

list on file

BURLINGTON STEEL COMPANY
LIMITED

Annual Report YEAR ENDING MARCH 31 1954

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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

FINANCIAL REVIEW

The accompanying statements present the financial position of the Company as of March 31 1954, covering operations from April 1 1953 to March 31 1954.

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 Government of Canada Bonds.

Expenditures on plant and equipment for capital account during the period amounted to \$182,143.

The Hydro-Electric frequency changeover from 25 cycle to 60 cycle has been completed. Your Company's share of the cost of this conversion, together with betterments in our own electrical distribution system was \$184,000. In this year's accounts \$60,000 of this amount was treated as a capital expenditure and \$25,000 charged to operating expense.

Net current assets were \$1,961,936, an increase of \$52,696.

Number of shareholders 1,054

By groups:

100 shares or less	856
101-499 shares	146
500 shares and over	52

EXPLANATION OF INVENTORY ADJUSTMENT

Since the "cease fire" in Korea there have been several reductions in the market prices of raw materials. In view of this, your Directors felt it advisable to write down the value of our inventories as of March 31 1954. These have been adjusted to the basis of current market by a charge of \$370,705 to profit and loss. To offset the effect of such charge, an amount of \$189,060 has been transferred from the provisions made in prior years for a decline in inventory values. Our inventory reserve now is \$110,940.

PRODUCTION AND SHIPMENTS

Total dollar value of shipments showed a slight increase, but the tonnage shipped showed a decline of less than 1½%.

The increase in productivity of your Company, which is a reflection in part of a policy of continuous capital expenditure on plant and equipment, is shown by the following comparison:

Net Production Value Created in One Hour of Operation					
1948	1949	1950	1951	1952	1953
\$481	\$481	\$466	\$574	\$585	\$604

NOTE: To offset the effect of increase in price levels the foregoing figures have been adjusted to the 1948 steel price index and inventory adjustments have been eliminated.

INDUSTRIAL RELATIONS

The reclassification of all workers' occupations as required under an agreement with United Steelworkers (C.I.O.) has been completed. A wage payment amounting to \$38,000 retroactive to April 6 1953 was necessary.

In addition to the cost of high hourly wage rates, it is desired to point out the constantly increasing cost of so called "fringe benefits". Fringe benefits are those payments made to employees or on their account without regard to time worked.

Average cost of one hour's work.....	\$2.235
Average hourly wage.....	<u>2.040</u>
	\$0.195

Fringe benefits therefore amount to 9.55% of the average hourly wage.

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,

Hamilton, April 26 1954.

F. C. O'BRIEN,
President.

BURLINGTON STEEL

BALANCE SHEET

ASSETS

CURRENT ASSETS:

Cash on hand and in bank.....	\$	243,402	
Government of Canada bonds (Market value \$201,250).....		186,445	
Accounts receivable, less provision of \$10,000 for doubtful accounts.....		632,044	
Income taxes recoverable.....		48,837	
Inventories of raw materials and supplies, work in process and finished products, valued at the lower of cost or market..	\$	1,431,781	
Less—Provision against future decline in inventory values		<u>110,940</u>	<u>1,320,841</u>
			\$2,431,569

OTHER ASSETS:

Cash surrender value of life insurance policies	\$	89,585	
Deferred charges.....		<u>38,053</u>	127,638

CAPITAL ASSETS:

On basis of appraised values reported by Canadian Appraisal Company, Limited in March 1928, with subsequent additions at cost—			
Land.....	\$	96,121	
Buildings.....	\$	556,688	
Equipment.....		<u>1,936,085</u>	
		\$2,492,773	
Less—Accumulated depreciation.....		<u>1,632,743</u>	<u>860,030</u>
			956,151
			<u>\$3,515,358</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 the year ending on that date. Our examination included a general review of the accounting procedure in the circumstances.

In our opinion, the above balance sheet and related statements of profit and loss and earnings for 1954 and the results of its operations for the year ending on that date.

HAMILTON, April 22 1954.

COMPANY, LIMITED

MARCH 31 1954

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$ 345,433	
Purchase obligations in respect of raw materials not yet delivered	19,200	
Dividend payable April 1 1954	105,000	
	<u> </u>	\$ 469,633

PROVISION FOR CONTINGENCIES 150,000

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	1,839,204	
	<u> </u>	2,895,725

Approved on behalf of the Board:

F. C. O'BRIEN, *Director*

C. E. ABBS, *Director*

\$3,515,358

1954 and the related statements of profit and loss and earnings retained for use in the business for purposes and such tests of accounting records and other supporting evidence as we considered necessary

ings retained for use in the business present fairly the financial position of the company as at March 31

PRICE WATERHOUSE & Co.

Chartered Accountants.

BURLINGTON STEEL COMPANY, LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING MARCH 31 1954

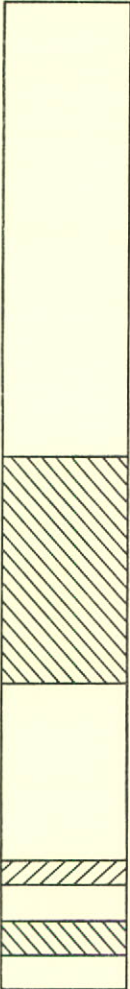
Profit from operations before deducting the undernoted items.....	\$ 850,856
<i>Less:</i>	
Depreciation.....	\$ 125,000
Hydro conversion costs.....	25,000
Directors' fees	<u>6,000</u>
	156,000
	<u>\$ 694,856</u>
Income from investments, etc.....	<u>10,703</u>
	\$ 705,559
<i>Deduct</i> —Income tax thereon (see reduc- tion below)	<u>342,690</u>
PROFIT FOR THE YEAR, BEFORE INVENTORY ADJUSTMENT	\$ 362,869
Amount required to reduce inventories to lower of cost or market, less income tax recovery of \$181,645	<u>189,060</u>
NET PROFIT FOR THE YEAR	\$ 173,809
<i>Add</i> —Amounts provided in previous years for decline in inventory values.....	<u>189,060</u>
	\$ 362,869
<i>Deduct</i> —Provision for contingencies.....	<u>25,000</u>
AMOUNT TRANSFERRED TO EARNINGS RETAINED FOR USE IN THE BUSINESS.....	<u>\$ 337,869</u>

STATEMENT OF EARNINGS RETAINED FOR USE IN THE BUSINESS

Balance brought forward March 31 1953	\$1,711,335
<i>Add</i> —Amount transferred from profit and loss	<u>337,869</u>
	\$2,049,204
<i>Deduct:</i>	
Four quarterly dividends.....	\$ 140,000
Extra dividend.....	<u>70,000</u>
	210,000
BALANCE MARCH 31 1954	<u>\$1,839,204</u>

BURLINGTON STEEL COMPANY LIMITED

DISTRIBUTION OF THE COMPANY'S SALES DOLLAR FOR THE YEAR ENDING MARCH 31 1954

<i>Particulars:</i>	<i>Cents of each Sales Dollar</i>	
COST OF RAILS AND SCRAP - - - - -	46	
PAYMENTS TO PLANT EMPLOYEES, numbering 359 at March 31 1954 - - - -	23	
OTHER EXPENSES, consisting of power, fuel, supplies, salaries, office, selling, general expense, etc. - - - -	18	
GOVERNMENT INCOME TAXES - - - - -	2½	
SPENT ON NEW PLANT AND EQUIPMENT - - - - -	3½	
DIVIDENDS TO 1054 SHAREHOLDERS - - - - -	3½	
RETAINED IN BUSINESS - - - - -	3½	
	<u>100</u>	

The above statement shows, that after meeting all expenditures, there were 7 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

