

**WESTERN STEEL PRODUCTS
CORPORATION**

Limited



**Annual Report
1938**

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Western Steel Products Corporation
Limited

Annual Report
1938



Plants and Offices located at :

MONTREAL	SASKATOON
TORONTO	CALGARY
WINNIPEG	EDMONTON
REGINA	VANCOUVER



EXECUTIVE OFFICE :
2-28 ATLANTIC AVENUE, TORONTO

Western Steel Products Corporation Limited

Directors:

A. F. CULVER.....	Montreal, P.Q.
R. J. GOURLEY.....	Winnipeg, Man.
F. E. HALLS.....	Winnipeg, Man.
G. W. HUTCHINS.....	Winnipeg, Man.
L. L. LANG.....	Waterloo, Ont.
JAMES A. RICHARDSON.....	Winnipeg, Man.
E. S. SARGEANT.....	Toronto, Ont.

Officers:

<i>President</i>	JAMES A. RICHARDSON
<i>Vice-President</i>	G. W. HUTCHINS
<i>Vice-President</i>	E. S. SARGEANT
<i>Secretary-Treasurer</i>	P. F. FOWLE
<i>Assistant Secretary-Treasurer</i>	W. S. SPARROW

ANNUAL REPORT OF THE DIRECTORS

FISCAL YEAR ENDED DECEMBER 31ST, 1938

To the Shareholders:

Your Directors have pleasure in submitting the Company's Balance Sheet and statement of Profit and Loss and Surplus Accounts for the year 1938.

After allowing for Depreciation of \$137,212.16 at the maximum rates approved of by the Income Tax authorities and providing a Reserve of \$25,000.00 to take care of Dominion and Provincial Income Taxes, the Net Profits for the twelve months' period amounted to \$132,552.82, which is equivalent to \$1.12 per share on the outstanding shares.

The Company's fiscal year end was changed in 1937, and for this reason we have not attempted a comparison of the operating results of the twelve months' of 1938 with those of the previous eleven months' period.

Capital expenditures during the year amounted to \$52,816.19. Although the changes and improvements in equipment used in the manufacture of your Company's products are not as rapid as in many industries, your Directors have adopted a conservative program of replacement and modernization in order to maintain and, where possible, to improve plant efficiency and also to take care of the new uses of sheet metal.

Inventories are taken at the lower of cost or market and total \$494,067.73, which is a reduction of \$282,081.89 from the figures of a year ago. In anticipation of the lowering of prices, great care was exercised in the purchase of raw materials for our requirements and inventories were reduced to the lowest possible level.

Receivables at \$311,458.63 are \$130,225.47 lower than at last year end. Collections have been satisfactory and the reserve for bad and doubtful accounts is considered adequate.

Working Capital is now \$824,425.11, having increased \$197,716.66 during the year. The reduction in Inventories and Receivables, coupled with the profit obtained for the period under review, has enabled the Company to liquidate all current Bank indebtedness and to end the year with sufficient cash on hand to more than offset all current liabilities.

You will be glad to learn that your Company continues to explore and develop sales in diversified lines that are independent of the building industry. This progressive policy has enabled us to maintain a higher volume of sales than the statistics of the industry as a whole reflect. Although our own sales are 5.2% lower than in the previous twelve months' period, the construction industry shows a reduction of 16.4%, and it must be remembered that this is the main source of our volume.

While unsettled conditions make it impossible to accurately forecast future trends, it is recognized that a revival in the construction industry is essential to economic recovery. This problem has been the subject of intensive study and effort by both private and governmental bodies for a number of years. The success attained to date has been most evident in home construction aided by the Federal Government. Each year brings us nearer to the time when obsolescence will make necessary greater expenditures in industrial and commercial buildings, which so far have been retarded through lack of confidence.

In presenting what we believe to be a satisfactory report for the year, we wish to acknowledge the loyal and splendid efforts of the Company's officers and employees, and to record our appreciation of the efficient manner in which they have performed their duties and of the foundation which they are laying for the future welfare of the Company. At the same time we cannot let the opportunity pass to pay a tribute to the record of the late Mr. Alvin Wachsmuth, General Manager, whose untimely passing last Autumn caused much sorrow to his associates.

On Behalf of the Board,

JAMES A. RICHARDSON,
President.

WESTERN STEEL PRODUCTS

(Incorporated under The

BALANCE SHEET AS AT

ASSETS

CURRENT:

Cash on Hand and in Banks		\$ 166,665.67
Accounts Receivable	\$ 356,103.72	
<i>Less</i> Reserve	44,645.09	

311,458.63

Inventories, as determined and certified by the management and valued at the lower of cost or market:

Raw Materials	\$ 312,876.09
Goods in Process	110,184.95
Finished Stock	71,006.69

494,067.73

Total Current Assets \$ 972,192.03

DEFERRED CHARGES 17,191.12

INVESTMENTS:

Marketable Securities (quoted market value \$4,757.75)	\$ 2,485.84
Mortgages and Sale Agreements, net book value..	7,175.47
Sundry, including Non-Operating Properties, at nominal values	5.00

9,666.31

FIXED, at cost:

Land	\$ 287,036.28
Buildings	1,653,074.47
Machinery and Equipment	1,657,932.85

\$3,598,043.60

Less Reserves for Depreciation 1,523,219.32

2,074,824.28

\$3,073,873.74

AUDITORS' REPORT TO

We have made an examination of the balance sheet of Western Steel Products and loss and surplus for the year ending on that date. In connection therewith, information and explanations we required from its officers and employees; we examined the 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 is in accordance with accepted principles of accounting on a basis consistent with the Company's affairs at 31st December, 1938, and of the results of its operations for the year and as shown by the books.

Toronto, Canada.
7th March, 1939.

TS CORPORATION LIMITED

(Dominion Companies Act)

T 31st DECEMBER, 1938

LIABILITIES

CURRENT:

Accounts Payable and Accrued Charges	\$ 90,383.74
Taxes Payable and Accrued	51,549.85
Bond Interest Accrued	5,833.33
Total Current Liabilities	\$ 147,766.92

FUNDED:

5% General Mortgage Bonds Series "A," Due 31st January, 1956:	
Authorized	\$1,500,000.00
Issued	700,000.00
RESERVE FOR CONTINGENCIES	500,000.00

CAPITAL AND SURPLUS:

Capital:	
Authorized, 150,000 Shares No Par Value, Whereof 118,218 Shares are Issued or to be Issued	\$1,450,000.00
Surplus, Per Statement	276,106.82
	<u>1,726,106.82</u>

CONTINGENT:

Letters of Credit Outstanding — \$30,849.

\$3,073,873.74

On Behalf of the Board:

G. W. HUTCHINS,
E. S. SARGEANT,
Directors.

THE SHAREHOLDERS

TS Corporation Limited as at 31st December, 1938, and of the statements of profit and loss for the year ending on that date, we have examined or tested the accounting records of the Company and obtained all the information necessary to enable us to make a general review of the accounting methods and of the operating and financial results.

Our balance sheet and related statements of profit and loss and surplus have been drawn up on the basis of the information furnished to us by the Company and of the state of the affairs of the Company at the end of the year, according to the best of our information and the explanations given to us.

CLARKSON, GORDON, DILWORTH & NASH,
Chartered Accountants.

Western Steel Products Corporation
Limited

STATEMENT OF PROFIT AND LOSS AND SURPLUS
FOR YEAR ENDING 31ST DECEMBER, 1938

Gross Profit on Sales, Before Providing for Depreciation.....	\$705,882.39
DEDUCT:	
Selling, Administrative and Financial Expenses.....	\$362,544.73
Depreciation	137,212.16
Remuneration of Executive Officers.....	35,928.29
Bond Interest	35,000.00
Legal Fees	4,243.34
	574,928.52
	\$130,953.87
ADD: Rentals, Investment and Sundry Income.....	26,598.95
Net Operating Profit	\$157,552.82
Provision for Dominion and Provincial Income Taxes.....	25,000.00
Net Profit for Year.....	\$132,552.82

SURPLUS

Surplus 31st December, 1937.....	\$164,032.77
ADD: Net Profit for Year.....	132,552.82
	\$296,585.59
DEDUCT:	
Adjustment of Depreciation Reserves.....	\$ 6,986.60
Appropriation for Pension and Sundry Adjustments	
Arising from Prior Years' Operations.....	13,492.17
	20,478.77
Surplus 31st December, 1938.....	\$276,106.82

Products Manufactured and Distributed

by

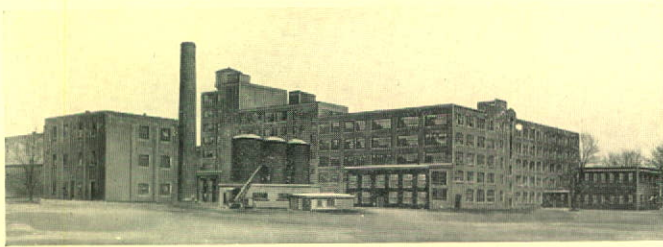
Western Steel Products Corporation
Limited



Architectural —

Steel Casements
Steel Sash
Metal Doors
Door Frames

Lavatory Partitions
Office Partitions
Radiator Enclosures
Hollow Metal Windows



Office Equipment —

Cabinets
Shelving
Lockers
Counters
Grilles
Display Stands

Construction, General —

Asphalt Products
Base Board
Ceilings
Conductor Pipe
Corner Bead
Cornices
Copper Roofings
Column Guards
Eavestrough

Elevator Enclosures
Exhaust Systems
Fire Doors
Insulating Materials
Linen Chutes
Metal Roofings
Metal Lath
Pitch
Ready Roofings

Roofings, Built-up
Roof Deck
Metal Shingles
Sidings
Store Fronts
Stair Treads
Skylights
Slate
Ventilators

Complete Buildings —

Warehouses
Rinks
Garages
Hangars
Service Stations

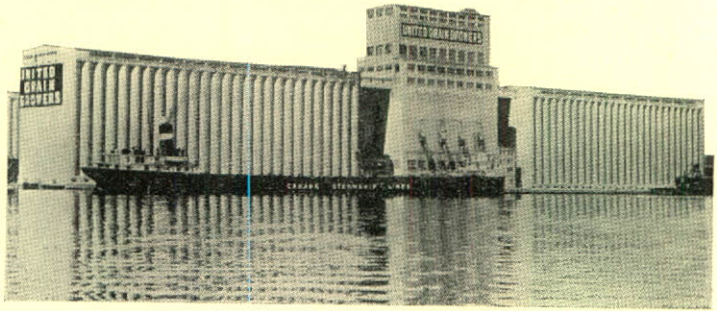


We Contract to make and install all classes of Roofing, also special sheet metal work (heavy and light).

(Continued Overleaf)

"Western Steel" Products — (Continued)

Grain Equipment —



Elevator Buckets
Elevator Spouting
Dust-Collecting Systems

Granaries
Grain Picklers
Grain Dusters

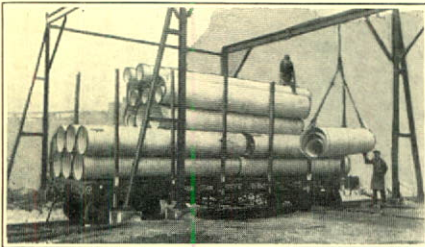
Industrial Equipment —

Airport Tenders
Steel Drums
Boilers
Metal Booths
Coal Chutes
Steel Lockers
Underground Tanks
Fuel Oil Tanks
Water Tanks
Tote Boxes
Truck Tanks
Steel Tables
Machinery Guards
Ventilating Systems
Special Sheet Metal Work



Miscellaneous —

Ash Cans Fire Escapes
Flumes Humidifiers
Salamanders Shower Stalls
Flat Sheets Tire Racks
Aeroplane Parts



Roads and Drainage —

Corrugated Culverts
Road Signs
Centre Joint
Weeping Tiles



Farm —

Corrugated Iron
Barns and Implement Sheds
Well Curbing and Casing
Water Troughs and Hog Troughs
Weather-vanes
Ventilators
Silo Roofs

