

ANNUAL
REPORT
FOR THE YEAR
1943

WESTERN STEEL PRODUCTS
CORPORATION LIMITED

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WESTERN STEEL PRODUCTS CORPORATION 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

EXECUTIVE OFFICES

2 — 28 Atlantic Avenue, Toronto

MANUFACTURING PLANTS

MONTREAL	REGINA	TORONTO	SASKATOON	WINNIPEG
CALGARY		VANCOUVER		EDMONTON

Transfer Agents and Registrars

National Trust Company Limited, Montreal, Toronto, Winnipeg

ANNUAL REPORT OF THE DIRECTORS
TO THE SHAREHOLDERS OF
WESTERN STEEL PRODUCTS CORPORATION LIMITED

March 10th, 1944.

The Board of Directors submit herewith the Balance Sheet of your company as of December 31st, 1943, and the Statement of Profit and Loss and the Surplus Account for the year, certified by the company's Auditors, Messrs. Clarkson, Gordon, Dilworth & Nash, Chartered Accountants.

Production in 1943 was at the highest point in the company's history and practically all of it was for essential war materials. Many of the manufacturing plants operated day-and-night shifts throughout the year and from a production standpoint it was a period of unprecedented activity. The gross profit on this large turnover was satisfactory.

The net profit for the year after deducting all expenses of manufacture and administration and after making provision for depreciation and income and excess profits taxes, but without taking into account the refundable portion of excess profits taxes, amounted to \$249,293.95 as compared to \$264,607.43 for the previous fiscal year, a decrease of \$15,313.48.

Refundable portion of excess profits taxes for 1943 was estimated to be \$89,000.00 and has been taken out of Surplus Account. The effect of this deduction is to reduce the amount of last year's profits immediately available to the shareholders to the sum of \$160,293.95. The amount of refundable portion of excess profits appearing in the balance sheet is \$128,000.00, an amount paid out of profits to the Government during the past two years, repayable at some undetermined future date, which cannot be regarded as a liquid asset and is therefore treated as a separate item.

In ordinary times a substantial increase in sales would mean larger net profits but the Excess Profits Tax Act of 1940, as amended, has frozen net earnings so that all this company can now retain in its own hands is 70% of its "Standard Profits." The limited benefit to be derived from such a situation lies in the refundable portion of the excess profits tax which increases in proportion to the size of the excess profit.

It is recognized that the present taxing regulations are necessary measures to support the country's war effort and they are accepted in a cheerful spirit. When the need of providing such large revenues for this purpose has passed, however, relief from this heavy burden must be speedy in order to provide industry with an opportunity to take its proper place in post-war reconstruction.

Capital expenditures amounted to \$186,036.83 in 1943 and about \$82,000.00 of this total represents the cost of a coal-fired boiler plant at Montreal to replace an oil burning unit which was discontinued owing to the regulations governing the use of oil. The remaining \$104,000.00 was spent in following

a well established policy of replacing worn-out machinery and equipment. With many plants on day-and-night shifts the wear and tear on equipment has been heavy but has been covered by the expenditures so far made.

While Inventories at \$1,561,160.35 are still high they represent a decrease of \$138,215.43. The total is reasonable in view of the high volume of sales. About half of the inventory is represented by work in process and the rest is largely earmarked for existing contracts.

Accounts Receivable of \$1,610,408.11 also reflect the unusually high volume of sales. They are largely made up of Government accounts and of amounts owing by firms executing contracts for the Department of Munitions and Supply. There is a Reserve set up for doubtful accounts which is considered adequate.

Funded debt has been reduced to \$554,000.00 by the retirement during the year of \$35,000.00 of the company's 5% Bonds. Sinking Fund requirements have been met to the end of 1948.

A dividend of 75c per share was paid in December, 1943. This is the third annual dividend paid on the company's shares, the first and second having been at the rate of 50c per share.

Working capital increased \$85,131.54 during 1943 and stood at \$1,909,894.86 at the end of the year. Your Board of Directors and Management have for many years endeavoured to build up a strong liquid position which they consider essential to the future welfare of the company.

While the company has a very substantial back-log of war orders it is impossible to make any forecast regarding 1944 operations owing to the many uncertainties that confront us today. Following the cessation of hostilities this company, as well as others engaged in war work, will find themselves in a period in which cancellations and their attendant complications will be realized. This is inevitable. During that period of change the earning ability of your company will doubtless be adversely affected.

Your attention is directed to the supplementary remarks and information regarding the activities of your company to be found on other pages of the printed copy of this report.

While tribute has been paid to the staff elsewhere, your Directors wish to record official appreciation of their efforts during the past year. All members of the staff have merited high praise for their performance.

The company's Honour Roll, which at the end of 1942 included 363 persons, has now grown to 568. Casualties have fortunately not been high. Nevertheless, those at home recall with sorrow that of this number four have paid the supreme sacrifice, two are missing, and two have suffered wounds.

By Order of the Board of Directors.

G. W. HUTCHINS,
President.

WESTERN STEEL PRODUCTS

(Incorporated under the

BALANCE SHEET AS AT

ASSETS		
CURRENT:		
Cash on hand in transit and in banks.....	\$	83,640.09
Accounts receivable.....	\$1,688,569.82	
<i>Less</i> reserve.....	78,161.71	
		1,610,408.11
Inventories, as determined and certified by the management and valued at the lower of cost or market:		
Raw materials.....	\$ 911,984.79	
Goods in process.....	619,348.66	
Finished stock.....	29,826.90	
		1,561,160.35
Total current assets.....	\$3,255,208.55	
DEFERRED CHARGES.....		13,792.29
INVESTMENTS:		
Marketable securities (quoted market value \$4,496).....	\$ 3,916.79	
Post war refund under the Excess Profits Tax Act.....	128,000.00	
Sundry, including non-operating properties at nominal values.....	6.00	
		131,922.79
FIXED, at cost:		
Land.....	\$ 287,036.28	
Buildings.....	1,799,546.17	
Machinery and equipment.....	2,148,975.55	
		\$4,235,558.00
<i>Less</i> reserves for depreciation.....	2,509,061.55	
		1,726,496.45
		\$5,127,420.08

On behalf of the Board:

LOUIS L. LANG,
E. S. SARGEANT,
Directors.

CORPORATION LIMITED

(Dominion Companies Act)

31st DECEMBER, 1943

LIABILITIES

CURRENT:

Accounts payable and accrued charges.....	\$ 850,054.10
Bank loan re employees' victory bond subscriptions.....	\$143,320.53
Less amounts owing by employees (Secured by Dominion of Canada Victory Loan Bonds having a par value of \$174,800).....	119,281.75
	<hr/>
	24,038.78
Reserve for income and other taxes (after deducting advance payments on account of Dominion income and excess profits taxes of \$216,000).....	459,429.31
Bond interest accrued.....	11,791.50
	<hr/>
Total current liabilities.....	\$1,345,313.69

FUNDED:

5% general mortgage bonds series "A" due 31st January, 1956:	
Authorized.....	\$1,500,000.00
Issued.....	700,000.00
Less redeemed and cancelled.....	146,000.00
	<hr/>
	554,000.00

RESERVE FOR CONTINGENCIES..... 500,000.00

CAPITAL AND SURPLUS:

Capital:	
Authorized, 150,000 shares no par value, whereof 118,151 shares are issued or to be issued.....	\$1,450,000.00
Earned surplus, per statement.....	1,150,106.39
	<hr/>
	2,600,106.39
Special surplus represented by post war refund under the Excess Profits Tax Act.....	128,000.00
	<hr/>
	\$5,127,420.08

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the balance sheet of Western Steel Products Corporation Limited as at 31st December, 1943 and of the statement 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, based upon our examination, the above balance sheet and related statement 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, 1943, 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, DILWORTH & NASH,

Chartered Accountants.

Toronto, Canada, 3rd March, 1944.

WESTERN STEEL PRODUCTS CORPORATION LIMITED

STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS

For the Year Ending 31st December, 1943

Gross profit on sales before providing for depreciation.....		\$1,380,049.66
<i>Deduct:</i>		
Selling, administrative and financial expenses.....	\$400,729.40	
Depreciation.....	235,537.58	
Remuneration of executive officers.....	36,450.00	
Bond interest.....	28,720.66	
Legal Fees.....	689.16	
	702,126.80	
		\$ 677,922.86
Add rentals, investment and sundry income.....		42,371.09
		\$ 720,293.95
Net operating profit.....		\$ 720,293.95
Provision for Dominion income and excess profits taxes.....	\$560,000.00	
<i>Less</i> refundable portion thereof.....	89,000.00	
	471,000.00	
Net profit for the year.....		\$ 249,293.95

EARNED SURPLUS

Balance at credit 31st December, 1942.....		\$1,079,210.68
Add net profit for year ending 31st December, 1943.....		249,293.95
		\$1,328,504.63
<i>Deduct:</i>		
Dividend paid 1st December, 1943.....	\$ 88,500.00	
Transfer to special surplus represented by post-war refund under the Excess Profits Tax Act.....	89,000.00	
Miscellaneous adjustments (net).....	898.24	
	178,398.24	
Balance at credit 31st December, 1943.....		\$1,150,106.39

WARTIME CHANGES IN WESTERN STEEL

To the 1150 shareholders of Western Steel this story of their company will be of great interest. Because it is part of the history of Canada's war effort it will interest others as well. In peacetime changes come gradually—but in wartime they are made like lightning, and over night a new business develops—such are the changes recorded here at the end of four years of war.

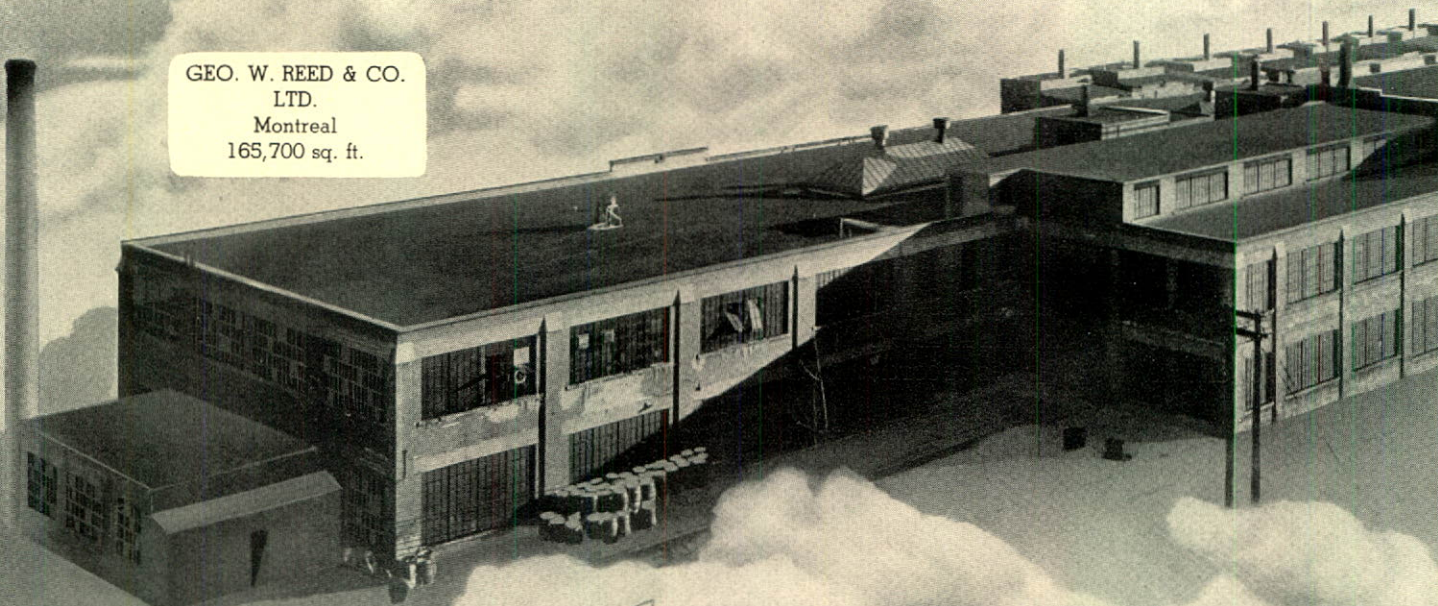
The company had its foundation 40 years ago and is a continuation of the old Winnipeg Ceiling and Roofing Company Limited. Two expansions have taken place, one in 1923 by the purchase of the Metallic Roofing Co. Ltd., Toronto, (established 1886), and the second in 1930 when the business of Geo. W. Reed & Co. Ltd., Montreal, (established 1852) was acquired. The identities of these companies have been preserved by the use in each territory of their names; thus, in Ontario the trade name of *Metallic* is used, in Quebec and the Maritime provinces, *Reed's*, and in Winnipeg and the west, *Westeel*. These three names have stood for quality and service at all times and before the war our manufacturing plants turned out a long and varied list of sheet metal products to supply construction, industrial and agricultural requirements. Reference to the list of pre-war products appearing on the back cover of this report will show the diversity of our peacetime operations.

Four years of war have brought drastic changes in our production programme. The peacetime plants are now war factories and, in place of the civilian products which flowed from our production line, we now see vital war requirements rolling rapidly out of every factory. Very shortly after the outbreak of hostilities we were working almost exclusively on war orders. The illustrations accompanying this story will give some idea of the various types of war materiel now being turned out of our shops in large quantities.


PRODUCTION FACILITIES

In this booklet are photographs of our eight manufacturing plants, which have a total floor space of 607,100 square feet. The main factories are located at Montreal, Toronto and Winnipeg and are fully equipped with modern machinery capable of fabricating all types of light and heavy sheet metal. All plants are equipped with machinery to serve local requirements and are also used as distributing centres.

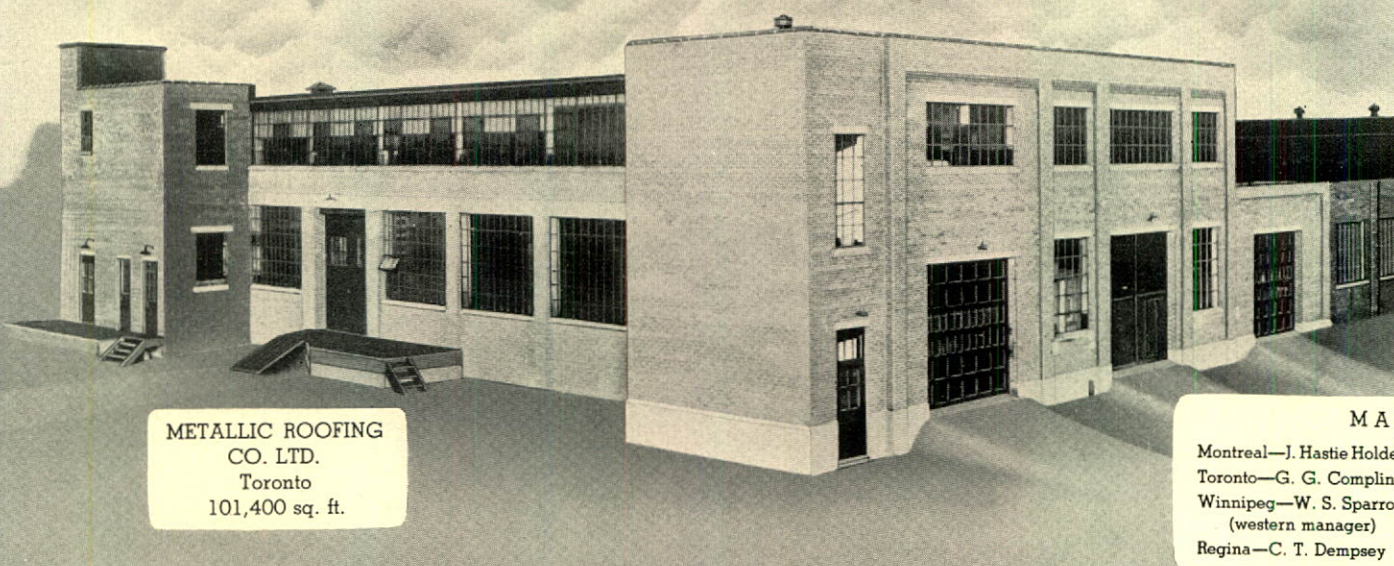
When the company turned to war production it was not necessary to purchase more than a few pieces of special machinery, and our former policy of replacing worn out and obsolescent equipment was continued and increased where necessary to meet the new conditions. At Toronto an addition to plant facilities was erected and, owing to the restrictions regarding the use of fuel oil, we were obliged to instal a coal heating unit to serve the Montreal factory—otherwise there have been no building additions consequent upon the war.



GEO. W. REED & CO.
LTD.
Montreal
165,700 sq. ft.



WESTERN STEEL
Winnipeg
163,000 sq. ft.

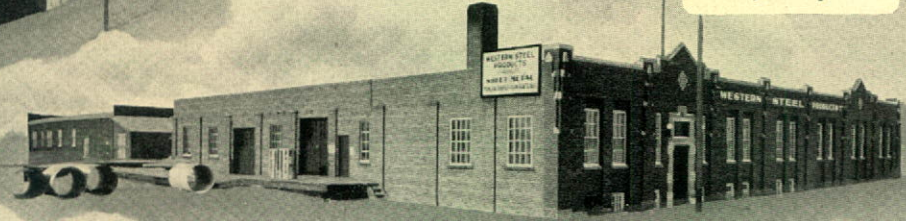


METALLIC ROOFING
CO. LTD.
Toronto
101,400 sq. ft.

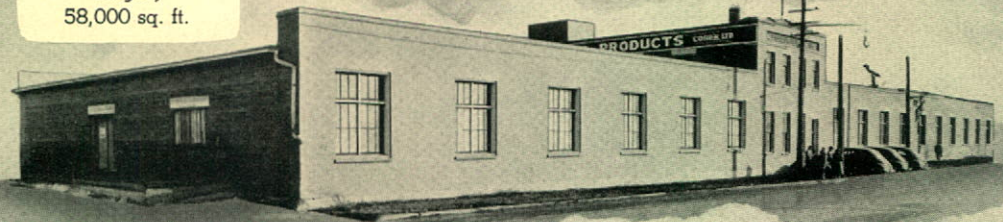
M A N A
Montreal—J. Hastie Holden
Toronto—G. G. Complin
Winnipeg—W. S. Sparrow
(western manager)
Regina—C. T. Dempsey



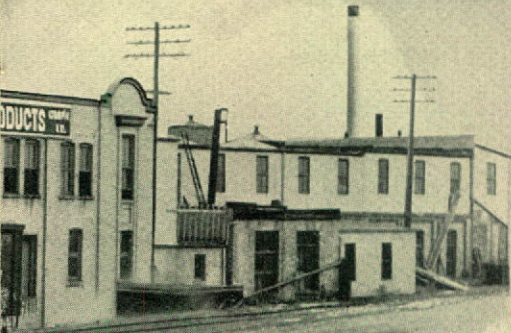
WESTERN STEEL
Regina
30,000 sq. ft.



WESTERN STEEL
Calgary
58,000 sq. ft.



WESTERN STEEL
Saskatoon
17,000 sq. ft.



WESTERN STEEL
Edmonton
32,000 sq. ft.



WESTERN STEEL
Vancouver
40,000 sq. ft.



- AGERS**
- Saskatoon—B. G. Eyford (acting)
 - Calgary—C. F. Woodward
 - Edmonton—A. J. Maure
 - Vancouver—P. A. Styan

By using machinery and plant facilities already in our possession at the outbreak of war, company managers and superintendents were able to step-up production by the introduction of day-and-night shifts at the larger plants. The volume of work turned out has constituted a material contribution to Canada's war effort. When peacetime returns the company will be ready to satisfy the demand for its products and will have no conversion problem in so far as equipment is concerned.

EMPLOYEE RELATIONS

In normal times the company employs about 800 persons. Today, in the fourth year of war, there are 3050 employees and it is interesting to note that a large number are young women who have left their homes, and in some cases other less essential employment, to work in our plants. Heretofore it was not thought that female help was suitable for the sheet metal industry but these women have proved themselves capable and efficient workers on some difficult and exacting jobs. Many of the operations in our shops involve precision work to close tolerances and high praise is due the foremen, superintendents, engineers and managers of the company's eight plants for the training of new hands in such accurate work and to the workers themselves for their aptitude in learning a new trade.

Our labour relations have always been friendly and there have never been any interruptions of production through disputes of any kind. Operations in many plants have been on a twenty-four hour basis and employees have taken their war responsibilities seriously and by close application have set up new records of production.

All employees are covered by a Group Insurance Plan, half the cost of which is borne by the company. When an employee enlists in the armed forces his insurance is maintained at the expense of the company and in the event of his death the face value of the policy is paid to his beneficiary.

The management and employees remember with pride the 538 men and 30 women from their ranks who have enlisted for active service. It is with regret that we record that four of our former associates have given their lives to the cause and that two are missing and two have been wounded.

The company as a whole is proud of the 64 loyal and experienced employees who have become members of the "*Quarter Century Club*" upon completion of twenty-five or more years' continuous service. As new members qualify they are enrolled as members of the club and each is given an engraved watch and a lapel pin as a memento of the occasion.

Employees have supported Canada's War and Victory Loan campaigns in a very creditable manner. Several plants have won the coveted War Finance

"V" Award—a special flag for establishments 90% or more of whose employees have subscribed 12½% of their monthly payroll to the loan.

Apart from the company's war record in actual production Mr. E. S. Sargeant, Vice-President and Managing Director, has been giving outstanding service and leadership in his special field. His record has become part of the amazing story of Canadian expansion into mass production after Dunkirk and the fall of France. At that time the necessity of turning out a tremendous number of bodies for all kinds of motor vehicles resulted in the formation of the Steel Body Manufacturers' Association in which nineteen companies capable of doing this work united their skill and energy to provide the machines of war. A committee of six men was named and became the efficient link between the Department of Munitions and Supply and the Association. As chairman of this committee, Mr. Sargeant performed a difficult and exacting task with a record of accomplishments that is a source of satisfaction to the company as a whole. The spirit of cooperation displayed by all members of this Association, some of them former competitors, has been so strong that it has made possible a volume of production which, if published, would make an interesting and enlightening chapter in Canada's splendid production record.

POST-WAR PLANNING

A great deal is heard these days about "Post-War Planning," "Research Departments," and the like. These are high sounding terms and sometimes imply a knowledge of what the future may bring that is more fancied than real. Most industries, particularly those presently occupied in war work, have required to concentrate on production on a large scale and have had day-to-day problems that have engaged their fullest energies, leaving executives little time to devote to a study of after war problems.

Company officials, while treating the matter in all seriousness, are not apprehensive of the future. For the past two years they have given as much thought as possible to the post-war problem, and have been doing a modest amount of research work along the lines of improving the company's peacetime products and promoting ideas for the development of new ones.

One of the best guarantees for the future any concern can have is the soundness of its financial position. During the past seven years Western Steel's policy of conserving liquid resources has improved the working capital very substantially. At the same time, plant and equipment have not been neglected and are in better condition than ever before. The funded debt of the company is in moderate figures, and the annual interest charge does not constitute a heavy burden. Sinking fund requirements are paid up to the end of 1948.

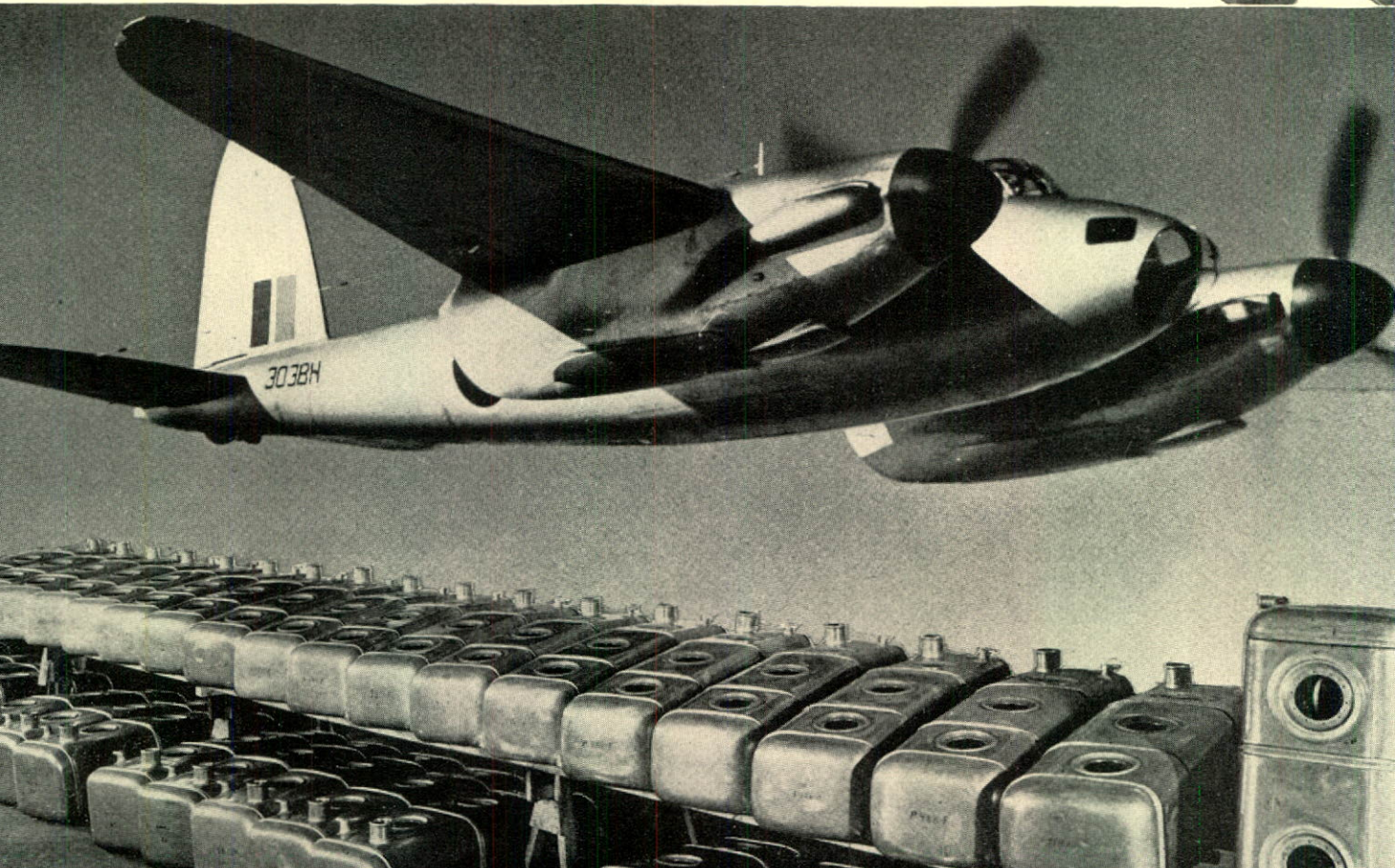
The industry in which your company is engaged is a sound one, and its employees are experienced and capable. With all of these considerations in mind, officials of the company face the future with confidence.—G. W. H.

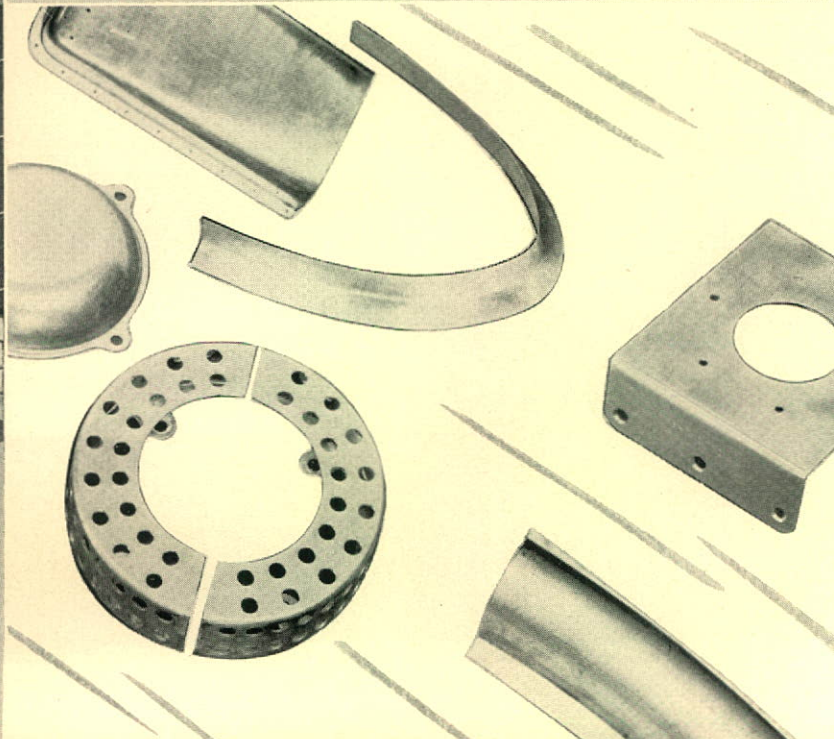
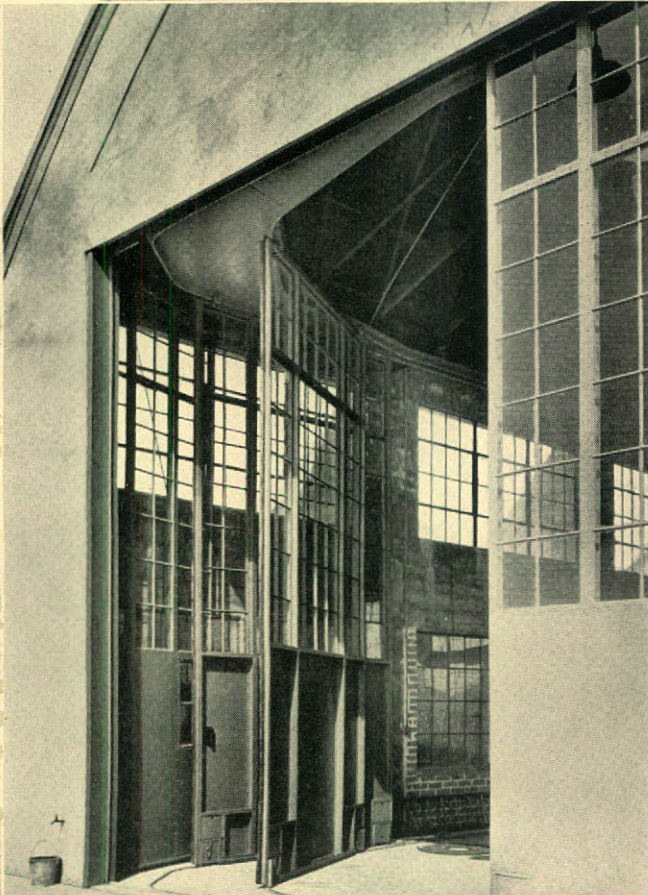
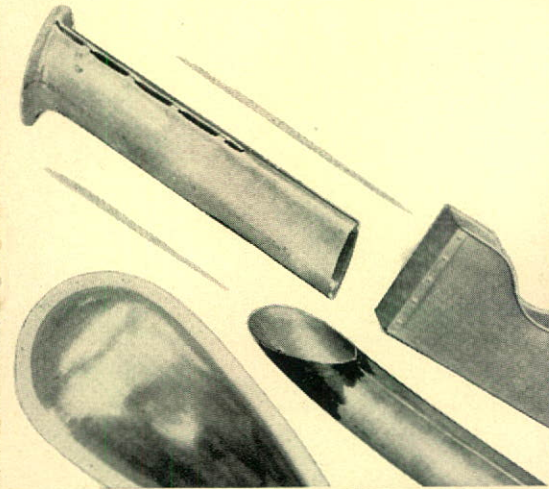
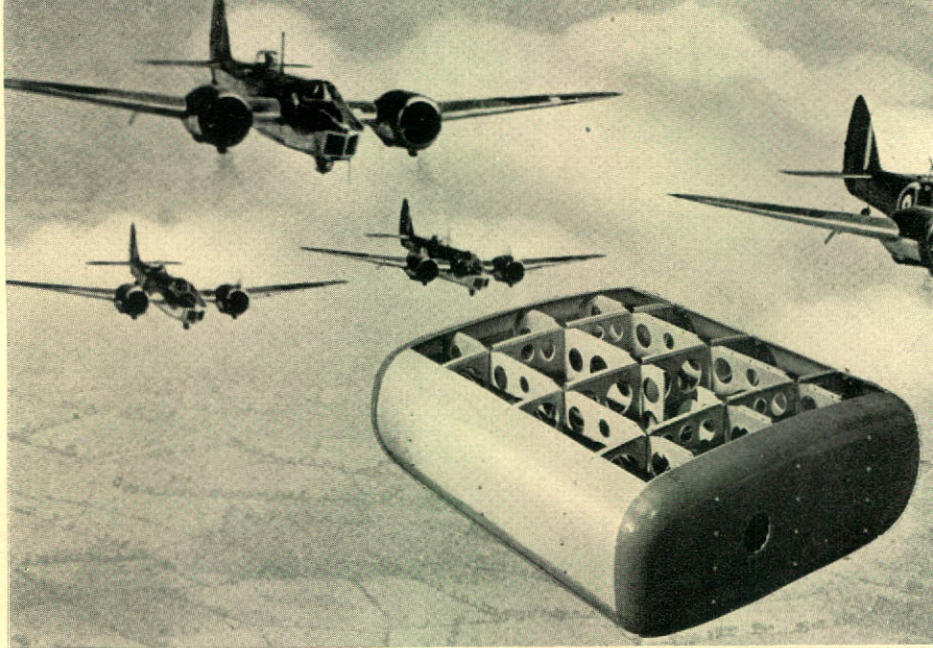


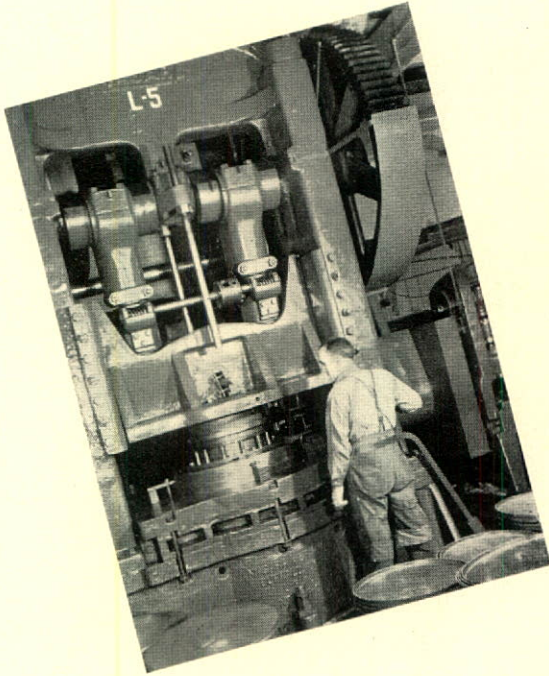
COMPONENTS

IN THE AIR

Aircraft, ships, vehicles, are the products not of one plant but of scores of plants turning out an intricate variety of parts for the final assembly line. Western Steel factories supply such major components as fuel tanks for three types of combat planes, other integral parts for seven fighters and trainers. Also refuelling tenders, repaired fuel tanks and wings, hangar doors, depth charges.

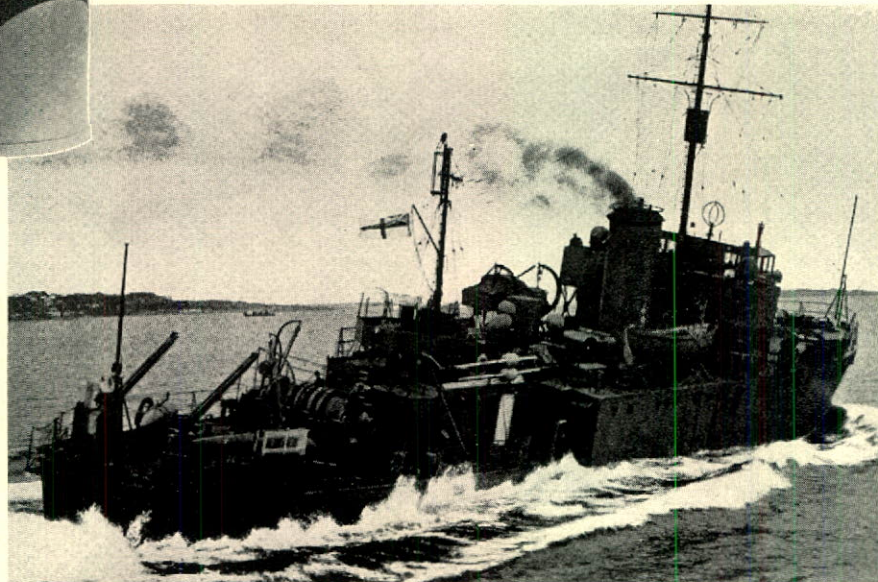
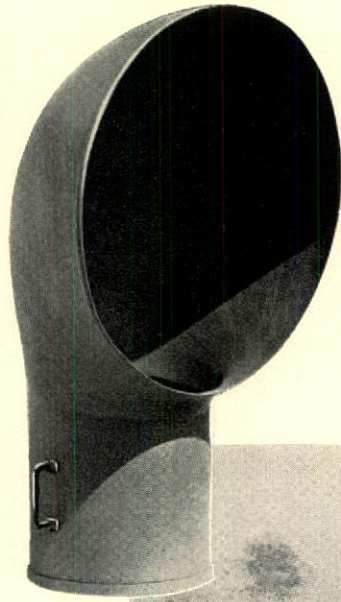


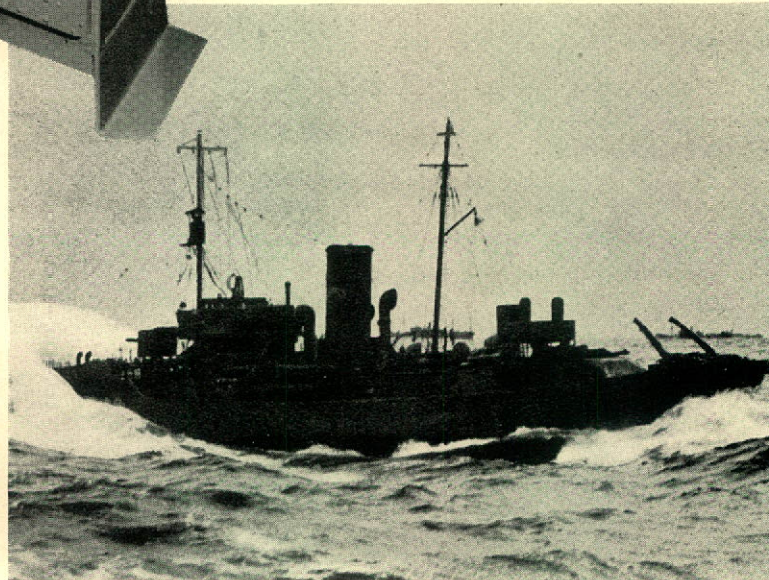
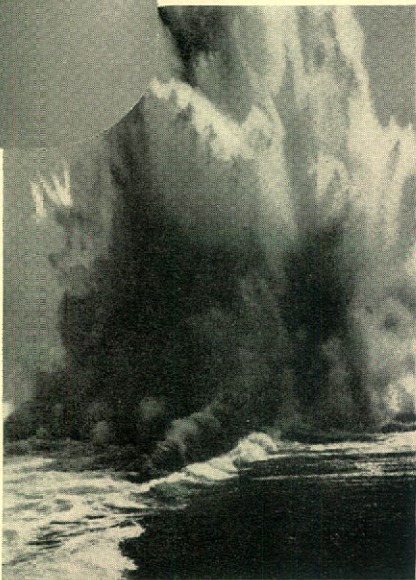
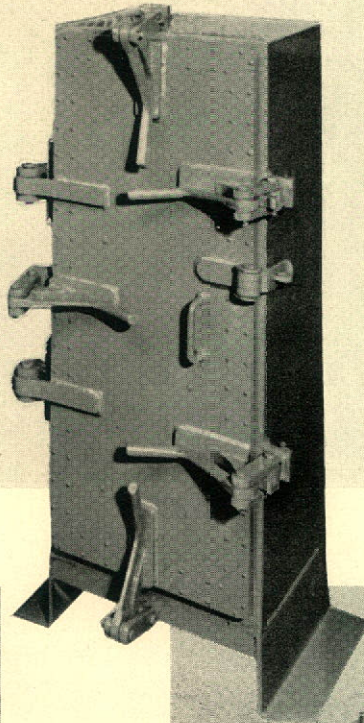
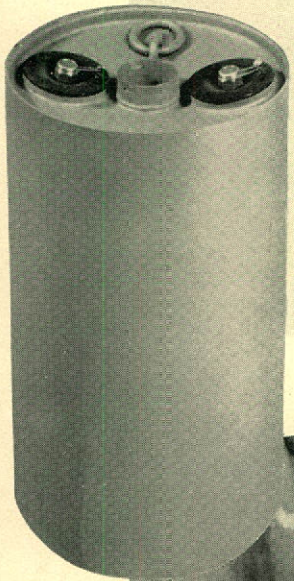
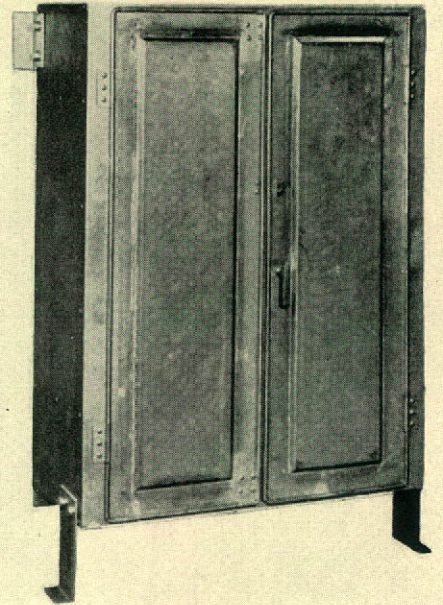
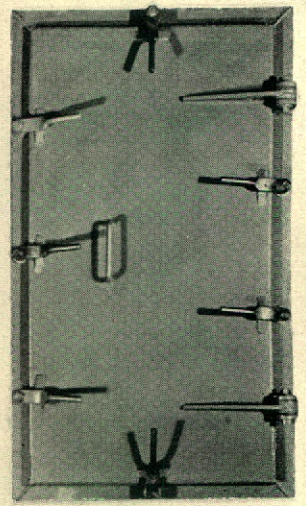
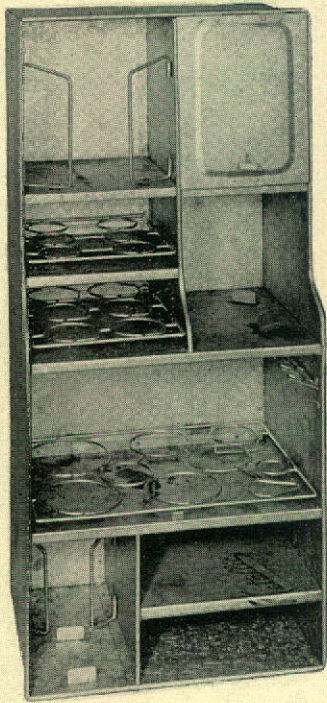




ON THE SEA

Along the North Atlantic lifeline, out in the North Pacific, east to the Mediterranean, Canada's strong young navy writes an imperishable story. The finest of Western Steel craftsmanship goes into fittings for Canadian corvettes and minesweepers: lockers for everything from vegetables to ammunition, water-tight steel doors, mess racks, tanks, engine cleadings, cowls for ventilation, depth charge cases.

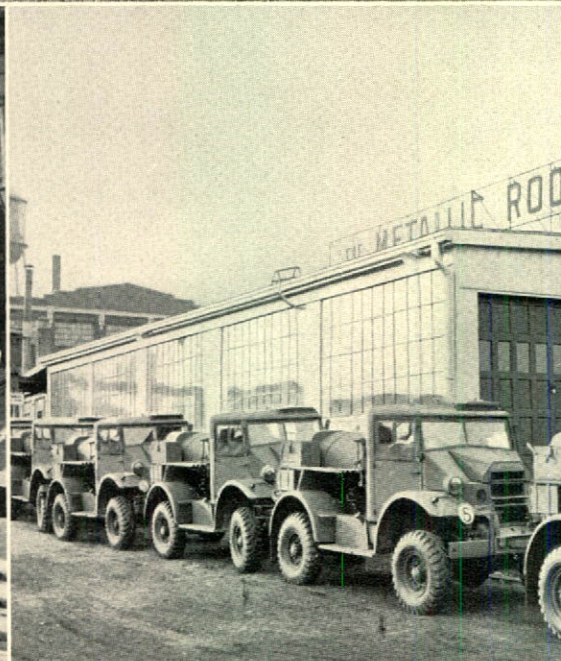
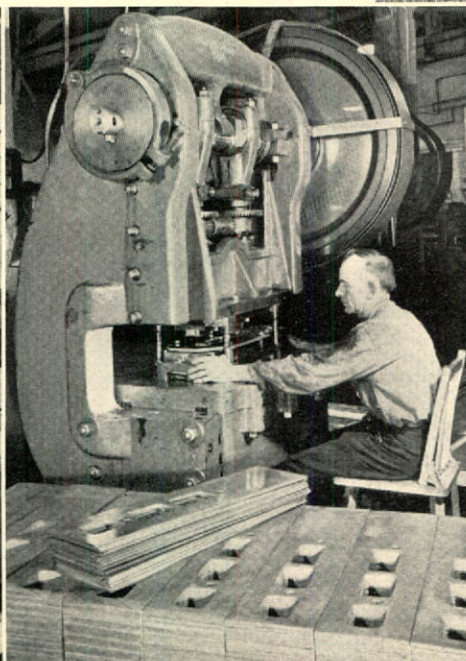
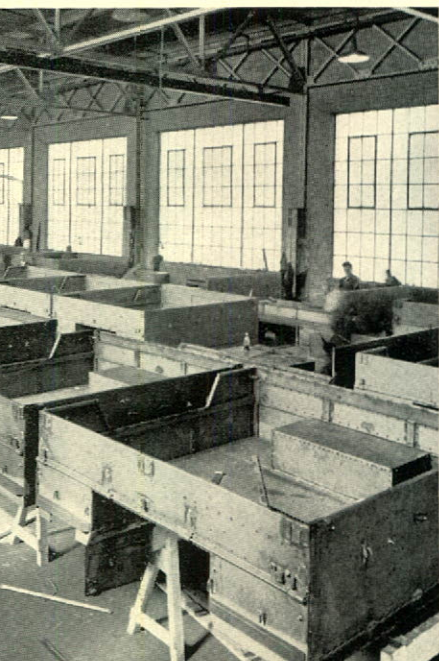
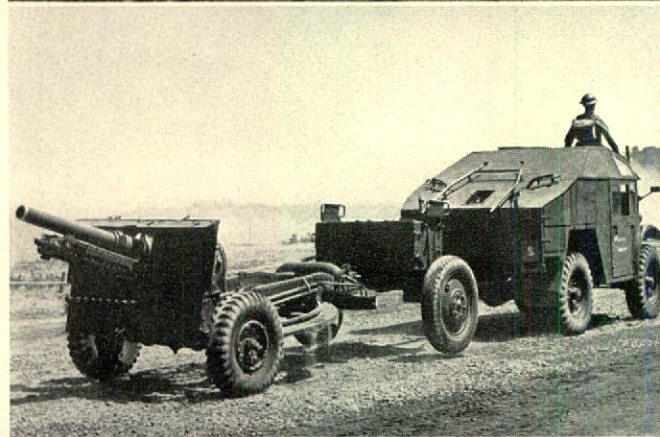
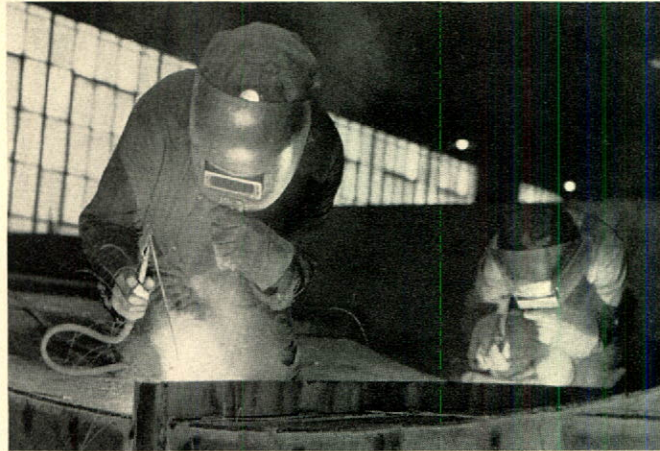






ON LAND

Canadian-made vehicles carry Canadians and British in Italy as they did in North Africa. Western Steel makes and mounts bodies for drinking water purifier tanks, for artillery gun tractors, for Bren gun carriers, for fuel tanks, also ammunition trays for 25-pounder trailers. . . . Production assignments alter, the patterns change, but the army of the industrial front goes into action day and night to bring forth the machines of war.



PEACETIME LINES

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
Spanish Tile
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
Fuel Oil Tanks
Measuring Cans
Metal Booths
Steel Shelving
Sinks
Special Sheet Metal Work
Steel Lockers
Steel Drums
Tote Boxes
Truck Tanks
Underground Tanks
Ventilating Systems
Water Tanks

ROADS AND DRAINAGE

Centre Joint
Corrugated Culverts
Crack Fillers
Illuminated 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
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
Shower Stalls
Smoke Stacks

"REED'S"

WESTEEL

"Metallic"

