

Corporation
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ANNUAL
REPORT
FOR THE YEAR
1947

WESTEEL PRODUCTS LIMITED

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WESTEEL PRODUCTS LIMITED

DIRECTORS

A. F. Culver	Montreal
P. F. Fowle	Toronto
R. J. Gourley	Winnipeg
F. E. Halls	Winnipeg
G. W. Hutchins	Winnipeg
L. L. Lang	Waterloo
E. S. Sargeant	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 23rd, 1948.

To the Shareholders of Westeel Products Limited:

The financial statements of your company for the year ended December 31st, 1947, as certified by Messrs. Clarkson, Gordon & Co., Chartered Accountants, are submitted herewith.

Owing to a very substantial increase in the dollar value of sales during 1947, net profits amounted to \$681,000, being an increase of \$305,000 over the previous year. Earnings per share were \$5.76 in 1947 and \$3.18 in 1946. Constantly mounting costs make present day profits highly vulnerable to any marked decline in sales.

A large part of the increase in dollar sales is due to higher prices paid for primary products and to wage increases that have taken place in all industries. The company has made a serious attempt to avoid contributing to the inflationary spiral but in many instances the price of its products have had to include higher material and wage content.

Dividend payments in 1947 amounted to \$2.00 per share, made up of two regular dividends of 50c per share paid in June and December and two extras of 50c per share paid in March and December of that year. While it may be possible to continue the payment of dividends at this rate, or even increase these payments at some time in the future, the payments made in 1947 should not be considered as establishing a regular rate per annum. Your Directors believe that it is prudent in these times to retain a larger proportion of profits in the company than was formerly considered sufficient because (1) inventory costs are presently at a high level and contain an element of risk which may at some future time be realized, (2) the cost of replacing facilities is high and (3) there is a need for a larger working capital to finance the present inflated volume of sales.

A comparison of our figures with those of a year ago shows that receivables and inventories have increased \$1,250,000. When the present abnormal situation adjusts itself we may expect important over-all reductions in these items but in the meantime the larger figures emphasize the need for a strong working capital position.

Our working capital amounted to \$2,198,000 at the year end, which was an increase of \$206,000 over the figures at the end of 1946.

Capital expenditures of \$300,000 in 1947 include \$57,000 on buildings, \$189,000 for machinery and equipment and \$53,000 for automotive equipment. Replacement cost of

such items has increased sharply and the capital expenditures now necessary to keep up with wear and tear and obsolescence are, of course, considerably larger than the original cost.

The 2½ percent General Mortgage Bonds, Series "B," were reduced to \$250,000 by the payment of the \$50,000 instalment due in 1947. These bonds are repayable at the rate of \$50,000 per annum.

The situation surrounding business generally today contains a great many unpredictable factors. If the European relief programme is instituted, it is likely that both Canada and the United States will be called upon to make substantial shipments of steel to the countries requiring aid. Then there is Canada's present shortage of U.S. dollars and the measures being taken to correct the situation. The result may well be a temporary reduction in the flow of certain materials to Canadian factories such as ours. These are but two of the many uncertainties which make it difficult, if not impossible, to predict the future trend of business with any degree of accuracy. Westeel is, however, in a sound financial position, has good facilities and man power, and is thus able to meet what lies ahead with confidence. The back-log of business on our books at the beginning of 1948 was slightly larger than a year ago and, given a reasonable supply of steel, our operations this year will be on a satisfactory basis.

There are over 1,800 men and women employed in your company's eight plants and offices. Many of them have known no other employer and the ranks are filled with well qualified, experienced and loyal personnel. The Quarter Century Club now has more than 90 members.

Salaries and wages paid are on a level with other like industries, and in some cases higher. The Management is conscious of its responsibility for the employees' welfare and, during the course of years, has instituted a Group Insurance Plan and a Retirement Pension Plan for their benefit. All employees receive vacations with pay.

Your Directors record with pleasure their appreciation of the loyal efforts of the entire staff during the past year.

By Order of the Board,

G. W. HUTCHINS,

President.

WESTEEL PROD

(Incorporated under the I

BALANCE SHEET AS A

ASSETS

CURRENT:

Cash on hand.....	\$	3,075.00
Accounts receivable.....	\$1,384,641.19	
<i>Less reserve</i>	67,167.13	
		<u>1,317,474.06</u>
Receivable from employees re purchase of Canada Savings bonds (secured).....		63,741.04
Inventories, as determined and certified by the management and valued at the lower of cost or market—		
Raw materials.....	\$1,451,311.68	
Goods in process.....	640,184.72	
Finished stock.....	102,553.10	
		<u>2,194,049.50</u>
Total current assets.....		\$3,578,339.60

PREPAID CHARGES, MORTGAGES RECEIVABLE AND SUNDRY ASSETS.....

38,060.79

REFUNDABLE PORTION OF TAXES ON INCOME.....

247,700.00

FIXED, at cost:

Land.....	\$	287,536.28
Buildings.....	1,938,438.16	
Machinery and equipment.....	2,622,596.80	
		<u>\$4,848,571.24</u>
<i>Less reserves for depreciation</i>	2,923,087.86	
		<u>1,925,483.38</u>

\$5,789,583.77

DUCTS LIMITED

(Incorporated under the Dominion Companies Act)

AT 31st DECEMBER, 1947

LIABILITIES

CURRENT:

Borrowings from bankers (secured).....	\$ 117,738.55	
Accounts payable and accrued charges.....	798,800.27	
Reserve for income and other taxes.....	463,302.99	
		\$1,379,841.81

FUNDED DEBT:

General mortgage bonds authorized.....	\$ 800,000.00	
Issued—		
2½% general mortgage bonds series "B" maturing in annual instalments of \$50,000 on 1st June 1948 to 1st June 1952 inclusive.....		250,000.00

RESERVE FOR FUTURE PAYMENTS UNDER EM- PLOYEES' PENSION PLAN FOR PAST SERVICE:

Balance 31st December 1946.....	\$ 189,268.64	
Less payment made in 1947.....	30,365.68	
		158,902.96

CAPITAL AND SURPLUS:

Capital—		
150,000 shares of no par value authorized, whereof 118,151 shares are issued.....	\$1,450,000.00	
Capital surplus.....	500,000.00	
Earned surplus.....	2,050,839.00	
		4,000,839.00

On behalf of the Board:

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

\$5,789,583.77

WESTEEL PRODUCTS LIMITED

STATEMENT OF PROFIT AND LOSS

For the year ended 31st December 1947

Gross profit on sales before providing for depreciation.....	\$2,185,880.37
<i>Deduct:</i>	
Selling, administrative and financial expenses.....	\$710,967.64
Depreciation.....	152,349.04
Remuneration of executive officers' and directors' fees.....	61,699.90
Bond interest.....	6,775.00
Legal fees.....	629.85
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	932,421.43
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	\$1,253,458.94
Add profit on disposal of fixed assets and sundry income (net).....	22,630.22
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Profit before provision for taxes on income.....	\$1,276,089.16
Provision for taxes on income.....	595,000.00
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Net profit for the year.....	<u>\$ 681,089.16</u>

STATEMENT OF EARNED SURPLUS

For the year ended 31st December 1947

Balance at credit 31st December 1946.....	\$1,605,803.84
Net profit for the year ended 31st December 1947.....	681,089.16
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	\$2,286,893.00
Less dividends aggregating \$2.00 per share paid during the year.....	236,054.00
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Balance at credit 31st December, 1947.....	<u>\$2,050,839.00</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the balance sheet of Westeel Products Limited as at 31st December, 1947, and of the statements of profit and loss and earned surplus for the year ended on that date. In connection therewith we examined or tested accounting records of the company and obtained all the information and explanations we required from its officers and employees; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

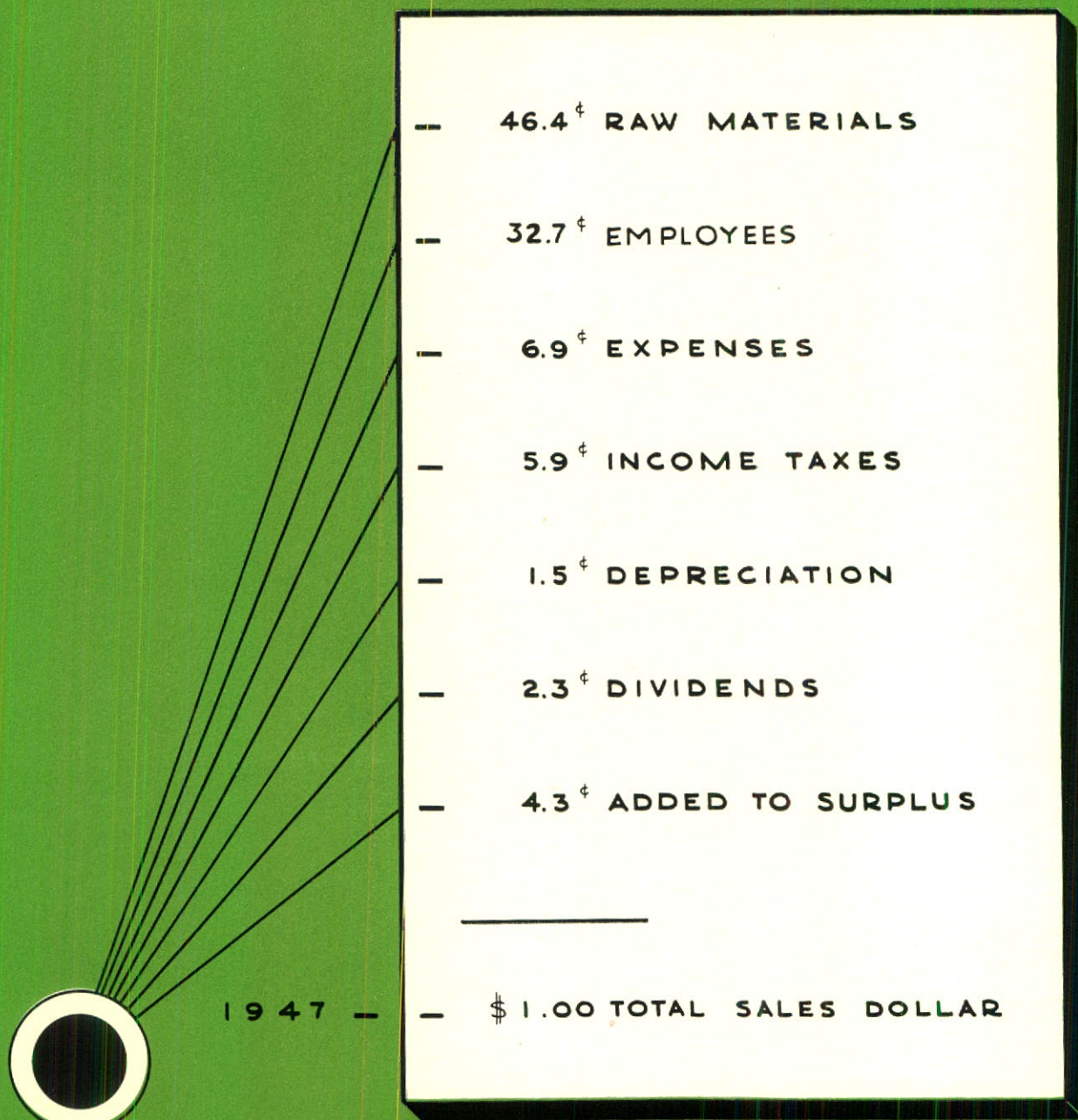
We report that in our opinion the above balance sheet and related statements of profit and loss and earned surplus have been properly drawn up so as to exhibit a true and correct view of the state of the company's affairs at 31st December, 1947, and of the results of its operations for the year, according to the best of our information and the explanations given us and as shown by the books.

CLARKSON, GORDON & CO.,

Chartered Accountants.

Toronto, Canada, 24th February, 1948.

DISTRIBUTION OF NET SALES DOLLAR




WESTEEL'S national advertising has included
the publication of many attractive full-page advertisements
from time to time.

Many of the company's shareholders may not have had access
to the magazines, trade papers and periodicals
in which these have appeared
and may welcome an opportunity of viewing the type
of advertising which has been used
with good effect.

The three advertisements reproduced in color on
the following pages are good samples
of the many so far published.

The products fabricated by WESTEEL cover a large range
and your attention is directed to the list
appearing on the inside back cover
of this report.



GOOD DOORS
CREATE
GOOD IMPRESSIONS
SPECIFY **WESTEEL**
HOLLOW METAL DOORS

WESTEEL
HOLLOW
METAL DOORS

- All-welded construction
- Close channel stiffeners
- Cork filler—sound proof
- Reinforced for hardware
- Flawless cabinet finish

With Doors and Frames by Westeel, the Architect is assured of master craftsmanship worthy of his finest efforts in design and engineering.

WESTEEL PRODUCTS LIMITED

MONTREAL • TORONTO • WINNIPEG

REGINA • SASKATOON • CALGARY • EDMONTON • VANCOUVER

WESTEEL

Truck Tanks



**"She's O.K., Boss—
that's the right
label!"**

Even apart from our military jobs . . . thousands of them . . . we probably have built more Truck Tanks than all other Canadian makers put together. The experience thus gained is valuable . . . to us . . . to you.

Eight plants across Canada for service.

Enquiries invited. Write, or phone our nearest office.

Dependable Metal Drums,
Underground Tanks, Fuel Oil Tanks.



WESTEEL PRODUCTS LIMITED

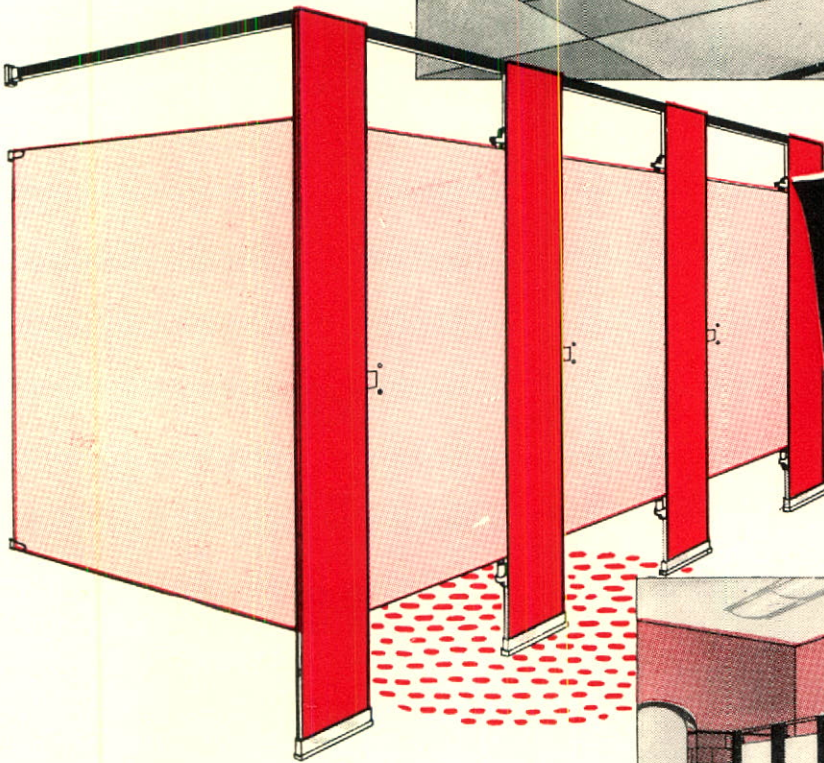
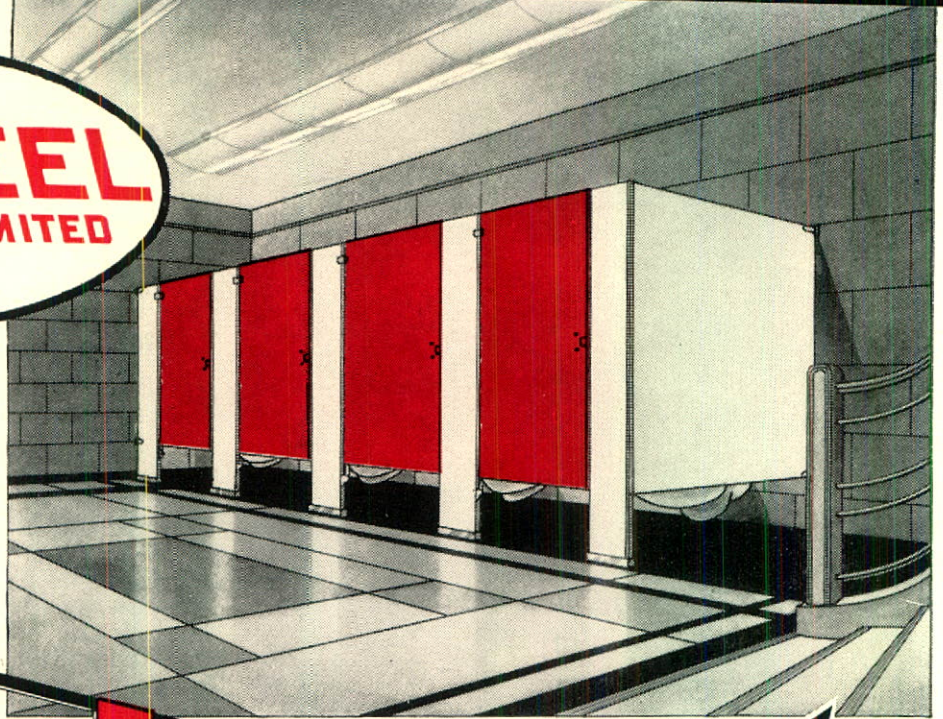
MONTREAL • TORONTO • WINNIPEG

REGINA • SASKATOON • CALGARY • EDMONTON • VANCOUVER

WESTEEL
PRODUCTS LIMITED

**"PLANNED
UNITS" ...**

TO SUIT YOUR SPACE



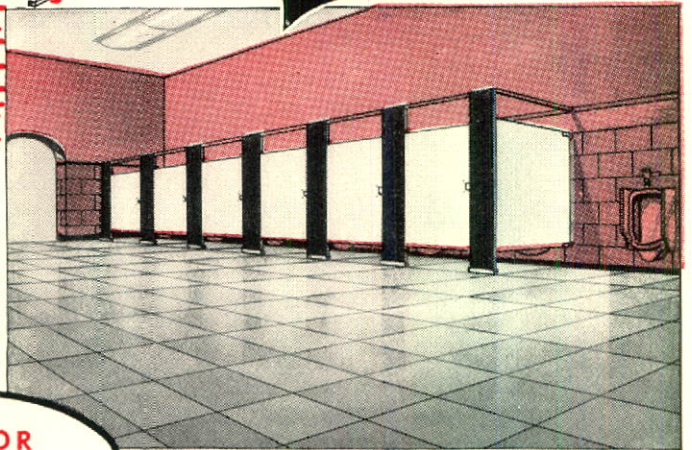
**STEEL
TOILET
PARTITIONS**
SANTARY! DURABLE!
ATTRACTIVE!

YES, Westeel Toilet Partitions *ARE* standardized for cost reduction. *BUT*, Pilasters, Doors and Panels are available in a wide range of widths that allows great flexibility—enables construction of "Planned Units" to fit space limitations with no sacrifice of utility.

Let a Westeel Partition man help you with your layout—help you create a smart, modern, sanitary Toilet Room at minimum cost.

**ASK FOR
CATALOGUE**

Deliveries dependent on steel supplies.



WESTEEL PRODUCTS LIMITED

MONTREAL • TORONTO • WINNIPEG

REGINA • SASKATOON • CALGARY • EDMONTON • VANCOUVER

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