

1950
ANNUAL

REPORT



PAGE-HERSEY TUBES, LIMITED, CROWLAND, ONTARIO

FRONT COVER:

Artist's sketch dramatizes the heart of the Electricweld Process. A welded pipe emerges from the rolling electrodes which deliver heavy current across the seam. Side rolls force the seam together and the metal flows at the point of welding.

PAGE-HERSEY TUBES, LIMITED

DIRECTORS

W. P. Bayley	Toronto, Ont.
Jas. S. Duncan	Toronto, Ont.
H. J. Fuller	New York, N.Y.
W. G. F. Grant, K.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, K.C.	Toronto, Ont.

OFFICERS

A. Macfadyen	President and General Manager
D. W. Stewart, Jr.	Vice-President
R. C. Poskanzer	Vice-President
W. P. Bayley	Vice-President and Treasurer
W. E. Bannerman	Vice-President
C. S. Webber	Assistant to the President
A. C. Mitchell	Secretary
W. J. Spencer, C.A.	Comptroller
E. M. Haight	Assistant Secretary

TRANSFER AGENTS

CANADA

National Trust Company, Limited, Toronto, Ont.
The Toronto General Trusts Corporation, Montreal, Que.

UNITED STATES OF AMERICA

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

Annual Report

OF THE DIRECTORS OF

PAGE-HERSEY TUBES, LIMITED

March 22, 1951

TO THE SHAREHOLDERS:—

Your Directors submit herewith the Annual Report and Statement of Operations for the calendar year 1950.

The year's operations show a net profit, after providing for depreciation and income taxes, of \$2,807,568.46 or \$4.03 per share. This compares with \$2,075,249.22 or \$2.98 per share in 1949.

Dividends were paid at the rate of \$2.05 per share and amounted to \$1,423,250.70. In 1949 dividends paid amounted to \$1,247,812.20 or \$1.80 per share.

The sum of \$700,024.15 was added to the reserve for depreciation. This reserve now stands at \$7,534,947.37.

Working Capital amounted to \$12,333,825.99, an increase of \$6,328,904.71, which is accounted for as follows:

Net profit for the year . . .	\$2,807,568.46	
Profit on sale of securities . . .	315,146.01	
Depreciation provided . . .	700,024.15	
Net proceeds from sale of debentures	4,907,260.25	
		\$8,729,998.87
Additions to plant	977,843.46	
Dividends paid	1,423,250.70	
		2,401,094.16
		<u>\$6,328,904.71</u>

Current Assets at December 31, 1950, totaled \$16,055,679.02 and Current Liabilities \$3,721,853.03. Comparative ratios are:

1950	1949	1948
4.32 to 1	2.68 to 1	4.73 to 1

Inventory of materials on hand, taken at the lower of cost or market prices, less reserve, shows an increase of \$1,936,198.18 and stands at \$7,202,261.62. This addition reflects larger stocks of materials on hand together with increased prices of semi-finished steel, wages and other elements of costs. Owing to the world-wide shortage of steel, stock on hand is still low in the light of the current and forward heavy demand for your Company's products. Pipe is an essential commodity, both for defense needs and for the maintenance of the civilian economy, and should be accorded preferential treatment in steel allocations.

Additions to plant and equipment amounted to \$977,843.46. This is made up principally of expenditures for equipment to increase flexibility by size range and gauge of the Electric Resistance Weld Pipe Mill, and the modernization of the Galvanizing Department by erection of a new building to replace the old pickling shop and also the installation of automatic pickling machinery, cranes and fume removal devices, and other miscellaneous facilities to reduce manufacturing costs.

The following reserves were shown on the balance sheet as at December 31, 1949:

Contingencies	\$450,000.00
Furnace Reconstruction	150,000.00
Plant Replacement	300,000.00
	<u>\$900,000.00</u>

It was considered advisable to consolidate these three reserves into one General Reserve to which has been added the sum of \$100,000.00. This General Reserve Fund now amounts to \$1,000,000.00.

During the year your Company completed, on schedule, the largest single order in its history, a total of 340 miles of 16" pipe for an oil line in Western Canada. Many new Canadian gas and oil lines are now under consideration, and your Company has ample capacity to produce pipe up to and including 16" diameter for these projects if the steel is made available.

Sales were up substantially over the previous year. Billings for 1950 were the highest in the history of the Company.

Due to the critical shortage of steel, your Company continues unable to carry on its traditional, substantial export trade. Sales for export in 1950 were of a limited nature.

During 1950 your Company sold \$5,000,000.00 of 3½% Sinking Fund Debentures, to mature April 1, 1965. The first issue of \$3,000,000.00 was dated April 1, 1950, and the second issue of \$2,000,000.00 was dated October 1, 1950. The proceeds derived by the Company from the sale of these debentures will be used for general corporate purposes.

Final disposition was made last year of the former site of the Company's Guelph Works. This land was donated to the Board of Education for the City of Guelph for educational purposes.

It is with deep regret that we record the death of Mr. C. L. Dunbar, K.C., on March 2nd, 1950. Mr. Dunbar had been associated with the Company since its formation in 1902 and served for many years as Director, later as Vice-President and President before retiring in 1942.

A collective bargaining agreement was negotiated with the representatives of the employees, the United Electrical, Radio and Machine

Workers of America, Local 523, effective November 1st, 1950, for a period of two years. Wage rates were again increased during the year, and additional benefits to employees were also incorporated in this contract. Co-operation and harmony continue to characterize the relationship between the Company and its employees.

The Quarter Century Club now has a membership of 188, with 16 more becoming eligible in 1951.

The shareholdings of your Company are now more widely distributed than heretofore. The number of stockholders has increased steadily from year to year and is now 35% above the year 1944.

At the last meeting of the Board of Directors, Mr. A. W. Holmested, K.C. retired as President of the Company and resigned from the Board. Mr. Holmested's contribution to the Company is so well known as to require no further comment. He has been a Director for many years and has filled the position of President for the past nine years. His wise counsel and valuable co-operation will be greatly missed by the officers and staff.

To succeed Mr. Holmested as Director of the Company, the Board elected Mr. L. V. Sutton, K.C. of Toronto, who has been a law partner of Mr. Holmested in the firm of Holmested, Sutton, Hill & Kemp for many years.

Your Directors take this opportunity to thank all members of the Page-Hersey family for their loyal and efficient service.

Submitted on behalf of the Board of Directors.

A. MACFADYEN
President

Balance
PAGE-HERSEY T
 AS AT DECEMBER

ASSETS

FIXED

Real Estate, Buildings, Plant, Machinery and Equipment, at cost	\$15,387,581.33
Investment in Stock of Subsidiary Company	50,000.00
	\$15,437,581.33

DEFERRED

Debenture Discount and Expense—Unamortized Balance .	46,369.90
--	-----------

CURRENT

Cash on hand and in Banks	\$ 2,282,649.15
Accounts and Bills Receivable—less Reserves	3,656,423.30
Due from Employees—fully secured by Canada Savings Bonds—Series 5	206,937.10
Investment in Government Bonds and other Marketable Securities (Market Value—\$3,200,442.11)	2,707,407.85
Inventories—Valued at the lower of cost or Market—less Reserve	7,202,261.62
	16,055,679.02

\$31,539,630.25

Sheet

UBES, LIMITED

BER 31, 1950

LIABILITIES

CAPITAL and SURPLUS

Capital Stock:

Authorized—1,000,000 shares of no par value

Issued and Outstanding—697,104 shares \$ 6,249,670.68

Earned Surplus 8,033,159.17

\$14,282,829.85

RESERVES

Depreciation of Buildings, Plant, Machinery and Equipment \$ 7,534,947.37

General Reserve Fund 1,000,000.00

8,534,947.37

FUNDED DEBT

3½% Sinking Fund Debentures to mature April 1, 1965 . \$ 3,000,000.00

3½% Sinking Fund Debentures (October 1950 Issue) to
mature April 1, 1965 2,000,000.00

5,000,000.00

CURRENT

Accounts Payable \$ 1,842,425.84

Wages and Miscellaneous Expenses Accrued 98,010.77

Due to Subsidiary Company 80,804.73

Dividend declared and payable January 2, 1951 383,407.20

Provision for Income Taxes—less amounts paid 1,317,204.49

3,721,853.03

\$31,539,630.25

Signed on behalf of the Board:

A. MACFADYEN, Director

D. W. STEWART, JR., Director

Certified as per Auditors' Report attached.

**PROFIT
AND LOSS
AND
EARNED SURPLUS
ACCOUNTS**

**FOR THE YEAR ENDED
DECEMBER 31, 1950**

PAGE-HERSEY TUBES, LIMITED

PROFIT AND LOSS ACCOUNT

Profit from Operations	\$5,396,802.95	
Income from Investments	42,275.10	
		<u>\$5,439,078.05</u>
Depreciation of Plant	700,024.15	
Interest on Funded Debt	81,485.44	
		<u>781,509.59</u>
NET PROFIT FOR THE YEAR		4,657,568.46
Provision for Income Taxes		<u>1,850,000.00</u>
BALANCE CARRIED TO EARNED SURPLUS		<u>\$2,807,568.46</u>

The following items have been de-
ducted in determining profits noted
above:

Directors' Fees	10,852.05
Executive Salaries and Solicitors' Fees	143,360.31

EARNED SURPLUS ACCOUNT

Earned Surplus, January 1, 1950	\$2,762,756.00
Profit and Loss Account, January 1, 1950	3,717,309.25
Balance carried from Profit and Loss Account for 1950	2,807,568.46
Profit on Sale of Securities	315,146.01
	<u>9,602,779.72</u>
DEDUCT:	
Dividends paid and declared	\$1,423,250.70
Debenture Discount and Expense	46,369.85
Appropriated to General Reserve	100,000.00
	<u>1,569,620.55</u>
Balance as at December 31, 1950	<u>\$8,033,159.17</u>

Certified as per Auditors' Report attached.

AUDITORS' REPORT

Oscar Hudson & Company *Chartered Accountants*

March 2, 1951

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

Gentlemen:

As instructed, we have completed the audit of the accounts of Page-Hersey Tubes, Limited for the year ended 31 December, 1950.

Cash and Bank Vouchers were checked in detail, and the balances verified by count or certificate as at 31 December, 1950.

The Bonds and Securities owned by your Company were verified by count or certificate from the Depositary as at 31 December, 1950. The Income therefrom for the year under review was verified.

The inventories of merchandise have not been checked by us and are included in the attached Balance-Sheet at values established by your office.

The profit from the Subsidiary Company has not been included in the attached statements.

We have examined the accounts of Page-Hersey Tubes, Limited for the year ended 31 December, 1950, and report that, subject to the above, in our opinion the attached Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31 December, 1950, according to the best of our information and the explanations given to us, and as shown by the books of the Company. We have obtained all the information and explanations we have required.

Respectfully submitted,

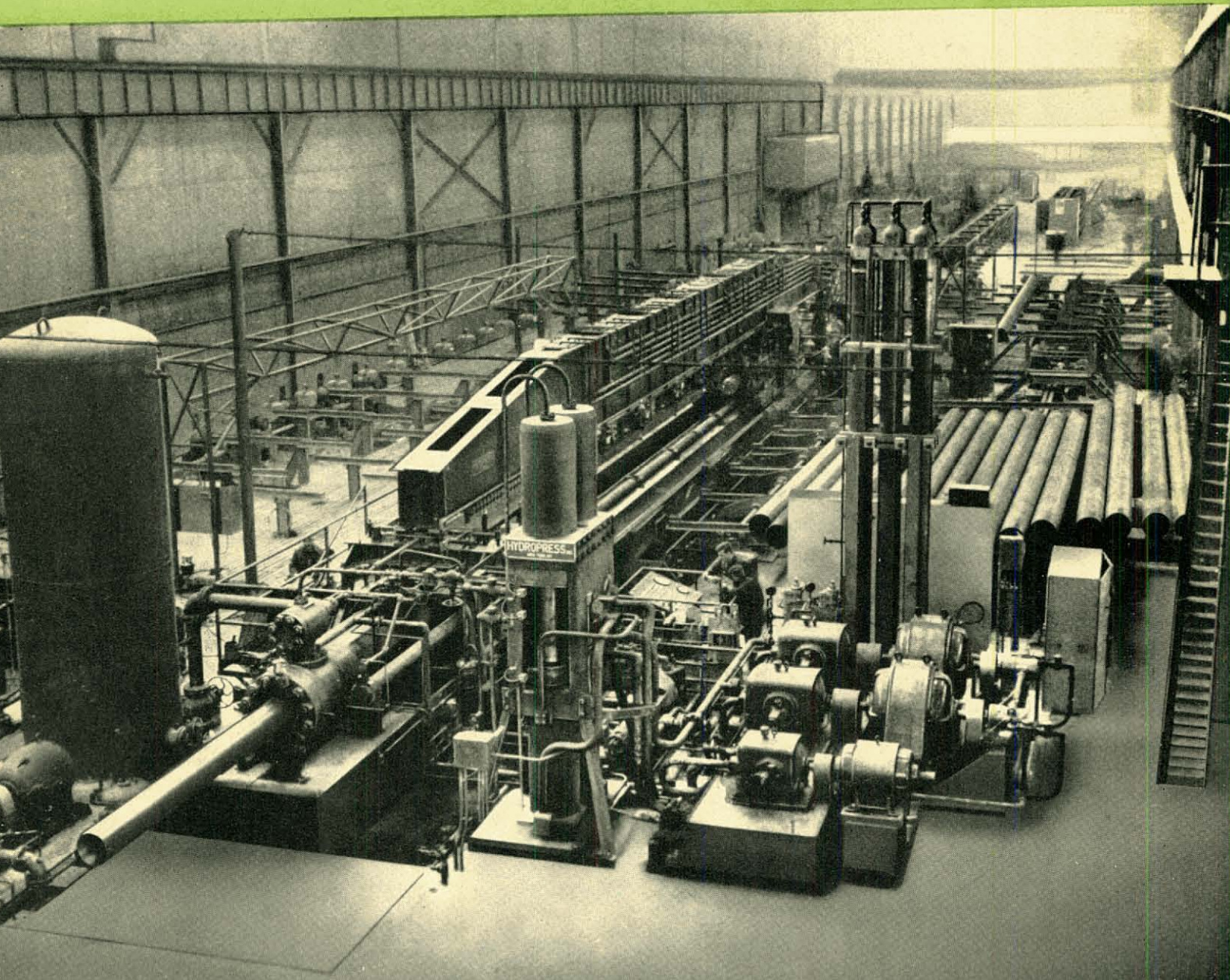


JEH/AH.

CHARTERED ACCOUNTANTS.

THE ELECTRIC WELD PIPE MILL

The hydraulic expander in the new Electric Resistance Weld Pipe Mill at Welland forcibly expands pipe to the required outside diameter. The process stretches and strengthens the steel, making possible the use of a lighter wall pipe for a given pressure. Preceding stages of the Electricweld Process appear in the background.



PAGE-HERSEY TUBES, LIMITED

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

E D M O N T O N

V A N C O U V E R