

BURLINGTON STEEL COMPANY
LIMITED
HAMILTON, ONTARIO

Directors

C. E. ABBS
MORLEY AYLSWORTH
NORMAN A. EAGER
HAROLD H. LEATHER, M.B.E.
GRAHAM MORROW, O.B.E.
FRANK C. O'BRIEN

Officers

FRANK C. O'BRIEN
President
NORMAN A. EAGER
Vice-President and General Manager
R. D. FRASER
Assistant General Manager
M. S. SUTHERLAND
Secretary-Treasurer

*Registrar and
Transfer Agent*

NATIONAL TRUST COMPANY LIMITED

Bankers

THE BANK OF NOVA SCOTIA

REPORT OF THE BOARD OF DIRECTORS

TO THE SHAREHOLDERS

The accompanying statements present the financial position of the Company as of March 31 1953, covering operations from April 1 1952 to March 31 1953. It will be recalled that last year's statement covered the 15 months' operation from January 1 1951 to March 31 1952, following the change in our year end from December 31 to March 31.

After provision of \$398,000 for income taxes, \$190,000 for depreciation and Hydro Conversion costs, and \$25,000 for contingencies, the profit remaining was \$366,410, equal to \$2.61 per share.

Dividends at the annual rate of \$1.00, with an extra dividend of 50 cents a share, were declared.

The Company's investments consist of \$200,000 Dominion of Canada Bonds, and \$100,000 City of Toronto debentures.

Expenditures on plant and equipment during the period amounted to \$166,309.

Net current assets were \$1,909,240, an increase of \$133,295.

Wage negotiations with United Steelworkers (C.I.O.) concluded in October 1952, resulted in wage increases retroactive to April 1952.

Permission for a moderate increase in selling price was granted in September 1952 by the Steel Controller.

The time lag between retroactive wage increases and the increase in selling prices offsets to some extent the result of improved operations.

Under a further agreement with United Steelworkers (C.I.O.) a reclassification of all workers' occupations has been completed and accepted by both parties. This arrangement will require additional wage increases with payments retroactive to April 6 1953.

Dollar value and tonnage shipped shows a substantial increase and exceeded any previous 12 month period.

Tonnage produced per hour is at the highest rate ever achieved.

Our backlog of unfilled contracts indicates capacity operation for some months to come.

In order to augment our supply of Canadian rails and to assure adequate supplies of raw material it was deemed advisable to submit an offer for European rails. If we are successful in completing this purchase, our outstanding purchase obligations in respect of raw materials not yet delivered may reach \$1,300,000.

Your Directors wish to acknowledge with appreciation the industry and co-operation with which officers and employees have discharged their duties.

Respectfully submitted on behalf of the Directors,

F. C. O'BRIEN,
President.

Hamilton, April 30 1953

BURLINGTON STEEL

BALANCE SHEET

ASSETS

CURRENT ASSETS:

Cash on hand and in bank	\$	219,771	
Marketable securities (Market value \$289,313)		287,007	
Accounts receivable, less provision of \$10,000 for doubtful accounts		766,935	
Inventories of raw materials and supplies, work in process and fin- ished products, valued at the lower of cost or market	\$	2,245,293	
Less—Provision against future de- cline in inventory values		300,000	1,945,293
			<u>\$3,219,006</u>

OTHER ASSETS:

Cash surrender value of life insurance policies			84,607
---	--	--	--------

CAPITAL ASSETS:

On basis of appraised values reported
by Canadian Appraisal Company,
Limited in March 1928, with sub-
sequent additions at cost—

Land	\$	95,573	
Buildings	\$	498,211	
Equipment		1,877,967	
		<u>\$2,376,178</u>	
Less—Accumulated depreciation		1,572,742	803,436
			<u>899,009</u>
			<u><u>\$4,202,622</u></u>

Auditors' Report to the Shareholders of BURLINGTON STEEL COMPANY, LIMITED:

We have examined the balance sheet of Burlington Steel Company, Limited as at March 31 1953 for the twelve months ending on that date, and we report that all our requirements as auditors have been met and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances have been made.

In our opinion the above balance sheet and the related statements of profit and loss and cash flow are in accordance with the view of the state of the affairs of the company as at March 31 1953 and the results of its operations for the period shown, the explanations given to us and as shown by the books of the company.

HAMILTON, April 20 1953.

COMPANY, LIMITED

MARCH 31 1953

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$ 488,278	
Purchase obligations in respect of raw materials not yet delivered	554,572	
Income taxes accrued	161,916	
Dividends payable April 1 1953	105,000	
	<u> </u>	\$1,309,766

RESERVE FOR CONTINGENCIES 125,000

SHAREHOLDERS' EQUITY:

Capital stock—		
Authorized—200,000 shares without nominal or par value		
Issued and outstanding—140,000 shares	\$ 940,000	
Distributable surplus, balance of amount set aside in 1932	116,521	
	<u> </u>	\$1,056,521
Earnings retained for use in the business	1,711,335	
	<u> </u>	2,767,856

\$4,202,622

1953 and the related statements of profit and loss and earnings retained for use in the business have been complied with. Our examination included a general review of the accounting procedures under the circumstances.

Earnings retained for use in the business are properly drawn up so as to exhibit a true and correct statement for the twelve months ending on that date, according to the best of our information and the explanation.

PRICE WATERHOUSE & CO.
Chartered Accountants.

BURLINGTON STEEL COMPANY, LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE TWELVE MONTHS ENDING MARCH 31 1953

Profit from operations before providing for depreciation, Hydro conversion costs, and income taxes		\$ 974,657
<i>Less:</i>		
Depreciation	\$ 125,000	
Hydro conversion costs	65,000	
	190,000	
		\$ 784,657
Income from investments, etc.		4,753
		\$ 789,410
<i>Deduct</i> —Income taxes		398,000
NET PROFIT FOR THE YEAR....		\$ 391,410
<i>Deduct</i> —Provision for contingencies..		25,000
BALANCE OF PROFIT TRANS- FERRED TO STATEMENT OF EARNINGS RETAINED FOR USE IN THE BUSINESS		\$ 366,410

STATEMENT OF EARNINGS RETAINED FOR USE IN THE BUSINESS

Balance brought forward April 1 1952		\$1,554,925
<i>Add</i> —Balance of profit transferred from profit and loss		366,410
		\$1,921,335
<i>Deduct:</i>		
Four quarterly dividends	\$ 140,000	
Extra dividend	70,000	
	210,000	
BALANCE MARCH 31 1953		\$1,711,335

BURLINGTON STEEL COMPANY LIMITED

DISTRIBUTION OF THE COMPANY'S SALES DOLLAR FOR THE TWELVE MONTHS ENDING MARCH 31 1953

<i>Particulars:</i>	<i>Cents of each Sales Dollar</i>	
COST OF RAILS AND SCRAP - - - - -	41	
PAYMENTS TO PLANT EMPLOYEES, numbering 398 at March 31 1953 - - - -	26	
OTHER EXPENSES, consisting of power, fuel, supplies, salaries, office, selling, general expense, etc. - - - -	18	
GOVERNMENT INCOME TAXES - - - - -	6	
SPENT ON NEW PLANT AND EQUIPMENT - - - - -	3½	
DIVIDENDS TO 1067 SHAREHOLDERS - - - - -	3½	
RETAINED IN BUSINESS - - - - -	2	
	<u>100</u>	

The above statement shows, that after meeting all expenditures, there were 5½ cents left out of each sales dollar, of which 3½ cents were distributed to the shareholders.

BURLINGTON STEEL COMPANY LIMITED

PRODUCTS

RAIL STEEL

REINFORCING STEEL

Plain and Hi-Bond Deformed

ROUNDS, SQUARES, FLATS,

BANDS, ANGLES, CHANNELS, TEES,

AGRICULTURAL SHAPES

FENCE POSTS

FORGED STEEL GRINDING BALLS

STRUCTURAL TUBING

Butted and Welded

GROUND RODS

SURVEYORS' STAKES

INGOT STEEL

ROUNDS, SQUARES, FLATS,

BANDS, ANGLES, CHANNELS,

AGRICULTURAL SHAPES

