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ENAMEL & HEATING *Products Limited*

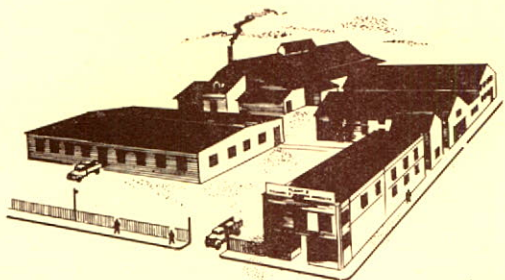
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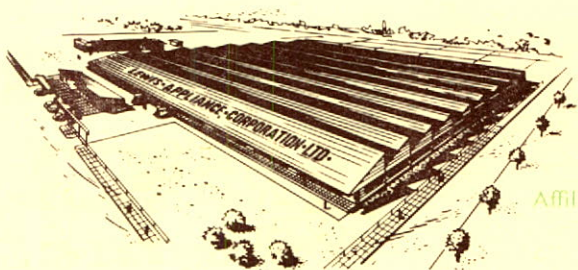
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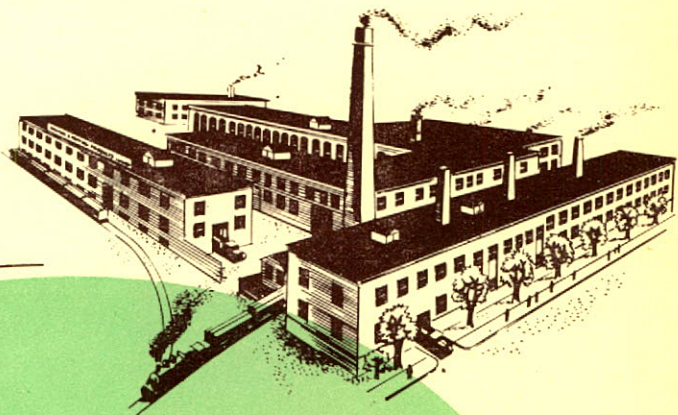
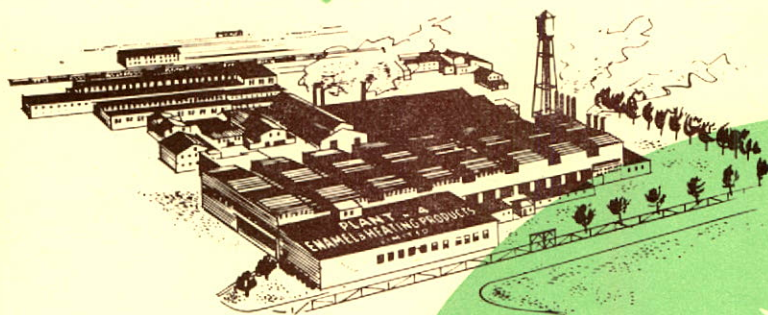
Plant No. 3, Vancouver, B. C.



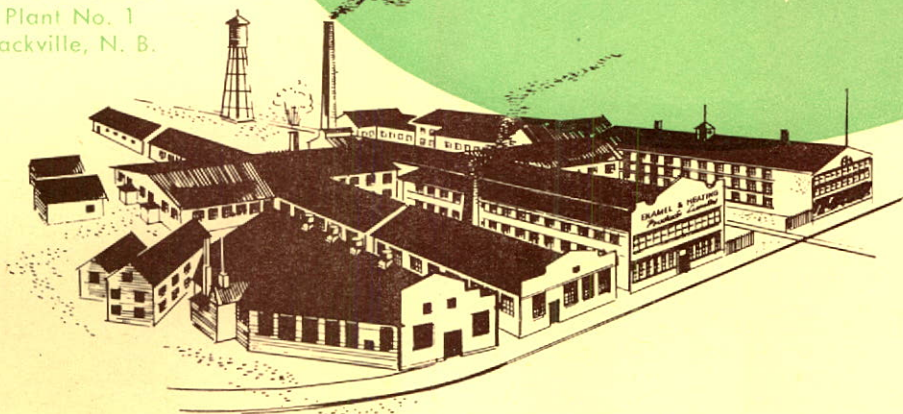
Affiliated Company, Johannesburg,
South Africa

Plant No. 2, Amherst, N. S. ▶

Plant No. 4, Amherst, N. S.



General Offices
Plant No. 1
Sackville, N. B.



ANNUAL REPORT

AS AT DECEMBER 31

1951



ENAMEL AND HEATING PRODUCTS LIMITED

ENAMEL & HEATING PRODUCTS LIMITED

SACKVILLE, N. B.

DIRECTORS

N. A. Hesler	A. R. French
N. T. Avard	H. Goldstein
C. C. Avard	F. R. Rand
C. W. Fawcett	C. N. Wilson

OFFICERS

N. A. Hesler	President and General Manager
N. T. Avard	Vice-President
A. R. French	Vice-President, Asst. General Manager Secretary and Treasurer
H. Goldstein	Vice-President in charge of Production
F. R. Rand	Vice-President in charge of Sales
R. J. Hesler	Executive Assistant to the President
R. B. Fullerton	Assistant Treasurer

AUDITORS

P. S. Ross and Sons

TRANSFER AGENTS

Montreal Trust Company Montreal, P.Q.	The Central Trust Co., of Canada Moncton, N. B. — Amherst, N. S.
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REGISTRARS

Canadian Trust Company Montreal, P.Q.	The Central Trust Co., of Canada Moncton, N. B. — Amherst, N. S.
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President's Report

March 31, 1952

THE SHAREHOLDERS OF ENAMEL & HEATING PRODUCTS LIMITED

Your Board of Directors has pleasure in submitting herewith Annual Report for the year ended December 31, 1951, together with copy of the Auditors Report.

In order to consolidate our operations and reduce overhead to the greatest possible extent, and furthermore to simplify the Trust Deed in connection with the sale of convertible debentures to the extent of \$600,000, your Directors transferred the entire assets and liabilities of Atlantic Industries Limited, a wholly owned subsidiary, to Enamel & Heating Products Limited, and designated that Plant as Plant No. 4. For the purpose of comparison the figures for 1950 shown on the Balance Sheet include the assets and liabilities of Atlantic Industries Limited.

Net Profit for the Company after provision for depreciation and all other charges, but before income taxes, amounted to \$319,449.83, as compared with the combined profits of Enamel & Heating Products Limited and Atlantic Industries Limited for 1950 amounting to \$297,491.07.

Due to the unexpected decline in the sale of Oil Burning Heaters and increased prices of raw materials our inventories show an increase of \$725,900.13 which accounts for the bank loan of \$410,000.00. As of this date the Bank Loan has been reduced to \$245,000.00.

The sales of your Company's products showed a marked increase during the first three months of the year as compared to a similar period for 1950. However, as a result of the Federal Budget of April 10, 1951, imposing Excise Taxes on Oil Burning Ranges, which was one of our leading lines, as well as an increase in the sales tax of 2%, we were naturally forced to increase our prices to take care of these taxes. As a result, we experienced a large decrease in the sale of these highly efficient ranges, and of course a decrease in the number of employees engaged in this Department. In view of the fact that the particular type of construction used in this range is so closely akin to that used in

similar solid fuel ranges now tax free, we feel that this tax is highly discriminatory and we hope that a change will be made in the coming Budget to eliminate this discrimination.

Your report will show that we have felt the impact of higher Federal Income Tax rates with the result that our ratio of net profit to sales has declined to some extent. Notwithstanding the fact that your management is constantly reviewing operations with a view to decreasing costs, our earnings are offset to a considerable degree by increased income taxes, Provincial and Municipal taxes, railway costs, power costs, telephone rates, and similar charges over which we have no control, with the result we are left with no alternative but to keep on increasing the selling prices of our products, and which of course creates a resistance to sales.

It might not occur to our shareholders that our costs are also increased by a large amount of clerical work we have to do for various Government agencies in the collection of sales and excise taxes, unemployment insurance, sale of Government bonds, income taxes, etc., as well as the compilation of numerous reports for the Bureau of Statistics and other Government agencies, all of which adds to the cost of doing business. During the fiscal year ended December 31, 1951, we collected over \$300,000 for various Government agencies for which we received no reimbursement from the Governments.

Our Subsidiary Company, the Amherst Stove & Furnace Company Limited, was disposed of on February 1st at a very satisfactory price and the income therefrom will be reflected in the balance sheet for 1952.

To date we have received defence orders totalling \$2,750,000.00 and we are continually pressing for additional orders with the hope of keeping our plants operating to capacity, notwithstanding the falling off in the demand for durable goods.

We again record our appreciation for the real contribution made by the employees throughout the entire organization.

Respectfully submitted on behalf of the Board of Directors.

N. A. HESLER,
President.

Auditors' Report

TO THE SHAREHOLDERS
ENAMEL & HEATING PRODUCTS LIMITED,
SACKVILLE, N. B.

We have examined the balance sheet of ENAMEL & HEATING PRODUCTS LIMITED as at December 31, 1951 and the related statements of profit and loss and surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Pursuant to Section 114(2) of the Canadian Companies' Act, we report that the profits of one of the subsidiary companies, Atlantic Industries Limited, have been included in the attached statements as dividend received. The profits for the year of the other subsidiary company, not consolidated herein, have not been reflected in the attached statements and have been carried forward in the accounts of the subsidiary company.

In our opinion the accompanying balance sheet and related statements of profit and loss and surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Company as at December 31, 1951 and the results of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the Company.

P. S. ROSS & SONS,
Chartered Accountants.

Saint John, N. B.
March 31, 1952.

ENAMEL & HEATING

Balance Sheet as at

ASSETS

Current Assets:

	1951	1950
Cash	\$ 35,615.66	\$ 17,946.99
Accounts Receivable, less Reserve \$1,786.10....	587,614.46	580,836.14
Due from Employees — Subscriptions to Canada Savings Bonds.....	12,536.83	34,242.74
Inventories—Raw Materials, Supplies, Work in Process and Finished Goods physically taken and valued at the lower of cost or market prices as certified to by officials of the Company	1,640,593.18	914,693.05
	<u>\$2,276,360.13</u>	<u>\$1,547,718.92</u>

Investments in Real Estate:

As appraised by Canadian Appraisal Company Limited on the basis of Depreciated Replacement Value — Valued at April 1, 1927 plus subsequent additions at cost.....	\$ 5,760.10	\$ 5,760.10
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Investments in and Advances to Subsidiary Companies, not consolidated:

Investments	\$ 5,070.00	\$ 5,000.00
Current Account.....	5,009.23	4,196.08
	<u>\$10,079.23</u>	<u>\$9,196.08</u>

Fixed Capital Assets:

Land	\$ 45,525.37	\$ 45,525.37
Buildings	711,107.61	720,920.66
Machinery and Equipment.....	819,180.54	810,651.61
Motor Vehicles.....	24,654.46	20,358.24
	<u>\$1,600,467.98</u>	<u>\$1,597,455.88</u>

As appraised by Canadian Appraisal Company Limited on the basis of Depreciated Replacement Value—valued at April 1, 1927, February 11, 1928 and December 14, 1929, plus subsequent additions at cost.

Deferred Debits:

Prepaid Insurance	\$ 13,337.73	\$ 12,440.92
Bond Issue Discount and Expense.....		11,142.30
Other	9,056.69	15,022.17
	<u>\$ 22,394.42</u>	<u>\$ 38,605.39</u>
	<u>\$ 3,915,061.86</u>	<u>\$3,198,736.37</u>

Signed on behalf of the Board:

N. A. HESLER, Director.
N. T. AVARD, Director.

PRODUCTS LIMITED

December 31, 1951

LIABILITIES

Current Liabilities:

	1951	1950
Bank Loan—Secured under Section 88 of the Bank Act.....	\$ 410,000.00	\$ 430,000.00
Bank Loan—Special for Employees, subscriptions to Canada Savings Bonds.....	12,536.83	34,242.74
Bills and Accounts Payable.....	273,828.96	269,896.20
Accrued Liabilities.....	56,460.08	63,065.29
Accrued Bond Interest.....	13,370.00	945.00
Provision for Income Taxes, less payments on account.....	113,957.41	87,319.02
Dividend on Capital Stock, payable January 31, 1952.....	11,800.00	10,325.00
	<u>\$ 891,953.28</u>	<u>\$ 895,793.25</u>

Funded Debt:

4% First Mortgage Sinking Fund Bonds due June 1, 1962—Authorized and Issued.....	300,000.00	300,000.00
Less: Redeemed and Cancelled.....	39,000.00	16,500.00
	* 261,000.00	283,500.00
5% Convertible Debentures, due August 1, 1966.....	600,000.00	
	<u>\$ 861,000.00</u>	<u>\$ 283,500.00</u>

* Note: Sinking Fund instalment of \$10,880.00, due January 2, 1952, was paid in 1951 and bonds redeemed.

Reserves for Depreciation:

Investments—Real Estate Buildings.....	\$ 3,063.36	\$ 3,037.40
Buildings.....	297,445.58	275,221.15
Machinery and Equipment.....	475,890.04	428,290.39
Motor Vehicles.....	12,576.23	8,422.21
	<u>\$ 788,975.21</u>	<u>\$ 714,971.15</u>
Credit arising from appraisal of Fixed Assets.....	274,357.37	274,357.37
	<u>\$1,063,332.58</u>	<u>\$ 989,328.52</u>

Capital Stock:

Authorized—250,000 shares of no par value		
Issued —118,000 shares.....	\$ 439,768.71	\$ 439,768.71
Pursuant to Supplementary Letters Patent dated July 9, 1951 the authorized capital was increased from 50,000 shares to 250,000 shares of No Par Value and the Issued Shares were sub-divided into four shares for one.		
Earned Surplus.....	\$ 659,007.29	\$ 590,345.89
	<u>\$3,915,061.86</u>	<u>\$3,198,736.37</u>

NOTE: On August 1, 1951 the assets and undertaking of Atlantic Industries Limited, a wholly owned subsidiary, were purchased by Enamel & Heating Products Limited and are reflected in the above statement.

Submitted with our accompanying
Report dated March 31, 1952,

P. S. ROSS & SONS,
Chartered Accountants,
Saint John, N. B.

ENAMEL & HEATING PRODUCTS LIMITED

PROFIT AND LOSS AND SURPLUS ACCOUNT

For the Year Ended December 31, 1951

PROFIT from operations before deducting the following:		\$407,084.77
Depreciation	\$ 82,123.54	
Executive Salaries	45,400.00	
Directors' Fees & Expenses.....	1,525.00	
Legal Charges	3,691.85	
Bond and Debenture Interest.....	18,280.16	
Amortization of bond discount and expense.....	975.96	151,996.51
		\$255,088.26
Non-operating income — Net.....	\$ 31,866.67	
Dividend from Subsidiary Company.....	32,494.90	64,361.57
		\$319,449.83
Provision for Income Taxes.....		145,496.18
		\$173,953.65
Earned Surplus:		
Balance at credit January 1, 1951.....	\$ 580,628.90	
Add: Profit on bonds redeemed.....	220.00	
		\$580,848.90
Deduct: Loss on Fixed Assets displaced during the year — Net.....	\$ 52.92	
Bond and Debenture discount and expenses written off.....	51,492.34	51,545.26
		\$529,303.64
Deduct: Dividends on Capital Stack (including dividend of \$11,800.00 declared November 30, 1951, payable January 31, 1952).....	\$ 44,250.00	\$485,053.64
		\$659,007.29
BALANCE at credit December 31, 1951.....		\$659,007.29

NOTE: On August 1, 1951, the assets and undertaking of Atlantic Industries Limited, a wholly-owned subsidiary, were purchased by Enamel & Heating Products Limited. The above statement includes the dividend received from such subsidiary and the operating results of the business from the date of purchase to December 31, 1951.

