay-up of several of the Company's vessels far away from their winter quarters and the evacuation of crews by air.

To meet the growing demand for cargo space, the M.V. "Rupertsland" was sent to the United Kingdom for the addition of 21 feet to her length.

Consignment sales of the Fur Sales Department amounted to £20,018,000. Mink continued to dominate the fur market, but the large increase in the production of ranch mink has caused some decline in prices. In spite of lower fur prices the aggregate profit of these operations in London, New York and Montreal was again higher than the previous year.

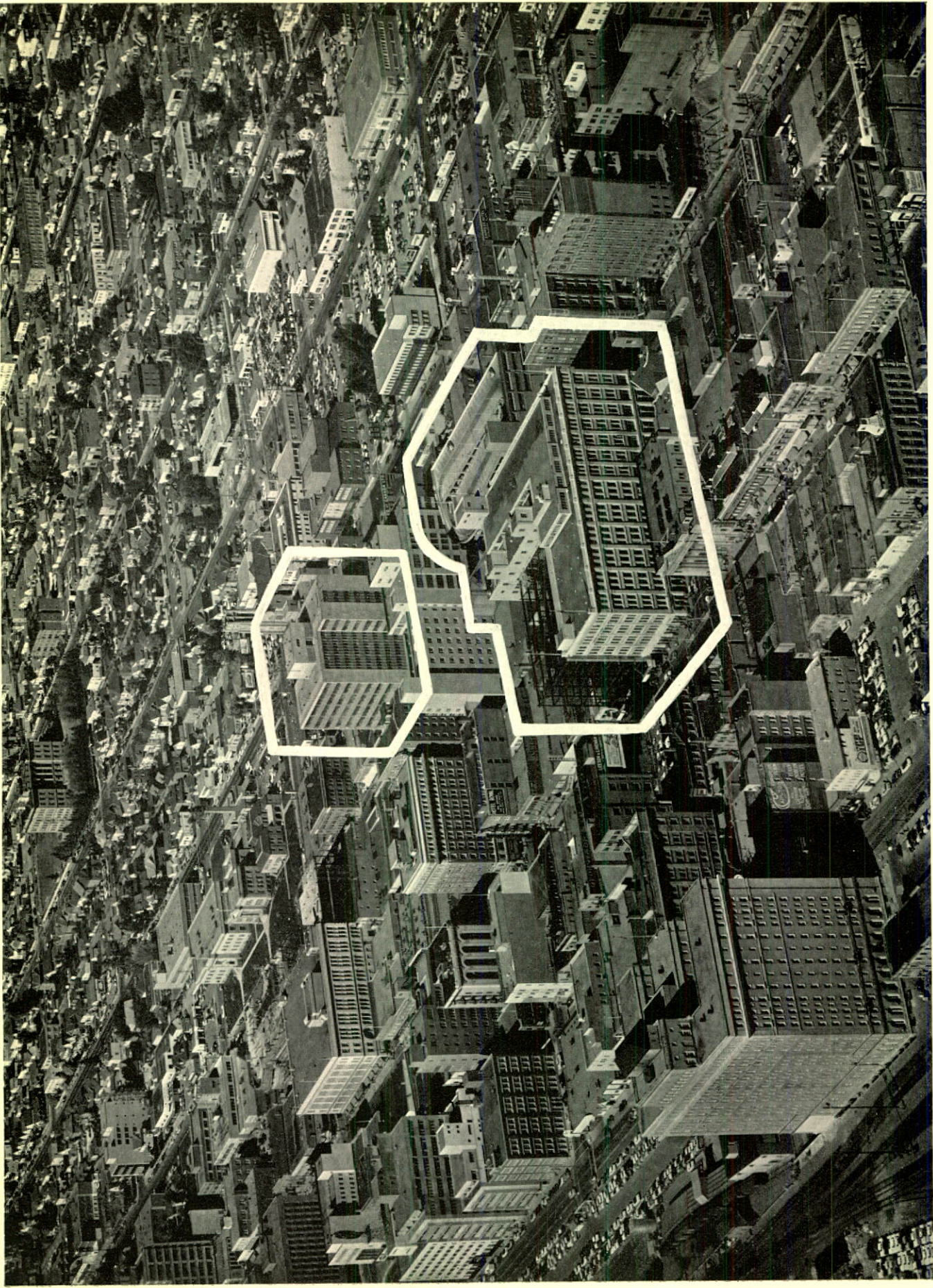
With the Wholesale Department the welcome improvement in profit is an indication of success towards overcoming the problems of this highly competitive business. Good progress was made with the introduction of new lines.

It has been a successful year's trading, and it can never be repeated too often that the general progress, the achievements and the vitality of the Company, which this report indicates, are due entirely to its excellent management and staff to whom the Board are extremely grateful.

On behalf of the Board,
W. J. KESWICK,
Governor.

BEAVER HOUSE,
GREAT TRINITY LANE,
LONDON, E.C. 4.

12th March, 1957.



The Company has been doing business in Calgary since 1876. Shown above is the present store with the steelwork of the extension and the new "Parkade." Outlined behind is the ten-storey building of the Hudson's Bay Oil and Gas Company Limited.

Hudson's Bay Oil and Gas Company Limited

(Owned by Continental Oil Company of Delaware 75% ; Hudson's Bay Company 25%)

COMPARATIVE STATISTICS

		1956	1955	1954
Net Producing Acreage (thousands of acres) ...		88	64	46
Undeveloped Acreage (thousands of acres) ...		10,860	9,381	9,562
Net Wells Completed :				
Exploratory		32·8	17·4	25·2
Development		153·4	156·6	56·5
Total		<u>186·2</u>	<u>174·0</u>	<u>81·7</u>
Net Producing Wells (end of year)		513·4	357·6	194·4
Net Crude Oil Production (barrels daily)		20,992	13,152	5,931
Expenditure on Finding Reserves and Developing				
Production (thousands of dollars)		\$28,252	\$27,077	\$16,600

For the first time since the Company was reactivated in 1947 it ended the year with a net profit. This operating profit of \$2,397,000, together with a profit of \$2,245,000 from the sale of a minor interest in certain natural gas acreage, was credited to Deficit Account, reducing this to \$7,148,203.

This deficit was incurred in past years in exploring for oil and natural gas, which led to the discovery of the substantial and valuable reserves now held by the Company.

The operating profit resulted from an active development programme in 1956 which increased net producing acreage by 38 per cent., and the number of net producing wells by 44 per cent.

Average daily oil production increased by 60 per cent. over 1955 to 20,992 barrels and represented 4.5 per cent. of all Western Canadian oil production, compared with 3.7 per cent. last year. In December, 1956, daily production was 24,151 net barrels, compared with 17,703 net barrels in the same month in 1955.

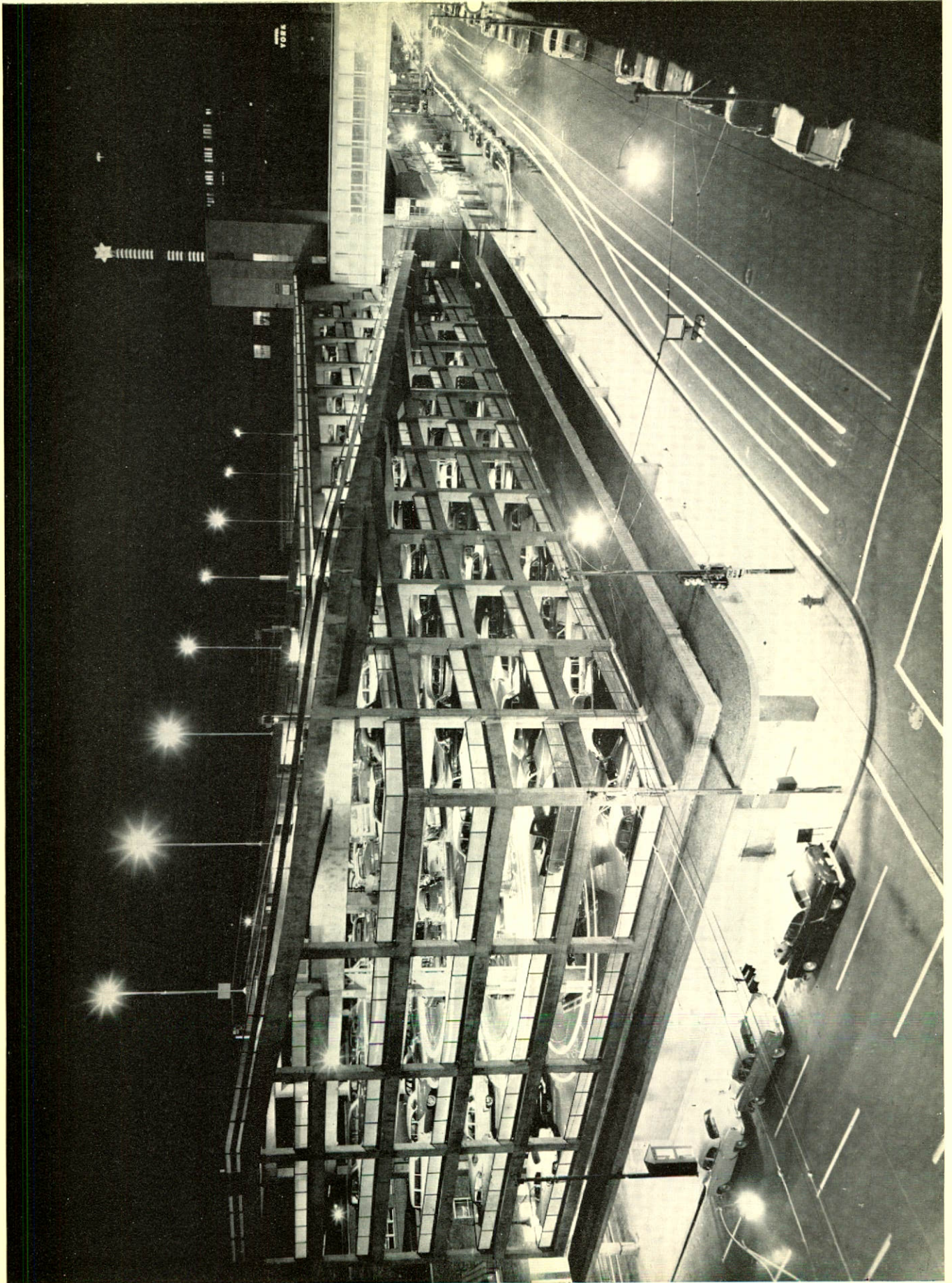
The increase in production to 7,683,000 barrels for the year came largely from development drilling in the Pembina, South Sturgeon Lake and Sundre fields.

A vigorous exploration programme was continued throughout the year, and while the Company participated in several oil and gas discoveries, further drilling will be required before their value can be assessed.

Limited exploratory drilling in the West Whitecourt area, mentioned in last year's report, indicates that important gas condensate fields exist in this large reservation of 1,100,000 acres, in which the Company has a 41 $\frac{2}{3}$ per cent. interest and further drilling is planned for 1957.

Lands acquired and surrendered during 1956 resulted in a net increase of 1,509,517 acres.

Construction of the Trans-Canada Pipe Line to carry natural gas eastward from Alberta as far as Montreal was begun last summer and should be completed by the end of 1958. The Company has important contracts for the delivery of natural gas to this line.



A typical example of the Company's modernisation programme is shown in this night view of the Calgary store 'Parkade', showing, in right background, the Skywalk connecting the 'Parkade' with the store.



Prospective Mink buyers examining skins in the Company's London Warehouse. In the Winter months it is now the practice to display the furs under artificial lights.



Hudson's Bay Company

INCORPORATED 2nd MAY, 1670.

Balance Sheets and Accounts

31st JANUARY, 1957

Hudson's Bay Company

CONSOLIDATED BALANCE SHEET,

1956 £		£	1957 £
5,608,000	SHARE CAPITAL		5,608,000
	CAPITAL RESERVES		
672,000	Capital Reserve Fund	672,000	
1,536,000	Share Premiums	1,536,000	
853,000	General	853,000	
2,000,000	Asset Replacement	2,000,000	
4,733,000	Exchange	4,735,000	
9,794,000			9,796,000
	REVENUE RESERVES		
4,870,000	General	5,438,000	
1,000,000	Merchandise	1,000,000	
550,000	Development	1,000,000	
1,400,000	Undistributed Profits—Hudson's Bay Company ...	1,623,000	
2,231,000	Subsidiaries	1,913,000	
1,178,000	Undistributed Surplus—Land Account	1,135,000	
11,229,000			12,109,000
26,631,000	TOTAL CAPITAL AND RESERVES		27,513,000
1,300,000	STAFF RETIREMENT		1,800,000
400,000	FUTURE TAXATION		437,000
	CURRENT LIABILITIES		
3,784,000	Creditors	6,610,000	
—	Short Term Loans (Note 8)	1,000,000	
1,484,000	Taxation Provision	1,510,000	
	Proposed Distributions :		
355,000	Trading (Net)	355,000	
70,000	Land Account	70,000	
5,693,000			9,545,000
<u>£34,024,000</u>			<u>£39,295,000</u>

and Subsidiaries

31st JANUARY, 1957

1956 £		£	£	1957 £
	FIXED ASSETS	<i>Cost</i>	<i>Depreciation</i>	
10,711,000	Land and Buildings	19,083,000	6,803,000	12,280,000
236,000	Transport	1,185,000	818,000	367,000
<u>10,947,000</u>		<u>20,268,000</u>	<u>7,621,000</u>	<u>12,647,000</u>
1,065,000	Equipment at cost, <i>less</i> amounts written off... ..			1,491,000
<u>12,012,000</u>				<u>14,138,000</u>
	TRADE INVESTMENTS			
	Hudson's Bay Oil & Gas Company Ltd.			
1,661,000	Shares at cost, <i>less</i> amounts written off		1,661,000	
—	Advances		446,000	
<u>1,661,000</u>			<u>2,107,000</u>	
45,000	Other investments at cost, <i>less</i> amounts written off		45,000	
<u>1,706,000</u>				<u>2,152,000</u>
	CURRENT ASSETS			
7,472,000	Merchandise		8,718,000	
2,135,000	Fur Posts (Note 2)		2,444,000	
8,929,000	Debtors		10,591,000	
1,310,000	U.K. and North American Government Securities (Market Value £976,000, £1,381,000)		889,000	
460,000	Cash and Bank Balances (after deducting bank overdrafts £418,000, £596,000)		363,000	
<u>20,306,000</u>				<u>23,005,000</u>
<u>£34,024,000</u>				<u>£39,295,000</u>

Consolidated Profit and Loss Account

FOR YEAR ENDED 31st JANUARY, 1957

<u>1956</u>		<u>1957</u>																					
£		£																					
<u>3,641,000</u>	CONSOLIDATED TRADING PROFIT	4,024,000																					
	after charging, and crediting income from, the following items :																						
	<table border="0" style="width: 100%; margin: 0 auto;"> <tr> <th style="text-align: left; width: 50%;"><u>1956</u></th> <th style="width: 40%;"></th> <th style="text-align: right; width: 10%;"><u>1957</u></th> </tr> <tr> <td style="text-align: right;">£854,000</td> <td>Depreciation</td> <td style="text-align: right;">£1,055,000</td> </tr> <tr> <td style="text-align: right;"><u>56,000</u></td> <td>Directors' Emoluments (Note 6)</td> <td style="text-align: right;"><u>60,000</u></td> </tr> <tr> <td style="text-align: right;">7,000</td> <td>Trade Investments</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td style="text-align: right;">42,000</td> <td>Other Investments</td> <td style="text-align: right;">17,000</td> </tr> <tr> <td style="text-align: right;">435,000</td> <td>Royalties</td> <td style="text-align: right;">509,000</td> </tr> <tr> <td style="text-align: right;"><u>56,000</u></td> <td>Sundries</td> <td style="text-align: right;"><u>63,000</u></td> </tr> </table>	<u>1956</u>		<u>1957</u>	£854,000	Depreciation	£1,055,000	<u>56,000</u>	Directors' Emoluments (Note 6)	<u>60,000</u>	7,000	Trade Investments	5,000	42,000	Other Investments	17,000	435,000	Royalties	509,000	<u>56,000</u>	Sundries	<u>63,000</u>	
<u>1956</u>		<u>1957</u>																					
£854,000	Depreciation	£1,055,000																					
<u>56,000</u>	Directors' Emoluments (Note 6)	<u>60,000</u>																					
7,000	Trade Investments	5,000																					
42,000	Other Investments	17,000																					
435,000	Royalties	509,000																					
<u>56,000</u>	Sundries	<u>63,000</u>																					
	TAXATION (on current profits)																						
1,239,000	U.K. Income Tax £1,397,000 Profits Tax £129,000	1,526,000																					
<u>1,197,000</u>	Less Estimated Double Taxation Relief	<u>1,500,000</u>																					
42,000		26,000																					
<u>1,664,000</u>	Overseas Taxation	<u>1,873,000</u>																					
1,706,000		1,899,000																					
<u>—</u>	Less Double Taxation Relief relating to previous years	<u>45,000</u>																					
<u>1,706,000</u>		<u>1,854,000</u>																					
<u>£1,935,000</u>	PROFIT AFTER TAXATION (other than Profits Tax on distributions)	<u>£2,170,000</u>																					
	APPROPRIATION OF PROFITS																						
	Parent Company																						
300,000	Development Reserve	250,000																					
<u>300,000</u>	Staff Retirement	<u>500,000</u>																					
129,000	Interim Dividend (net)	129,000																					
<u>355,000</u>	Proposed Final Dividend (net)	<u>355,000</u>																					
208,000	Profits Tax on distributions (including distributions from Land Account)	<u>261,000</u>																					
692,000		745,000																					
<u>104,000</u>	Increase in Undistributed Profits	<u>223,000</u>																					
<u>1,396,000</u>		<u>1,718,000</u>																					
	Retained by Subsidiaries																						
—	Development Reserve	200,000																					
457,000	Revenue Reserve—General	—																					
<u>82,000</u>	Increase in Undistributed Profits	<u>252,000</u>																					
539,000		452,000																					
<u>£1,935,000</u>		<u>£2,170,000</u>																					

Land Account

FOR YEAR ENDED 31st JANUARY, 1957

1956		1957
£		£
1,188,000	Undistributed Surplus, 31st January, 1956	1,178,000
130,000	Net Surplus for year	97,000
1,318,000		1,275,000
70,000	Interim Distribution	70,000
70,000	Proposed Final Distribution	70,000
140,000		140,000
£1,178,000	Undistributed Surplus, 31st January, 1957	£1,135,000

Report of the Auditors to the Proprietors

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company so far as appears from our examination of those books and proper returns duly audited and adequate for the purposes of our audit have been received from the branches which have not been visited by us. We have examined the balance sheet which is in agreement with the books of account and returns. The returns from Fur Posts are, however, made up to the 30th June, 1956. On this basis and on that of exchange adopted for investments in Canadian subsidiaries, in our opinion and to the best of our information and according to the explanations given us the said balance sheet, together with the notes on page 18, gives the information required by the Companies Act, 1948, in the manner so required and gives a true and fair view of the state of the Company's affairs as at the 31st January, 1957.

We have also examined the annexed consolidated balance sheet and consolidated profit and loss account of the Company and its subsidiaries with the audited accounts of those companies, certain of which have not been audited by us. In our opinion such consolidated balance sheet, together with the notes on page 18, and consolidated profit and loss account have been properly prepared in accordance with the provisions of the Companies Act, 1948, so as to give, on the basis of exchange adopted for Land and Buildings in Canada, a true and fair view of the state of affairs at the 31st January, 1957, and a true and fair view of the profit for the year ended that date of Hudson's Bay Company and its subsidiaries so far as concerns Proprietors of Hudson's Bay Company and so far as is practicable having regard to the fact that the accounts of the Fur Posts are made up to 30th June, 1956, and cover a different period from that of the main accounts of Hudson's Bay Company.

5 LONDON WALL BUILDINGS,
LONDON, E.C. 2.
12th March, 1957.

DELOITTE, PLENDER, GRIFFITHS & CO.
Chartered Accountants.

Hudson's

BALANCE SHEET,

1956 £		£	1957 £
6,000,000	SHARE CAPITAL		
	Authorised	6,000,000	
5,608,000	Issued—Ordinary Shares of £1 each	5,607,504	5,608,000
	CAPITAL RESERVES		
672,000	Capital Reserve Fund	672,000	
1,536,000	Share Premiums	1,536,000	
853,000	General	853,000	
1,873,000	Asset Replacement	1,873,000	
4,569,000	Exchange	4,569,000	
9,503,000			9,503,000
	REVENUE RESERVES		
3,410,000	General	4,228,000	
1,000,000	Merchandise	1,000,000	
550,000	Development	800,000	
1,400,000	Undistributed Profits	1,623,000	
1,178,000	Undistributed Surplus—Land Account	1,135,000	
7,538,000			8,786,000
22,649,000	TOTAL CAPITAL AND RESERVES		23,897,000
1,286,000	STAFF RETIREMENT		1,786,000
400,000	FUTURE TAXATION		437,000
	CURRENT LIABILITIES		
3,073,000	Creditors	3,472,000	
1,194,000	Taxation Provision	1,112,000	
645,000	Subsidiaries	586,000	
	Proposed Distributions :		
355,000	Trading (Net)	355,000	
70,000	Land Account	70,000	
5,337,000			5,595,000
£29,672,000			£31,715,000

Bay Company

31st JANUARY, 1957

1956 £		£ <i>Cost</i>	£ <i>Depreciation</i>	1957 £
	FIXED ASSETS			
661,000	Land and Buildings	809,000	150,000	659,000
55,000	Transport	651,000	622,000	29,000
<u>716,000</u>		<u>1,460,000</u>	<u>772,000</u>	<u>688,000</u>
285,000	Equipment, at cost less amounts written off...			228,000
<u>1,001,000</u>				<u>916,000</u>
	SUBSIDIARIES			
1,103,000	Investments, at cost less amounts written off ...		1,031,000	
8,878,000	Advances		10,005,000	
<u>9,981,000</u>				<u>11,036,000</u>
	TRADE INVESTMENTS			
	Hudson's Bay Oil & Gas Company Ltd.			
1,661,000	Shares at cost, less amounts written off		1,661,000	
—	Advances		446,000	
<u>1,661,000</u>			<u>2,107,000</u>	
45,000	Other investments at cost, less amounts written off		45,000	
<u>1,706,000</u>				<u>2,152,000</u>
	CURRENT ASSETS			
6,915,000	Merchandise		8,203,000	
2,135,000	Fur Posts (Note 2)		2,444,000	
5,943,000	Debtors		6,354,000	
1,167,000	U.K. and North American Government Securities (Market Value £619,000, £1,238,000)		532,000	
824,000	Cash and Bank Balances (after deducting bank overdraft £405,000, Nil)		78,000	
<u>16,984,000</u>				<u>17,611,000</u>
<u>£29,672,000</u>				<u>£31,715,000</u>

W. J. KESWICK, }
H. A. BENSON, } *Directors.*

Notes on the Accounts

(Forming an integral part of the Accounts of Parent and Group)

1. Exchange

All dollar Assets and Liabilities, Trading Profit and Land Surplus have been converted at \$2.80 to the £. The rates of exchange at 31st January, 1957, were \$2.68 (Can.) and \$2.80 (U.S.).

2. Fur Posts

The results of the Fur Posts are for the year to 30th June, 1956. The figures shown in the Balance Sheets, £2,444,000 (£2,135,000), are the Fur Trade Net Assets at 30th June, 1956, £2,834,000 (£2,924,000), less net transactions between 1st July, 1956, and 31st January, 1957, £390,000 (£789,000). The major items taken into account in arriving at the net assets at the 30th June, 1956, are, Merchandise and Furs £2,597,000 (£2,603,000), and Creditors £364,000 (£285,000).

Expenditure on Buildings and Equipment at Fur Posts is charged to Profit and Loss Account when incurred ; if removed from remote locations such assets would have no value.

3. Land Account

The unsold lands at 31st January, 1957, were 4,896 acres (6,844 acres). The amount outstanding in respect of lands sold £133,000 (£190,000), will be credited to the Land Account when received in cash. Having regard to the costs of realisation the net value of these assets is expected to be small.

4. Taxation

The item Future Taxation £437,000 is the estimated U.K. Income Tax liability for 1957-58, together with an equalisation reserve in respect of initial allowances. Provision has not been made for U.K. taxation which would arise if the profits remaining in the subsidiaries were distributed.

5. Reserves

During the year the following direct transfers to and from Reserves have been made in addition to those mentioned in the Accounts:—

- (a) A surplus of £36,000 arising on the liquidation of a subsidiary company has been transferred to Revenue Reserve—General in the accounts of the Parent Company. The following transfers arise in the Group accounts:—

	£
To Capital Reserve—Exchange	2,000
To Revenue Reserve—General	36,000
	£38,000

- (b) Dividends have been declared by Subsidiary Companies out of revenue reserves existing at 31st January, 1956, as follows:—

	£
Revenue Reserves—General	250,000
Undistributed Profits	532,000
	£782,000

The total of £782,000 has been transferred to Revenue Reserve—General in the Parent Company.

6. Directors' Emoluments

Emoluments include—Fees £7,700 (£7,700), Other emoluments £50,107 (£46,536), Pension £1,815 (£1,815).

7. Commitments for Capital Expenditure

Capital commitments at 31st January, 1957, were—Parent £nil (£nil), Group £1,300,000 (£1,990,000).

8. Guarantees

Short term loans raised by a subsidiary company amounting to £1,000,000 have been guaranteed by the Parent Company.

Hudson's Bay Company and Subsidiaries

COMPARATIVE SUMMARY

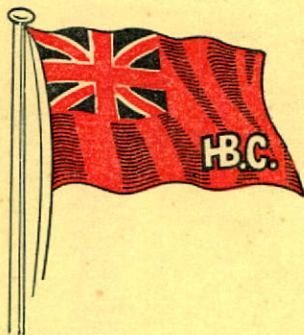
YEAR ENDED 31ST JANUARY	FIXED ASSETS	NET CURRENT ASSETS	TOTAL
	£	£	£
1951	8,607,000	10,018,000	18,625,000
1952	8,967,000	11,094,000	20,061,000
1953	9,508,000	11,986,000	21,494,000
1954	10,844,000	11,749,000	22,593,000
1955	12,217,000	13,481,000	25,698,000
1956	13,718,000	12,913,000	26,631,000
1957	16,290,000	11,223,000	27,513,000

For comparative purposes all fixed assets have been converted at \$2.80 to the £ which was the rate used for the years ended 31st January, 1954 to 1957. All other figures have been converted at the rates of exchange adopted in the accounts of the individual years.

YEAR ENDED 31ST JANUARY	SALES	TRADING PROFIT	TAXES	NET TRADING PROFIT	LAND SURPLUS	TOTAL	PAID TO PROPRIETORS AND PROFITS TAX THEREON
	£	£	£	£	£	£	£
1951	39,678,000	2,156,000	1,136,000	1,020,000	262,000	1,282,000	332,000
1952	46,525,000	1,939,000	1,160,000	779,000	197,000	976,000	425,000
1953	51,525,000	2,764,000	1,650,000	1,114,000	273,000	1,387,000	521,000
1954	55,441,000	3,061,000	1,740,000	1,321,000	303,000	1,624,000	617,000
1955	57,058,000	3,363,000	1,639,000	1,724,000	126,000	1,850,000	814,000
1956	62,017,000	3,641,000	1,706,000	1,935,000	130,000	2,065,000	832,000
1957	69,360,000	4,024,000	1,854,000	2,170,000	97,000	2,267,000	885,000

The figures for taxes for the years ended 31st January, 1953 and 1954, are before crediting £280,000, and £210,000, respectively released in those years out of provisions previously made. Profits Tax on trading dividends and on distributions from Land Account are included in the last column. The figure of Sales excludes furs sold on consignment.

PRINTED IN GREAT BRITAIN BY
BLADES, EAST AND BLADES LIMITED · 17 ABCHURCH LANE · LONDON · E.C. 4



Hudson's Bay Company.

INCORPORATED 2nd MAY, 1670.