

51ST

ANNUAL
REPORT

PAGE-HERSEY TUBES, LIMITED

C R O W L A N D - O N T A R I O

1953



F I F T Y - F I R S T

Annual Report

PAGE - HERSEY TUBES, LIMITED

BOARD OF DIRECTORS

W. E. Bannerman	Toronto, Ont.
Senator Armand Daigle	Montreal, Que.
Jas. S. Duncan	Toronto, Ont.
H. J. Fuller	New York, N.Y.
W. G. F. Grant, Q.C.	Toronto, Ont.
A. Macfadyen	Toronto, Ont.
Gordon F. Perry	Toronto, Ont.
R. C. Poskanzer	Albany, N.Y.
D. W. Stewart, Jr.	Renfrew, Ont.
L. V. Sutton, Q.C.	Toronto, Ont.
N. E. Tanner	Calgary, Alta.

OFFICERS

A. Macfadyen	President and General Manager
D. W. Stewart, Jr.	Vice-President
R. C. Poskanzer	Vice-President
W. E. Bannerman	Vice-President
C. F. Anderson	Vice-President
W. J. Spencer, C.A.	Treasurer and Comptroller
A. C. Mitchell	Secretary
M. K. Rainer	Assistant Secretary

TRANSFER AGENTS

CANADA

National Trust Company, Limited, Toronto and Vancouver
The Toronto General Trusts Corporation, Montreal

UNITED STATES OF AMERICA

The National Commercial Bank and Trust Company, Albany, N.Y.

ANNUAL REPORT

O F T H E D I R E C T O R S O F PAGE-HERSEY TUBES, LIMITED

April 2, 1954

TO THE SHAREHOLDERS:

Your Directors submit herewith your Company's Annual Report for the year ended December 31, 1953.

PROFITS The net profit for the year, after providing for depreciation and income taxes, amounted to \$3,241,614 equal to \$4.65 per share. This compares with \$4,089,091 or \$5.86 per share in the previous year.

DIVIDENDS

1953—\$2,091,312—\$3.00 per share

1952—\$1,812,470—\$2.60 per share

DEPRECIATION The sum of \$800,000 was charged to profits and transferred to reserve for depreciation which now stands at \$10,634,166. This is \$300,000 less than the amount written off in 1952 when our plants were operating at greater capacity.

WORKING CAPITAL This amounted to \$17,611,862, a decrease of \$12,181, and is accounted for as follows:

SOURCE OF FUNDS

Net profit for the year	\$3,241,614
Provision for depreciation	800,000
Decrease	12,181
	————— \$4,053,795

APPLICATION OF FUNDS

Additions to plant	\$1,900,595
Dividends paid	2,091,312
Miscellaneous	61,888
	————— \$4,053,795

CURRENT POSITION Current Assets at December 31, 1953 totalled \$21,199,072 and Current Liabilities \$3,587,210. Comparative ratios are:

1953	1952	1951
5.91 to 1	4.16 to 1	4.07 to 1

INVENTORY Stock on hand, valued at the lower of cost or market, less reserve, increased over last year by \$1,292,404 and amounted to \$9,454,074.

This inventory should be reduced substantially in 1954 since steel is now in freer supply and your Company will not find it necessary to enter into long-term contracts to assure adequate supplies of semi-finished steel.

CAPITAL EXPENDITURES Additions to plant amounted to \$1,900,595. The improvements in the Continuous Butt weld Pipe Mill, including new forming and welding stands, high-speed saw, etc., have now been completed and the new mill is in operation. The travelling cut-off machine for the Electric Resistance Weld Pipe Mill is also installed and operating as planned. Other projects referred to in our last report and now complete include the Toronto Office Building. The modernization of the Seamless Mill is under way but will not be completed until late this year.

SALES Shipments were down both in tons and dollars from the previous year, the decline being particularly felt in the last quarter of 1953.

While the capital outlays authorized by your Board to bring your Company's plants right up to date will result in lower costs, the benefits therefrom can only be realized if sales can be maintained. This is a major problem under present conditions when your Company is confronted with competition from the Continent of Europe where pipe manufacturers are equipped with modern plants of the latest design but operate under wage rates which are one-third to one-half of those prevailing in your Company's works. The present premium on the Canadian dollar also acts as a deterrent to exports and further aggravates the problem of meeting competition from these low wage countries.

EMPLOYEE RELATIONS The Collective Bargaining Agreement made with the United Electrical, Radio and Machine Workers of America, Local 523, continues in effect until November 1, 1954.

Our group life insurance plan was revised during the year. Under the revision our employees were granted the right to carry increased life insurance coverage. The cost of these increased benefits is borne jointly by the Company and the employees.

The number of employees with 25 years' service or more now totals 281, an increase of 67 from the previous year.

Since the last Annual Meeting of Shareholders the number of Directors has been increased from nine to eleven. Senator Armand Daigle of Montreal and Mr. N. E. Tanner of Calgary were elected to complete the Board.

Your Directors desire to express their appreciation to the employees of the Company for their co-operation during the year.

Submitted by order of the Board.

A. MACFADYEN,
President

Balance

A S A T D E C E M

ASSETS

CURRENT

Cash on hand and in Banks	\$ 2,017,952	
Accounts and Bills Receivable—less reserve	2,400,594	
Due from Employees—fully secured by Canada Savings Bonds —Series 8	95,899	
Investment in Government Bonds and other Marketable Securities (Market Value \$7,391,112)	7,230,553	
Inventories—valued at lower of cost or market—less reserve	<u>9,454,074</u>	\$21,199,072

FIXED

Real Estate, Buildings, Plant, Machinery and Equipment— at cost	18,654,781	
Investment in Stock of Subsidiary Company	<u>50,000</u>	18,704,781

\$39,903,853

U B E S , L I M I T E D

Balance Sheet

DECEMBER 31, 1953

LIABILITIES

CURRENT

Accounts Payable	\$ 1,086,958	
Wages and Miscellaneous Expenses Accrued	210,202	
Due to Subsidiary Company	73,174	
Dividend declared and payable January 2, 1954	522,828	
Provision for Income Taxes—less amounts paid	<u>1,694,048</u>	\$ 3,587,210

FUNDED DEBT

3½% Sinking Fund Debentures to mature April 1, 1965	3,000,000	
3½% Sinking Fund Debentures (October, 1950 Issue) to mature April 1, 1965	<u>2,000,000</u>	5,000,000

RESERVES

Depreciation of Buildings, Plant, Machinery and Equipment	10,634,166	
General Reserve	1,000,000	
Provision for Employee Pensions	<u>738,893</u>	12,373,059

CAPITAL AND SURPLUS

Capital Stock		
Authorized—1,000,000 shares of no par value		
Issued and Outstanding—697,104 shares	6,249,671	
Earned Surplus	<u>12,693,913</u>	18,943,584
		<u>\$39,903,853</u>

Signed on behalf of the Board:

A. MACFADYEN, Director

D. W. STEWART, JR., Director

Certified as per Auditors' Report attached.

PAGE-HERSEY TUBES, LIMITED

Profit and Loss Account

FOR THE YEAR ENDED DECEMBER 31, 1953

Profit from Operations	\$7,093,242	
Income from and profit on sales of Investments	280,622	
		\$ 7,373,864
Depreciation of Plant	800,000	
Interest on Funded Debt	156,250	
		956,250
NET PROFIT BEFORE TAXES ON INCOME		\$ 6,417,614
Provision for Income Taxes		3,176,000
BALANCE CARRIED TO EARNED SURPLUS		<u>\$ 3,241,614</u>
The following items have been deducted in determining profits noted above:		
Directors' Fees	\$ 12,000	
Executive Salaries and Solicitors' Fees	232,307	

Earned Surplus Account

FOR THE YEAR ENDED DECEMBER 31, 1953

Balance January 1, 1953	\$11,843,611
Balance carried from Profit and Loss Account for 1953	3,241,614
	<u>\$15,085,225</u>
DEDUCT:	
Dividends paid and declared	\$2,091,312
Appropriation for employee pensions	300,000
	<u>2,391,312</u>
Balance December 31, 1953	<u>\$12,693,913</u>
Certified as per Auditors' Report attached.	

AUDITORS' REPORT

PETTIT, HILL AND BERTRAM

HOLLAND PETTIT, JR., C.A.
R. DOUGLAS HILL, C.A.
R. C. BERTRAM, B.COM., F.C.A.
T. D. WARDLAW, C.A.
DONALD D. HILL, C.A.

CHARTERED ACCOUNTANTS

199 BAY STREET,
TORONTO 1

TELEPHONE
EM. 3-2381

To the Shareholders,
Page-Hersey Tubes, Limited.
Crowland, Ontario.

We have examined the Balance Sheet of Page-Hersey Tubes, Limited as at December 31, 1953 and the 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.

The profit from the subsidiary company was not included in the attached statements.

In our opinion, subject to the above comment, the accompanying Balance Sheet and 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, 1953 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.

Pettit, Hill and Bertram

Toronto, March 1, 1954

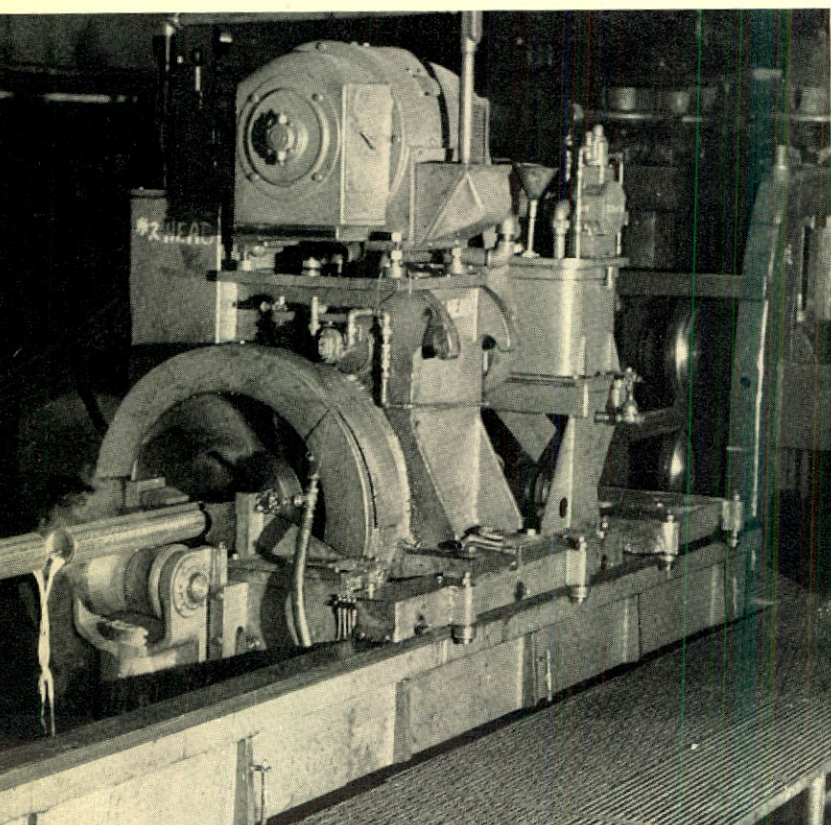
Chartered Accountants

1953 PLANT ADDITIONS



NEW STRETCH-REDUCE CONTINUOUS WELD MILL

Replacing the old continuous weld mill, on the left is shown the ten-stand forming and welding unit with new flying cut-off saw in the centre foreground. This new stretch-reduce process refines the grain of the steel and improves the quality of the weld, and of the pipe itself.



ELECTRIC WELD TRAVELLING CUT-OFF

New travelling cut-off saw in the large diameter electric resistance weld pipe mill permits the use of coiled skelp, and saves valuable raw material by eliminating "end cropping". This equipment is capable of handling any pipe size from 4" to 16" outside diameter.

T O R O N T O

H A L I F A X

M O N T R E A L

W I N N I P E G

C A L G A R Y

E D M O N T O N

V A N C O U V E R

P A G E - H E R S E Y T U B E S , L I M I T E D