

**WESTERN STEEL PRODUCTS
CORPORATION**

Limited



**Annual Report
1940**

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Western Steel Products Corporation
Limited

Annual Report
1940



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

President:

G. W. HUTCHINS

Vice-President:

E. S. SARGEANT

Directors:

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

Officers:

<i>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, 1940

To the Shareholders:

Your Directors submit herewith the Annual Report of your Company and the statements of account for the year ended December 31st, 1940.

Net Profits for the year amounted to \$272,595.07 after provision for depreciation, bad debts, and government taxes, an increase of \$130,983.96 over the 1939 figures.

It is right that where increased profits accrue as a result of war conditions the fullest contribution should be made to the financial needs of the Government, and our Reserve for taxes amounts to \$789,695.71. The situation regarding Excess Profits Tax is not wholly clear at this time, however, and some adjustment in the amount we have estimated under this heading may later be required when the "Standard Profits" are determined under the provisions of the Excess Profits Tax Act.

As a result of conditions arising out of the war, sales for the year amounted to more than double those of 1939. This large increase in volume has been made up of goods essential to the Empire's war efforts and has constituted a demand upon our productive capacity which we have been proud to meet.

Plant and equipment have been well maintained during the year and \$48,484.54 has been spent on the installation of new machinery and on other capital expenditures. The Reserve for Depreciation of \$228,488.84 this year is \$121,556.91 greater than in 1939.

Accounts Receivable of \$1,197,084.59 and inventories amounting to \$1,157,853.60 are high when compared to peace-time figures. The reserve set up against the Receivables is adequate, inventories are taken at the lower of cost or market, and no concern is felt regarding the safety of these two important items. Such large increases are merely a direct reflection of the abnormal increase in sales and are a sign of the times in which we live.

The Working Capital position is good and at \$1,436,724.97 shows an increase of \$417,995.67.

During the year just ended, the Company's funded debt was decreased by the purchase of \$37,000 of the Company's 5% General Mortgage Bonds which were turned over to the Trustee for the Bondholders. Your Directors hope to effect a similar reduction in funded debt during 1941.

In view of the large amount of receivables and inventory required to conduct the business of the Company at the present time and until the Company's excess profits tax situation is clarified, no action with regard to the payment of a dividend is deemed advisable.

We cannot conclude this report without a special word about the staff. Your Directors have always been happy in the knowledge that the Company's officers and employees have been both efficient and loyal and this has been more than ever apparent during the past year when their contributions to the Company's efforts have been so ably demonstrated.

On behalf of the Board,

G. W. HUTCHINS,
President.

WESTERN STEEL PRODUCTS

(Incorporated under The Companies Act)

BALANCE SHEET AS AT

ASSETS

CURRENT:

Cash on Hand and in Banks		\$ 264,261.84
Dominion of Canada Bonds par value \$21,100 (quoted market value \$20,783.50)		20,836.25
Accounts Receivable	\$1,253,480.77	
<i>Less Reserve</i>	56,396.18	
		1,197,084.59
Inventories, as determined and certified by the management and valued at the lower of cost or market:		
Raw Materials	\$ 763,759.83	
Goods in Process	297,018.73	
Finished Stock	97,075.04	
		1,157,853.60
Total Current Assets		\$2,640,036.28

DEFERRED CHARGES 15,915.53

INVESTMENTS:

Marketable Securities (quoted market value \$4,631.80)	\$ 4,116.79	
Mortgages and Sale Agreements, net book value..	3,057.84	
Sundry, including Non-Operating Properties, at Nominal Values	5.00	
		7,179.63

FIXED, at cost:

Land	\$ 287,036.28	
Buildings	1,664,519.62	
Machinery and Equipment	1,755,956.78	
		\$3,707,512.68
<i>Less Reserves for Depreciation</i>	1,855,801.49	
		1,851,711.19
		\$4,514,842.63

AUDITORS' REPORT TO

We have made an examination of the balance sheet of Western Steel Products Limited and loss and surplus for the year ending on that date. In connection therewith, we have obtained such information and explanations we required from its officers and employees; we have examined its 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 properly drawn up so as to exhibit a true and correct view of the state of the Company at the close of the year, according to the best of our information and the explanations given to us.

Toronto, Canada.
6th March, 1941.

TS CORPORATION LIMITED

(Dominion Companies Act)

31st DECEMBER, 1940

LIABILITIES

CURRENT:

Accounts Payable and Accrued Charges	\$ 399,770.64
Reserve for Income and Other Taxes	789,695.71
Bond Interest Accrued	13,844.96
Total Current Liabilities	<u>\$1,203,311.31</u>

FUNDED:

5% General Mortgage Bonds Series "A" Due 31st January, 1956:	
Authorized	\$1,500,000.00
Issued	\$ 700,000.00
Less Redeemed and Cancelled	37,000.00
	<u>663,000.00</u>
RESERVE FOR CONTINGENCIES	500,000.00

CAPITAL AND SURPLUS:

Capital:	
Authorized, 150,000 Shares No Par Value, Whereof 117,983 Shares are Issued or to be Issued	\$1,450,000.00
Earned Surplus, Per Statement	698,531.32
	<u>2,148,531.32</u>

\$4,514,842.63

On Behalf of the Board:

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

THE SHAREHOLDERS

ts Corporation Limited, as at 31st December, 1940, and of the statements of profit
ve examined or tested accounting records of the company and obtained all the
also made a general review of the accounting methods and of the operating and
tions.

alance sheet and related statements of profit and loss and surplus have been
ompany's affairs at 31st December, 1940, and of the results of its operations for
s and as shown by the books.

CLARKSON, GORDON, DILWORTH & NASH,
Chartered Accountants.

Western Steel Products Corporation Limited

STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS

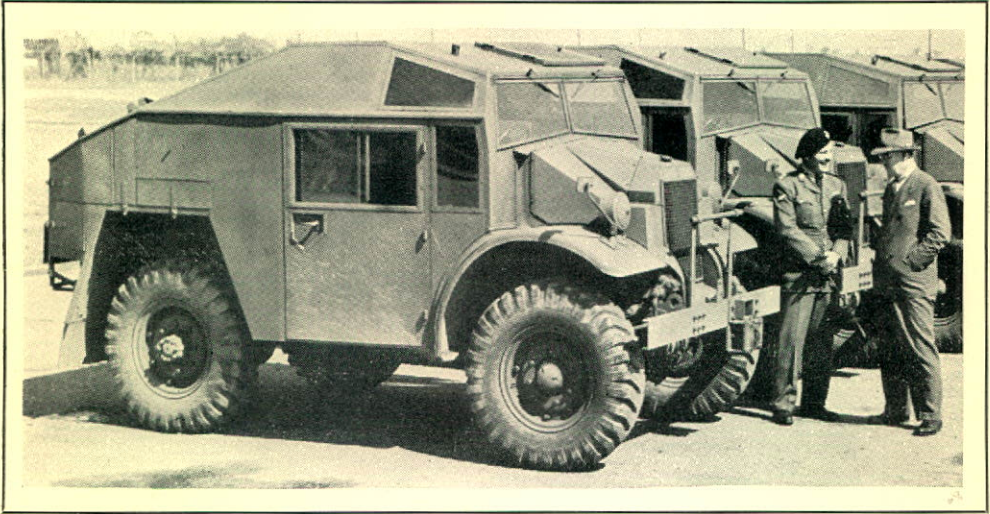
FOR YEAR ENDING 31ST DECEMBER, 1940

Gross Profit on Sales, Before Providing for Depreciation.....		\$1,709,849.93
DEDUCT:		
Selling, Administrative and Financial Expenses.....	\$418,432.50	
Depreciation	228,488.84	
Remuneration of Executive Officers	33,075.00	
Bond Interest	33,710.15	
Legal Fees	2,735.24	
		716,441.73
		\$ 993,408.20
Add: Rentals, Investment and Sundry Income		24,186.87
		\$1,017,595.07
Net Operating Profit		\$1,017,595.07
Provision for Dominion and Provincial Income Taxes		745,000.00
		\$ 272,595.07
Net Profit for Year		\$ 272,595.07

EARNED SURPLUS

Surplus 31st December, 1939		\$ 424,104.38
ADD:		
Net Profit for Year		272,595.07
Realized on Sale of Non-Operating Property		1,831.87
		\$ 698,531.32
Surplus 31st December, 1940		\$ 698,531.32

Gun Tractor Bodies



“Mechanized Units.” The words are very familiar in these stern days.

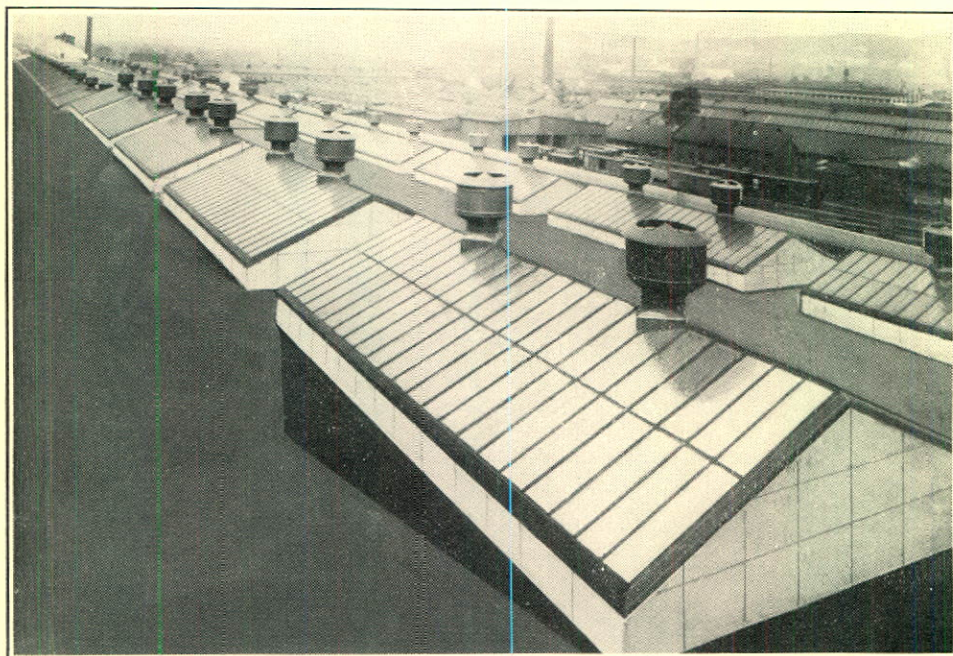
It may well be a source of satisfaction to reflect that the Company has been privileged to play an important role in connection with Bodies for Mechanized Units.

This has been not only in the matter of production, but also in the more difficult “piloting” of new models; that is, the experimenting and engineering that of necessity precedes the manufacture of any new product. This is an indication of the regard in which the Company’s Technicians are held by the Military Authorities.

Did the Company’s products assist in the Libyan push? It is highly probable.

Illustration shows Gun Tractors, the Bodies for which are one of a number of types the Company has assisted with.

"Anchor Bar" Skylights



The Company's "Anchor Bar" Skylights have justly earned wide acceptance among Architects and Engineers for use on better-class buildings.

Their sturdy construction and sound engineering permits their use on clear spans up to 30 feet. Frame is free to expand or contract under temperature changes without danger of cracking the glass — a highly important feature.

An interesting recent occurrence attests their durability. A certain large installation was made in 1912. Twenty-five years later (1937), the curb on which the Skylight rested was found to be failing. *The "Anchor Bar" Skylight was jacked up, a new curb built, and the Skylight dropped back on it, practically as good as new.*

Photo shows an installation on a major industrial plant near Montreal.

