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Eastern Steel

Products, Limited

nineteen fifty-four

annual

report



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EASTERN STEEL

Products, Limited

annual report

for the year

nineteen fifty-four

EASTERN STEEL *Products, Limited*

board of directors

J. M. PRITCHARD, *Chairman* - - - - - Westmount, Que.
C. F. W. BURNS - - - - - Toronto, Ont.
M. S. HAAS - - - - - Toronto, Ont.
A. T. HURTER - - - - - Montreal, Que.
J. E. LABELLE, Q.C. - - - - - Montreal, Que.
GORDON McMILLAN, Q.C. - - - - - Toronto, Ont.

officers

President - - - - - J. M. PRITCHARD
Vice-President - - - - - A. T. HURTER
Secretary - - - - - N. T. BERRY, Q.C.
Treasurer - - - - - L. B. HOPE

bankers

THE ROYAL BANK OF CANADA

registrars, transfer agents

EASTERN TRUST COMPANY

solicitors

McMILLAN, BINCH, WILKINSON, STUART, BERRY & DUNN

auditors

THORNE, MULHOLLAND, HOWSON & McPHERSON

head office

394 SYMINGTON AVENUE - - - - - Toronto, Ontario.

PLANTS AT PRESTON, TORONTO AND MONTREAL

board of directors' report to the shareholders



The Annual Report of your Company for the fiscal year ended November 30th, 1954, is presented herewith, including the Consolidated Balance Sheet of the Company and its subsidiaries, The A. B. Ormsby Company, Limited and W. D. Beath & Son Limited, and the related Consolidated Statements of Profit and Loss and Earned Surplus.

As at November 30th, 1953, the Company had some slow moving inventory still to be disposed of, and also it had contracts on hand which could result in considerable losses to the Company when completed. To protect its position it set up a reserve out of surplus account in an amount of \$300,000.00. During the year under review losses did occur to the extent of \$265,282.22 after providing for debenture interest \$57,008.35 and depreciation of \$61,735.60, and it has been determined there are still some of the contracts to be completed which will result in losses of approximately \$72,000.00. Under these circumstances \$228,774.84 of the \$300,000.00 reserve has been applied against losses incurred, and the remaining \$71,225.15 has been set up as a provision against possible losses on uncompleted contracts. Accordingly a net deficit of \$36,507.37 has been transferred to surplus account. Under the provisions of the Income Tax Act, losses incurred may be deducted from the profits of future years.

During the year under review a complete re-organization of the Company's management structure was undertaken, which is being completed now. It was felt this was desirous and necessary due to conditions which had existed, resulting in the losses as reflected above.

During the year \$40,000.00 principal amount of debentures was retired, and \$122,965.22 was expended on fixed assets, \$23,779.95 of which was realized from the disposal of capital assets. The bank loan was reduced \$660,000.00. The working capital of the Company was \$1,684,235.93, as compared with \$1,791,438.05 at the end of the previous year.

Economies are being introduced wherever possible and new products are being sought and developed, the results of which your Directors are confident will place the Company in a profit earning position.

Your Directors have received and appreciate the loyalty and co-operation of the officers and employees of the Company.

On behalf of the Board,

J. M. Pritchard,
President.

EASTERN STEEL P

A N D I T S S U B S I D I A R I E S T H E A . B . O R M S B Y C O M P

Consolidated Balance Sheet

assets

CURRENT ASSETS:

Cash on hand and in banks - - - - -	\$ 102,164.64	
Accounts receivable, less allowance for doubtful accounts - -	1,167,910.35	
Inventories as determined by the management and certified to be valued at estimated cost for goods finished and in process and the lower of cost or market for raw materials, etc. - - - - -	1,910,234.12	
Prepaid expenses - - - - -	47,431.84	\$3,227,740.95

FIXED ASSETS:

Land, buildings, plant and equipment valued substantially at cost - - - - -	\$2,771,737.16	
Less: Accumulated allowance for depreciation - - - - -	1,928,882.53	842,854.63

DEFERRED CHARGES:

Debenture issue expenses, less portion amortized - - - -		29,157.95
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\$4,099,753.53

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Eastern Steel Products, Limited and its subsidiaries, The A. B. Ormsby and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our evidence as we considered necessary in the circumstances.

In our opinion, the above consolidated balance sheet and accompanying consolidated statements of profit and loss and earned surplus at November 30, 1954 and the results of their operations for the year ended on that date, according to the best of our information and belief, are correct.

TORONTO, CANADA, January 5, 1955.

RODUCTS, LIMITED

A N Y, L I M I T E D A N D W. D. B E A T H & S O N L I M I T E D

Sheet - November 30, 1954

liabilities

CURRENT LIABILITIES:

Bank loan (secured) - - - - -	\$ 640,000.00	
Outstanding cheques - - - - -	302,233.99	
Accounts payable and accrued liabilities - - - - -	453,453.93	
Sales and other taxes withheld or accrued - - - - -	36,591.95	
Provision for loss on uncompleted contracts - - - - -	71,225.15	
Debenture principal maturing April 1, 1955 - - - - -	40,000.00	\$1,543,505.02

FIRST SECURED DEBENTURES, SERIES "A" AND "B":

Maturing \$40,000 annually 1955 and 1956, \$50,000 annually 1957 to 1961 and \$1,110,000 in 1966. Sinking fund payments of \$65,000 to be made annually from 1962 to 1965 inclusive. Interest at varying rates from 3½% to 4% depending on maturity - - - - -	\$1,440,000.00	
Less: Payment due April 1, 1955 shown above - - - - -	40,000.00	1,400,000.00

CAPITAL STOCK AND SURPLUS:

Capital stock:		
Authorized, 400,000 shares of no par value		
Issued, 288,144 shares - - - - -	\$ 990,532.11	
Earned surplus - - - - -	\$683,859.48	
Less: Goodwill- - - - -	518,143.08	165,716.40
		1,156,248.51
		<u>\$4,099,753.53</u>

Approved on behalf of the Board.

J. M. PRITCHARD, *Director.*

GORDON McMILLAN, *Director.*

Company, Limited and W. D. Beath & Son Limited, as at November 30, 1954 and the consolidated statements of profit and loss and the explanations given us and as shown by the books of the companies.

THORNE, MULHOLLAND, HOWSON & MCPHERSON, *Chartered Accountants.*

EASTERN STEEL PRODUCTS, LIMITED

AND ITS SUBSIDIARIES THE A. B. ORMSBY COMPANY, LIMITED AND W. D. BEATH & SON LIMITED

Consolidated Statement of Profit and Loss

Year ended November 30, 1954

Net operating debit for year including executive salaries and legal fees of \$24,200.00 and all other expenses except the undermentioned items - - - - -		\$146,538.27
Allowance for depreciation - - - - -	\$ 61,735.60	
Debenture interest - - - - -	57,008.35	118,743.95
		265,282.22
Provision made in prior year for losses on inventory - - - - -	300,000.00	
Less: Provision made in current year for losses on uncompleted contracts	71,225.15	228,774.85
NET DEFICIT FOR YEAR CARRIED TO EARNED SURPLUS - - - - -		\$ 36,507.37

Consolidated Statement of Earned Surplus

Year ended November 30, 1954

Balance at November 30, 1953 - - - - -	\$716,311.93
Adjustment of taxes on income of prior years - - - - -	4,054.92
	720,366.85
Deduct: Net deficit for year - - - - -	36,507.37
BALANCE AT NOVEMBER 30, 1954 - - - - -	\$683,859.48



general management

President - - - - - J. M. PRITCHARD

Assistant General Manager - - - - - L. B. HOPE

General Works Manager - - - - - R. P. FISHER

accounting

Controller - - - - - L. B. HOPE

advertising

Manager - - - - - R. H. WILLCOX

purchasing

Manager - - - - - S. BURNS

Preston division

General Sales Manager - - - - - C. A. MURPHY

Sales Manager, Structures Division - - - - - W. B. DENYES

Works Manager - - - - - H. KAISER

Toronto division

General Sales Manager - - - - - A. R. DERBY

Sales Manager, Automotive Division - - - - - R. E. BATES

Assistant Manager, Contract Division - - - - - A. R. THOMPSON

Sales Manager, Custom Products Division - - - - - J. B. DAVIS

Works Manager - - - - - A. T. BARTLETT

Eastern division (Montreal)

General Manager - - - - - J. T. WILSON

Sales Manager, Custom-Contract Division - - - - - A. C. KIRBY

Sales Manager, Automotive Division - - - - - G. H. LINTAULT

Works Manager - - - - - F. B. KRAFT

