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*Annual
Report*
1951

EASTERN STEEL PRODUCTS LIMITED

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Eastern Steel Products Limited

BOARD OF DIRECTORS

| | |
|---|-----------------|
| C. F. W. BURNS | TORONTO, ONT. |
| A. K. CAMERON | WESTMOUNT, QUE. |
| A. B. DAVIDSON | TORONTO, ONT. |
| M. S. HAAS | TORONTO, ONT. |
| J. E. LABELLE, Q.C. | MONTREAL, QUE. |
| F. J. MADELY | TORONTO, ONT. |
| GORDON McMILLAN, Q.C. | TORONTO, ONT. |
| LT.-COL. W. E. PHILLIPS, C.B.E., D.S.O., M.C. | TORONTO, ONT. |
| J. M. PRITCHARD | WESTMOUNT, QUE. |

OFFICERS

| | |
|---------------------------------|-----------------|
| CHAIRMAN OF THE BOARD | A. K. CAMERON |
| PRESIDENT | A. B. DAVIDSON |
| VICE-PRESIDENT | J. M. PRITCHARD |
| GENERAL MANAGER | F. J. MADELY |
| SECRETARY | N. T. BERRY |
| TREASURER | D. G. SCOTT |

BANKERS

THE BANK OF NOVA SCOTIA

REGISTRARS, TRANSFER AGENTS

EASTERN TRUST COMPANY

SOLICITORS

McMILLAN, BINCH, WILKINSON, STUART, BERRY AND WRIGHT

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, 1951, is presented herewith, including the Consolidated Balance Sheet of Eastern Steel Products Limited and its subsidiaries, The A. B. Ormsby Company Limited and W. D. Beath and Son Limited, and the related Consolidated Statement of Profit and Loss and Earned Surplus.

The net operating profit for the year, after all operating charges, but before provision for income tax was \$248,967.82, as against a corresponding figure for last year of \$52,479.35. After setting aside \$128,000.00 for the payment of income tax, as compared with a provision of \$21,000.00 for this purpose in 1950, the final net profit transferred to earned surplus was \$120,967.82, or an improvement over last year of \$89,488.47. Sales volume was considerably increased over the previous year.

The increase in working capital during the year was \$160,765.73, the total working capital of the Company at November 30th, 1951, amounting to \$2,123,620.58. During the year \$40,000.00 principal amount of debentures was retired, and \$60,061.23 was expended on additional fixed assets. The earned surplus at November 30th, 1951, amounted to \$1,037,423.12, as compared with \$899,160.76 at the end of the previous fiscal year.

The improvements resulting from changes in plant, staff and products, referred to in the last Annual Report, have become increasingly effective.

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,

A. B. DAVIDSON,
President.



Eastern Steel Products Limited

AND ITS SUBSIDIARIES

C O N S O L I D A T E D

Assets

CURRENT ASSETS:

| | | |
|--|----------------|----------------|
| Accounts receivable, less reserve for doubtful accounts | \$1,611,841.04 | |
| 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. | 2,523,049.08 | |
| Refundable portion of excess profits taxes | 1,974.67 | |
| Prepaid expenses | 29,368.12 | |
| | | \$4,166,232.91 |

CASH HELD BY TRUSTEE FOR THE DEBENTURE-HOLDERS AVAILABLE FOR CAPITAL EXPENDITURES IN PROCESS

66,847.91

FIXED ASSETS:

| | | |
|---|----------------|--------------|
| Land, buildings, plant and equipment at depreciated appraised value as per appraisals by Industrial Valuation Company, Limited in 1946, plus subsequent additions at cost, less disposals | \$3,424,270.72 | |
| Less Subsequent reserve for depreciation | 337,558.61 | |
| | | 3,086,712.11 |

DEFERRED CHARGES:

| | | |
|--|-----------|----------------|
| Debenture issue expenses, less portion amortized | 37,257.95 | |
| | | \$7,357,050.88 |

Approved on behalf of the Board

A. B. DAVIDSON, Director.

AUDITORS' REPORT TO SHAREHOLDERS

We have made an examination of the books and accounts of Eastern Steel Products, Limited and its subsidiary companies for the year ended December 31, 1951, and the above consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the companies as at that date, as shown by their books.

TORONTO, CANADA, February 13, 1952.

SOLIDATED BALANCE SHEET NOVEMBER 30, 1951

Liabilities

CURRENT LIABILITIES:

| | | |
|--|---------------|-----------------------|
| Bank loan and overdraft (secured) | \$ 878,162.49 | |
| Accounts payable and accrued liabilities | 957,507.52 | |
| Provision for taxes on income | 105,376.34 | |
| Other taxes withheld or accrued | 61,565.98 | |
| Debenture principal maturing April 1, 1952 | 40,000.00 | |
| | | <u>\$2,042,612.33</u> |

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

| | | |
|---|----------------|---------------------|
| Maturing \$40,000.00 annually 1952 to 1956, \$50,000.00 annually 1957 to 1961 and \$1,110,000.00 in 1966. Sinking fund payments of \$65,000.00 to be made annually from 1962 to 1965 inclusive. Interest at varying rates from 2½% to 4%, depending on maturity | \$1,560,000.00 | |
| Less Payment due April 1, 1952 shown above | 40,000.00 | |
| | | <u>1,520,000.00</u> |

| | | |
|--|--------------|--|
| EXCESS OF APPRAISED VALUE of fixed assets over net book value, less book value of patents, leases and goodwill | 1,766,483.32 | |
|--|--------------|--|

CAPITAL STOCK AND EARNED SURPLUS:

Capital stock:

| | | |
|--|---------------|---------------------|
| Authorized, 400,000 shares of no par value | | |
| Issued, 288,144 shares | \$ 990,532.11 | |
| Earned surplus | 1,037,423.12 | |
| | | <u>2,027,955.23</u> |

NOTE:

An option is outstanding which expires November 30, 1952, covering 5,000 shares of the company's capital stock at the price of \$7.00 per share.

\$7,357,050.88

half of the Board.

GORDON McMILLAN, *Director*.

TO THE SHAREHOLDERS

ended November 30, 1951 and have obtained all the information and explanations we have required. We report that, in our opinion, of the said companies as at November 30, 1951, according to the best of our information and the explanations given us and as shown

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 AND EARNED SURPLUS

YEAR ENDED NOVEMBER 30, 1951

| | | |
|--|--------------|----------------|
| Net operating profit for year after deducting all expenses, including executive salaries and legal fees, \$39,500.00, but before taking into account the undermentioned items. | | \$ 384,133.78 |
| Provision for depreciation | \$ 74,390.96 | |
| Debenture interest. | 60,775.00 | 135,165.96 |
| Net profit before taxes on income | | \$ 248,967.82 |
| Provision for taxes on income | | 128,000.00 |
| Net profit for year | | \$ 120,967.82 |
| Earned surplus at beginning of year | \$899,160.76 | |
| Adjustment of life insurance benefit received | 17,294.54 | 916,455.30 |
| EARNED SURPLUS AT NOVEMBER 30, 1951 | | \$1,037,423.12 |

1897

Founded as the Metal Shingle & Siding Co. Ltd., Preston, Ontario.

1906

A new plant established at Montreal.

1912

Acquired the A. B. Ormsby Company, Toronto.

1927

Reincorporated under the name Eastern Steel Products Limited.

1935

Added "Jamesway" to our product line.

"Through The Years with E.S.P."

1946

Acquired a controlling interest in W. D. Beath & Son Limited, Toronto.

1947

The Ormsby & Beath Companies were merged with Eastern Steel Products Limited.

1950

Commenced producing "Winch-Lift" Dump Trailers by arrangement with Winch-Lift Inc. and the manufacture of Heil Bodies and Hoists under license from the Heil Co.

1951

We enter our fifty-fifth year of operations, confident in our ability to meet the challenge of future years . . . whatever they may bring.

