

ANNUAL
REPORT

FOR THE YEAR

1949

WESTEEL PRODUCTS LIMITED

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MCGILL UNIVERSITY

WESTEEL PRODUCTS LIMITED

DIRECTORS

A. F. Culver	Montreal
P. F. Fowle	Toronto
R. J. Gourley	Winnipeg
F. E. Halls (<i>Deceased</i>)	Winnipeg
G. W. Hutchins	Winnipeg
L. L. Lang	Waterloo
E. S. Sargeant	Toronto
W. R. Taprell	Toronto

OFFICERS

<i>President</i>	G. W. Hutchins
<i>Vice-President and Managing Director</i>	E. S. Sargeant
<i>Secretary-Treasurer</i>	P. F. Fowle
<i>Assistant Secretary-Treasurer</i>	W. S. Sparrow

MANAGERS

<i>Montreal</i> —J. Hastie Holden	<i>Saskatoon</i> —R. A. Gyles
<i>Toronto</i> —G. W. Sunderland	<i>Calgary</i> —C. F. Woodward
<i>Winnipeg</i> —W. S. Sparrow (<i>Western Manager</i>)	<i>Edmonton</i> —A. J. Maure
<i>Regina</i> —C. T. Dempsey	<i>Vancouver</i> —P. A. Styan

EXECUTIVE OFFICES

2 — 28 Atlantic Avenue, Toronto

Transfer Agents and Registrars

National Trust Company Limited, Montreal, Toronto, Winnipeg

DIRECTORS' REPORT

Winnipeg, March 1st, 1950.

To the Shareholders of Westeel Products Limited:

The Financial Statements of your Company for the year ended December 31st, 1949, as certified by Messrs. Clarkson, Gordon & Co., Chartered Accountants, are submitted herewith.

Throughout the year all of the Company's eight plants were operated at close to capacity. Sales were greater than in 1948, when all earlier records were broken. Mounting costs and higher income taxes limited the gain in net profits. This figure at \$1,143,000.00 reflects an improvement of \$34,000.00 over the previous year. The earnings per share were \$9.67, compared with \$9.39 last year.

Dividends at \$3.75 per share of common stock, or a total of \$442,700.00, were paid during the year, as compared with \$3.00 per share, or \$354,000.00 for 1948.

Our continued policy of steadily replacing and improving manufacturing facilities resulted in Capital Expenditures of \$310,000.00. Of this amount, \$40,000.00 covered the purchase of a property adjoining the Montreal factory required to improve the right-of-way to and from this plant. The new depreciation regulations permitted some enlargement of our 1949 appropriation, which in part accounts for the increase in this cost from \$174,000.00 to \$257,000.00.

At the end of 1949 Working Capital amounted to \$3,532,000.00, being an increase of \$684,000.00 during the year. Funded Debt was reduced by \$50,000.00 in 1949 and now stands at \$150,000.00 repayable at the rate of \$50,000.00 per annum over the ensuing three-year period.

Earned Surplus Account at \$3,506,000.00 reflects an amount of \$700,000.00 retained in the business from last year's operations. When a company improves its volume of production, as WESTEEL has during the past few years, it is necessary to have on hand larger quantities of materials and supplies, and also to increase the number of products in various stages of manufacture. Your Directors' objective has always been to build a sound financial position, and the full use of our entire capital throughout 1949 to finance heavier inventories and accounts receivable is a clear indication of the soundness of this policy. If, at to-day's level of prices, we are also to maintain, and perhaps accelerate, our programme of modernizing build-

ings and equipment, it is essential that a substantial portion of each year's profits shall continue to be ploughed back into the business.

Unfilled orders remaining on the books at the close of 1949 were very substantial and sufficient to insure operations at a high level for the first six months of 1950. Conditions in the sheet metal industry are becoming more competitive. Nevertheless, we anticipate that operations of all plants will continue on a satisfactory basis, although some levelling off is anticipated.

The supply of steel available for the Canadian market remains unbalanced. While we expect that, as in the past, we shall be able to secure sufficient tonnages to keep our plants busy, the problem will be to secure the types for which there is the greatest demand in a more selective market.

It is with deep regret that we record the death recently of Mr. F. E. Halls, who has been a director of the Company for the past thirteen years.

All the Company's shops are working under union agreements which are good working arrangements between management and labour. The wages paid by WESTEEL are as high as, and in some cases higher, than other similar shops. Group insurance and a pension plan are in force on a contributory basis, and working conditions at all eight plants are considered good.

The Company's QUARTER CENTURY CLUB, composed of members of the staff having 25 years or more of service, has now 111 members, out of a total of some 1830 men and women in our employment. Your Directors wish to record their appreciation of the good work performed by all members of the Company's staff during the past year, as they consider the loyal and efficient efforts of this fine group has contributed greatly to the Company's progress.

By order of the Board,

G. W. HUTCHINS,

President.

WESTEEL PRO

(Incorporated under the

BALANCE SHEET AS

(With comparative balance

ASSETS

	December 31, 1949	December 31, 1948
Current:		
Cash on hand and in banks.....	\$ 553,846.27	\$ 230,211.44
Accounts receivable.....	\$1,602,276.51	\$1,501,791.53
<i>Less</i> reserve.....	96,178.86	87,914.46
	<u>\$1,506,097.65</u>	<u>\$1,413,877.07</u>
Receivable from employees re purchase of Canada savings bonds..	\$ 93,241.35	\$ 72,072.46
Inventories as determined and certified by the management and valued at the lower of cost or market:		
Raw materials.....	\$1,915,889.88	\$1,631,564.59
Goods in process.....	738,350.69	591,666.13
Finished stock.....	169,656.43	196,352.49
	<u>\$2,823,897.00</u>	<u>\$2,419,583.21</u>
Total current assets.....	<u>\$4,977,082.27</u>	<u>\$4,135,744.18</u>
Prepaid charges, mortgages receivable and sundry assets.....	\$ 47,105.99	\$ 56,789.09
Refundable portion of taxes on income.....	\$ 109,079.29	\$ 204,646.56
Fixed at cost:		
Land.....	\$ 303,661.28	\$ 287,536.28
Buildings.....	2,026,738.31	1,985,492.37
Machinery and equipment.....	2,987,650.42	2,783,730.84
	<u>\$5,318,050.01</u>	<u>\$5,056,759.49</u>
<i>Less</i> reserves for depreciation.....	3,282,143.92	3,072,279.94
	<u>\$2,035,906.09</u>	<u>\$1,984,479.55</u>
	<u><u>\$7,169,173.64</u></u>	<u><u>\$6,381,659.38</u></u>

UNITS LIMITED

(Incorporated under the Dominion Companies Act)

AS AT DECEMBER 31, 1949

(as at December 31, 1948)

LIABILITIES

	December 31, 1949	December 31, 1948
Current:		
Bank loan re employees' bonds (secured).....	\$ 95,574.50	\$ 72,696.50
Accounts payable and accrued charges.....	822,955.33	737,457.51
Reserve for income and other taxes.....	526,590.61	477,345.52
	<u>\$1,445,120.44</u>	<u>\$1,287,499.53</u>
Funded debt:		
General mortgage bonds authorized.....	<u>\$800,000.00</u>	
Issued—		
2½% general mortgage bonds series "B" maturing in annual instalments of \$50,000 on June 1, 1950, to June 1, 1952, inclusive.....	\$ 150,000.00	\$ 200,000.00
	<u>\$ 150,000.00</u>	<u>\$ 200,000.00</u>
Reserve for future payments under employees' pension plan for past services (amount paid in 1949, \$20,546.13).....	\$ 117,810.70	\$ 138,356.83
	<u>\$ 117,810.70</u>	<u>\$ 138,356.83</u>
Capital and surplus:		
Capital—		
150,000 shares of no par value authorized, whereof 118,151 shares are issued.....	\$1,450,000.00	\$1,450,000.00
Capital surplus.....	500,000.00	500,000.00
Earned surplus.....	3,506,242.50	2,805,803.02
	<u>\$5,456,242.50</u>	<u>\$4,755,803.02</u>
	<u>\$7,169,173.64</u>	<u>\$6,381,659.38</u>

On behalf of the Board:

E. S. SARGEANT, *Director.*
LOUIS L. LANG, *Director.*

WESTEEL PRODUCTS LIMITED

STATEMENT OF PROFIT AND LOSS

For the year ended December 31, 1949

(With comparative statement for the year ended December 31, 1948)

	1949	1948
Gross profit on sales before providing for depreciation.....	\$3,091,027.25	\$2,823,006.45
<i>Deduct:</i>		
Selling, administrative and financial expenses.....	\$ 904,214.37	\$ 851,297.24
Depreciation.....	257,510.96	173,931.87
Remuneration of executive officers and directors' fees.....	78,200.00	70,200.00
Bond interest.....	4,270.84	5,516.66
Legal fees.....	776.12	1,645.99
	\$1,244,972.29	\$1,102,591.76
	\$1,846,054.96	\$1,720,414.69
Add profit on disposal of fixed assets and sundry income (net).....	24,063.77	25,665.83
Profit before provision for taxes on income.....	\$1,870,118.73	\$1,746,080.52
Provision for taxes on income.....	727,000.00	637,000.00
Net profit for the year.....	\$1,143,118.73	\$1,109,080.52

STATEMENT OF EARNED SURPLUS

For the year ended December 31, 1949

(With comparative statement for the year ended December 31, 1948)

	1949	1948
Balance at credit January 1.....	\$2,805,803.02	\$2,050,839.00
Net profit for the year.....	1,143,118.73	1,109,080.52
	\$3,948,921.75	\$3,159,919.52
Less dividends aggregating \$3.75 per share paid during the year (\$3.00 per share paid during 1948).....	442,679.25	354,116.50
Balance at credit December 31.....	\$3,506,242.50	\$2,805,803.02

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Westeel Products Limited as at December 31, 1949, and the statements of profit and loss and earned surplus for the year ended on that date. In connection therewith we made a general review of the accounting methods and, without making a detailed audit of the transactions, examined or tested the accounting records of the company. We received all the information and explanations we required from its officers and employees.

We report that in our opinion the above balance sheet and related statements of profit and loss and earned surplus have been drawn up so as to exhibit a true and correct view of the state of the company's affairs at December 31, 1949, and of the results of its operations for the year, according to the best of our information and the explanations given us and as shown by the books.

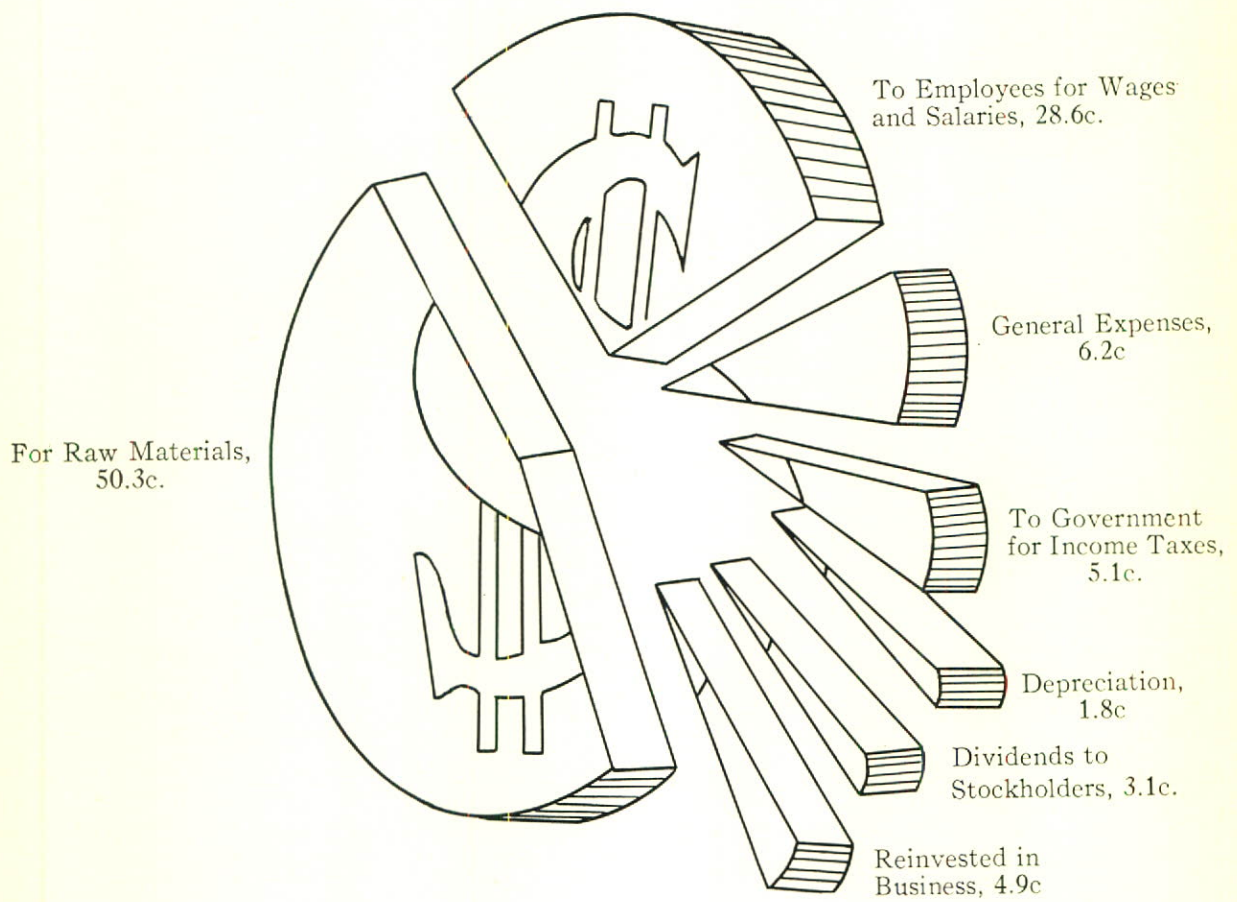
CLARKSON, GORDON & CO.,

Chartered Accountants.

Toronto, Canada, February 25, 1950.

DISTRIBUTION OF NET SALES DOLLAR

FOR THE YEAR 1949



WESTEEL PRODUCTS

CONSTRUCTION

Casement Windows
Ceilings
Conductor Pipe
Corner Bead
Corrugated Iron
Door Frames
Eavestrough
Exhaust Systems
Fire Doors
Hangar Doors
Hollow Metal Doors
Hollow Metal Windows
Lavatory, Shower Partitions
Linen Chutes
Metal Roofings
Metal Lath
Metal Shingles
Metal Trim
Office Partitions
Radiator Enclosures
Ready Roofings
Roof Deck
Roof Insulation
Roofings, Built-up
Roofings, Copper and Steel
Ridge Caps
Smoke Stacks
Salamanders
Stair Treads
Steel Frames
Steel Sash
Sidings
Skylights
Toilet Partitions
Valleys
Ventilators
Wall Ties

ELEVATOR EQUIPMENT

Dust Collecting Systems
Elevator Buckets
Elevator Spouting

INDUSTRIAL EQUIPMENT

Airport Re-fuelling Tenders
Boilers
Boiler Breeching
Brick Pallets
Bulk Storage Tanks
Coal Chutes
Cold Storage Lockers
Fuel Oil Tanks
Guy Guards
Measuring Cans
Metal Booths
Meter Boxes
Steel Shelving
Sinks
Special Sheet Metal Work
Steel Lockers
Steel Drums
Tote Boxes
Transformer Tanks
Truck Tanks
Underground Tanks
Ventilating Systems
Water Tanks

ROAD AND DRAINAGE

Centre Joint
Corrugated Culverts
Crack Fillers
Reflector Type Warning Signs
Road Signs
Sign Posts
Weeping Tiles

COMPLETE BUILDINGS

Barns
Garages
Implement Sheds
Rinks
Warehouses

FARM

Barns
Corrugated Iron
Granaries
Grain Picklers
Grain Dusters
Hog Waterers (Automatic)
Hog Troughs
Implement Sheds
Ribbed Roofing
Seed Treaters
Silo Roofs
Tank Heaters
Ventilators
Water Troughs
Weather Vanes
Weed Spray Rigs
Well Curbing
Well Casing

OFFICE EQUIPMENT

Cabinets
Document Boxes
Lockers
Lockerettes
Shelving

MISCELLANEOUS

Ash Cans
Boiler Breechings
Cans, Ice-making
Column Guards
Coolers, Soft Drink
Coal Hoppers
Display Stands
Fan Housings
Flat Sheets
Flumes
Fire Escapes
Kettles, Pitch
Machine Guards
Mortuary Racks
Shower Stalls
Smoke Stacks

WESTEEL