



A N N U A L R E P O R T

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EASTERN STEEL
P R O D U C T S L I M I T E D

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EASTERN STEEL

P R O D U C T S L I M I T E D

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... metal fabricators since 1897

EASTERN STEEL

PRODUCTS LIMITED

BOARD OF DIRECTORS

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

OFFICERS

Chairman and Chief Executive Officer - - - - - J. M. PRITCHARD
President & General Manager - - - - - F. J. MADELY
Secretary - - - - - N. T. BERRY
Treasurer - - - - - D. G. SCOTT

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, 1953, is presented herewith, including the Consolidated Balance Sheet of the Company and its subsidiaries, The A. B. Ormsby Company Limited and W. D. Beath and Son Limited, and the related Consolidated Statements of Profit and Loss and Earned Surplus.

The net operating loss of your Company, after all charges, including debenture interest of \$58,308.33 and depreciation of \$55,096.67, amounted to \$315,098.33. Under the provisions of the Income Tax Act losses incurred may be deducted from the profits earned in the previous year, and we are therefore entitled to recover from the Government \$148,916.55, being the amount of tax paid on the profits of the year 1952. After deducting this recovery the net loss for the current year carried to surplus account is \$166,181.78.

Your Directors have reviewed the items making up the total inventory and have considered it desirable to provide against possible loss on certain slow-moving stock. Every effort will be made to dispose of these particular items without loss, but the Directors have decided to set up a reserve of \$300,000.00 against this contingency, which item appears as a charge in the statement of consolidated surplus. The earned surplus of the Company after reducing the value of the inventory by the above reserve is \$716,311.93, as compared with \$1,182,493.71 at the end of the previous fiscal year.

During the year \$40,000.00 principal amount of debentures was retired and \$32,927.14 was expended on additional fixed assets. The working capital of the Company after taking into account the inventory reserve was \$1,791,438.05 as compared with \$2,290,218.73 at the end of the previous year.

As a matter of policy the Directors have decided to carry the fixed assets of the Company at cost instead of at appraisal value as has been the practice in the past. Accordingly, fixed assets which appeared on last year's balance sheet at a net value of \$3,075,294.87 are now shown at a value of \$785,027.96, although with the exception of additions during the year the same fixed assets are involved. This basis of valuing the fixed assets of the Company conforms with the net values accepted under the Income Tax Regulations for the purpose of capital cost allowances.

Management is making every effort to overcome the unsatisfactory operating situation, and with new economies that have been introduced we look forward to the future with confidence.

Your Directors are pleased to report their appreciation of the loyalty and co-operation of the officers and employees of the Company.

On behalf of the Board,

J. M. PRITCHARD,

Chairman and Chief Executive Officer.

Page Three

EASTERN PRODUCTS

AND ITS SUBSIDIARIES THE A. B. ORMSBY COMPANY

Consolidated Balance Sheet

ASSETS

CURRENT ASSETS:

Cash on hand and in banks - - - - -	\$ 183,987.38	
Accounts receivable, less allowance for doubtful accounts - - -	1,429,668.63	
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. - - - -	\$2,643,589.46	
Less: Provision for possible losses - - -	300,000.00	2,343,589.46
Income tax recoverable - - - - -		148,916.55
Prepaid expenses - - - - -	46,946.90	\$4,153,108.92

FIXED ASSETS:

Land, buildings, plant and equipment valued substantially at cost (see Note 1) - - - - -	\$2,698,222.25	
Less: Accumulated allowance for depreciation - - - - -	1,913,194.29	785,027.96

The fixed assets of the company and its subsidiaries were appraised in May, 1946 by Industrial Valuation Company, Limited at values which were approximately \$2,400,000 in excess of the depreciated cost values at the date of the appraisal.

PAID ON ACCOUNT OF FIXED ASSETS SUBSEQUENTLY ACQUIRED (see Note 2) -	20,377.00
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DEFERRED CHARGES:

Debenture issue expenses, less portion amortized - - - - -	31,857.95
	<u>\$4,990,371.83</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

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

In our opinion, the above consolidated balance sheet, supplemented by the accompanying notes, and consolidated statements of the companies as at November 30, 1953 and the results of their operations for the year ended on that date, according to the best of our knowledge and belief, present fairly the financial position of the companies at that date and the results of their operations for the year ended on that date.

TORONTO, CANADA, FEBRUARY 6, 1954.

N STEEL LIMITED

ANY, LIMITED AND W. D. BEATH & SON LIMITED

Sheet - November 30, 1953

LIABILITIES

CURRENT LIABILITIES:

Bank loan (secured) - - - - -	\$1,300,000.00	
Outstanding cheques - - - - -	330,049.14	
Accounts payable and accrued liabilities - - - - -	653,329.15	
Sales and other taxes withheld or accrued - - - - -	38,292.58	
Debenture principal maturing April 1, 1954 - - - - -	40,000.00	\$2,361,670.87

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

Maturing \$40,000 annually 1954 to 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 3¼ % to 4 % depending on maturity - - -	\$1,480,000.00	
Less: Payment due April 1, 1954 shown above - - - - -	40,000.00	1,440,000.00

CAPITAL STOCK AND SURPLUS:

Capital stock:		
Authorized, 400,000 shares of no par value		
Issued, 288,144 shares - - - - -	\$990,532.11	
Earned surplus - - - - -	\$716,311.93	
Less: Goodwill - - - - -	518,143.08	198,168.85
		1,188,700.96

\$4,990,371.83

Approved on behalf of the Board.

J. M. PRITCHARD, *Director*.

FRED JAS. MADELY, *Director*.

Company, Limited and W. D. Beath & Son Limited as at November 30, 1953 and the consolidated statements of profit and loss and earned surplus included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we

of profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the companies and the explanations given us and as shown by the books of the companies.

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

E A S T E R N S T E E L

P R O D U C T S L I M I T E D

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, 1953

Net operating loss for year after charging all expenses, including executive salaries and legal fees, \$35,950, but before taking into account the undermentioned items - - - - -		\$ 201,693.33
Allowance for depreciation - - - - -	\$55,096.67	
Debenture interest - - - - -	58,308.33	113,405.00
Net loss before recovery of taxes on income - - - - -		315,098.33
Recovery of taxes on income - - - - -		148,916.55
NET LOSS FOR YEAR - - - - -		<u>\$ 166,181.78</u>

Consolidated Statement of Earned Surplus

YEAR ENDED NOVEMBER 30, 1953

Balance at December 1, 1952 - - - - -		\$1,182,493.71
<i>Deduct:</i>		
Net loss for year - - - - -	\$166,181.78	
Provision for possible losses on inventory - - - - -	300,000.00	466,181.78
BALANCE AT NOVEMBER 30, 1953 - - - - -		<u>\$ 716,311.93</u>

Notes to Balance Sheet

1. The fixed assets of the company have been shown on previous annual balance sheets at values reflecting the appraisal of 1946 and accumulated depreciation since date of appraisal. The directors have decided to discontinue that practice and to show the fixed assets at values representing substantially original cost to the company and its subsidiaries with accumulated depreciation from time of incorporation of the respective companies. This basis conforms with the net values accepted under the income tax regulations for the computation of capital cost allowances. As a result, the item appearing on previous balance sheets representing the excess of appraised value of fixed assets over net book value, less certain deductions, has been eliminated and the net amount of \$518,143.08 previously charged against this account relating to patents, leases and goodwill has been deducted from earned surplus in the accompanying balance sheet. For Federal income tax purposes the goodwill item is not deductible in determining the company's undistributed income.

2. As at November 30, 1953 the company was committed to pay \$38,754.00 on delivery of machinery previously ordered. It also had offered to purchase land and building at a cost of \$37,000.00, which transaction was subsequently completed.

3. The company has granted options to certain employees on an aggregate of 15,000 shares of the capital stock of the company at a price of \$7.00 per share, which options are dependent on continued employment and may be exercised at a rate not exceeding 20% per annum.



Management

Chairman and Chief Executive Officer - - - - - J. M. PRITCHARD
President and General Manager - - - - - F. J. MADELY
Assistant General Manager - - - - - D. G. SCOTT
Personnel Administration - - - - - J. T. WILSON
Montreal Manager - - - - - A. R. DERBY

Accounting

Chief Accountant - - - - - L. B. HOPE

Purchasing

Manager - - - - - S. BURNS

Engineering

Manager - - - - - G. J. WHITTEY

Sales

Contract, Builders' Supplies
and Structures Divisions - - - - - L. M. FRANK
Contract Division (Toronto) - - - - - H. R. WELLS
Contract Division (Hamilton) - - - - - A. THOMPSON
Builders' Supplies (Preston) - - - - - C. A. MURPHY
Structures Division (Preston) - - - - - W. B. DENYES
Automotive and Elevator Divisions - - - - - G. H. GUSTAFSON
Automotive (Toronto) - - - - - R. E. BATES
Automotive (Montreal) - - - - - G. H. LINTAULT
Elevator (Toronto and Montreal) - - - - - H. B. SKINNER
Custom Products Division
(Toronto and Montreal) - - - - - A. C. KIRBY

Manufacturing

General Works Manager - - - - - R. P. FISHER
Works Manager (Montreal) - - - - - F. B. KRAFT
Works Manager (Preston) - - - - - H. KAISER



EASTERN STEEL
PRODUCTS LIMITED

A line drawing of a hand holding a rectangular business card. The card is tilted upwards and to the right. The text on the card is in a bold, sans-serif font. The background is a solid light yellow color.

We think you will be interested in
our products and services

Our various products and facilities are merchandised
through six distinct sales divisions.

AUTOMOTIVE DIVISION

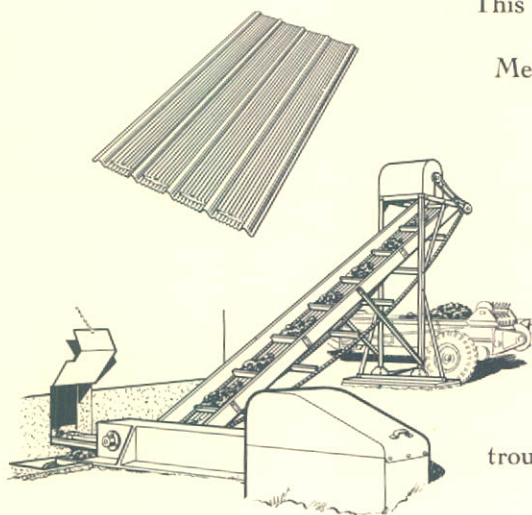
Our Automotive Division manufactures a
complete line of automotive equipment for
Municipalities and individual contractors.

Products include:

Frink Sno-Plows, Heil Bodies and Hoists,
Winch-Lift Dump Trailers, Trailblazer
Scrapers and Rollers, Material Spreaders
and Loaders.



BUILDERS' SUPPLIES DIVISION



This division manufactures a wide range of
fireproof building materials including:
Metal Lath, Corner Bead, Mortar Boxes,
Box Track, Garage Door Hardware,
Galvanized and Aluminum Roofing
and Siding, Trim, Roofing Nails,
Eavestrough and Conductor Pipe,
Farm Building Ventilators.
Together with this line of building
materials, the Salesmen of the
division sell modern, time-saving
equipment for the care and feeding of
livestock and poultry:
Jamesway poultry equipment, hog
troughs, watering troughs, Barn Cleaners.

... metal fabricators since 1897

From a small beginning
in the closing years of the last century,
Eastern Steel has grown in physical size
and product range.

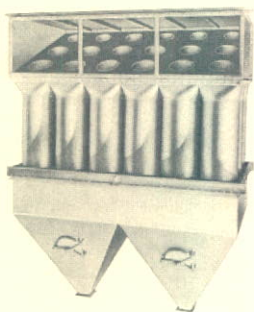
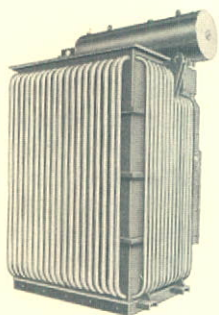
Today, three large plants in Preston, Toronto
and Montreal, covering a combined area of
270,000 square feet, produce more than a hundred
products for a wide variety of industry.

You may be familiar with at least one phase of
our manufacturing operations. This brochure
presents in concise fashion the many
diversified products and fabrication facilities of
Eastern Steel. More complete information is
readily available from your Eastern Steel
representative or by dropping a
line to our Head Office, TORONTO.

CUSTOM PRODUCTS DIVISION

The fabrication of sheet metal work to customer's individual specifications is the main function of our Custom Products Division.

The division also manufactures standard products including basement tanks, underground tanks, steel septic tanks.



Products recently fabricated include:

- Dust collectors
- Structural steel platforms and stairs
- Transformer tanks
- Steel tanks and coverings
- Heavy spouting and duct work
- Custom made steel hoppers
- Custom made aluminum hoppers
- Heavy sheet metal and plate work



CONTRACT DIVISION

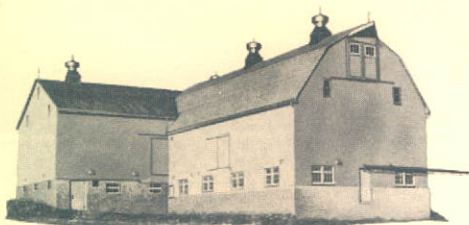
The products of our Contract Division are specified on most new construction projects in Canada.

The Contract Division of Eastern Steel manufactures Steel Sash, Fire Doors, Kalamein Doors, Industrial Skylights, Swartwout Ventilators, Steel Roof Deck, Sheet Metal Flashing and Coping, Overhead Sectional Doors, Rolling Steel Doors, Revolving Doors, Steel Door Frames and Toilet Partitions.

The roofs covering some of the country's largest Industrial Plants were applied by Eastern Steel's Contract Division.

STRUCTURES DIVISION

Agriculture and Industry are jointly served by the Structures Division of Eastern Steel which manufactures and erects Barns, Implement Buildings, Storage Buildings, One Storey Factory Buildings and Garages.



ELEVATOR CUSTOM SALES

This Division provides complete design and engineering services for passenger and freight elevators.





metal fabricators since 1897

EASTERN STEEL
P R O D U C T S L I M I T E D

HEAD OFFICE:

394 Symington Ave.,
Toronto, Ontario.
Phone: KE. 2351

BRANCH OFFICES:

1335 Delorimier Ave.,
Montreal, Quebec.
Phone: CH. 2171

308 Guelph St.,
Preston, Ontario.
Phone: OL. 3-2234.

145 Barton St. E.,
Hamilton, Ontario.
Phone: 3-2911

