

Notes & file

**BURLINGTON STEEL COMPANY,
LIMITED**

Annual Report

YEAR ENDING MARCH 31 1956

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BURLINGTON STEEL COMPANY,
LIMITED
HAMILTON, ONTARIO

Directors

C. E. ABBS
MORLEY AYLSWORTH
NORMAN EAGER
G. B. GORDON
HAROLD H. LEATHER, M.B.E.
GRAHAM MORROW, O.B.E.

Officers

NORMAN EAGER
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

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

REPORT OF THE BOARD OF DIRECTORS

TO THE SHAREHOLDERS

FINANCIAL REVIEW

In the accompanying financial statements the net profit for the year ending March 31 1956, with rail inventories valued on base stock method is \$444,488.

An appropriation of \$114,221 has been made from these profits to meet possible additional income taxes for the current fiscal year as a result of the Federal Government's present stand regarding valuation of inventories.

Dividends were paid quarterly at the annual rate of \$1.00 with an extra dividend of 50 cents per share.

Investments consist of \$200,000 Government of Canada bonds, and \$100,000 Ontario Hydro Commission bonds.

Net current assets at March 31 1956 were \$2,299,135, an increase of \$142,810. The source and application of funds is shown below:

Source—

Net profit.....	\$444,488
Depreciation.....	185,000
Provision for contingencies.....	25,000
Proceeds of life insurance.....	100,000
Other.....	8,164
	<hr/>
	\$762,652

Application—

Additional income tax.....	\$114,221
Plant and equipment.....	295,621
Dividends.....	210,000
	<hr/>
	\$619,842
Increase in working capital.....	<hr/>
	\$142,810

PLANT AND EQUIPMENT

Expenditures on capital equipment totalled \$295,621. Of this, an amount of \$160,824 was spent on the installation of high frequency induction heating in our forged steel grinding ball department. A further outlay of \$97,000 will be required to complete this installation which will produce substantial operating savings and increase our capacity for this product.

Your plant and equipment have been maintained in a high state of repair. The upkeep of facilities will be more effective through a recent installation of a program of preventative maintenance.

PRODUCTION AND SHIPMENTS

A new record was established for total tonnage produced, showing an increase of 25 per cent from the previous year. Dollar value of shipments also reached a new high, reflecting an increase of 33 per cent above the previous fiscal period.

The following figures indicate the increasing productivity of our operations, as measured by the values added in our process of manufacture:

	<u>1948</u>	<u>1951</u>	<u>1955</u>
Production values created in one hour of operation:			
Actual dollars.....	481	738	895
Adjusted to 1948 dollars, using wholesale price index.....	481	596	793

A similar pattern is developed by using production values per man-hour worked, indicating that the working force have been responsive in availing themselves of improved plant facilities provided by the Company.

EMPLOYEE RELATIONS

A wage increase of 7 cents per hour together with a half cent increase in differentials between job classes and an addition of one cent in

shift premiums became effective April 4 1955 under a collective agreement with the United Steelworkers of America.

During the year the average straight-time hourly wage was \$2.19 per hour; with the addition of other benefits the average cost of one hour's work was \$2.53.

It is with deep regret that we record the death, on September 2 1955, of Mr. Frank C. O'Brien, Chairman of the Board, who has been a Director of the Company since 1939. He became President in 1946 and will be long remembered for his close contacts with the employees during the thirty-five years of active association with this Company.

Mr. G. B. Gordon of Montreal, Quebec was appointed a Director, effective December 22 1955 to fill a vacancy on the Board.

The administration of the Company is carried on by a competent and co-operative group of men and women. Your Directors wish to acknowledge the substantial contribution they have made and to express appreciation of the beneficial efforts of the operating personnel which have assured the continuing successful operation of the Company.

Respectfully submitted on behalf of the Directors,

NORMAN EAGER,

Hamilton, May 1 1956.

President.

BURLINGTON STEEL

BALANCE SHEET

ASSETS

CURRENT ASSETS:

Cash on hand and in bank.....	\$	225,889
Marketable securities (Market value \$294,024)..		287,169
Accounts receivable, less provision of \$10,000 for doubtful accounts.....		1,135,854

Inventories:

Rails valued on base stock method.....	\$1,295,710	
Other materials and supplies, work in process and finished products, valued at the lower of cost or market.....	971,319	2,267,029
		\$3,915,941

OTHER ASSETS:

Cash surrender value of life insurance policies...		70,798
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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.....	\$	639,548
Equipment.....		2,312,911
		\$2,952,459
Less—Accumulated depreciation	1,965,247	987,212
		1,083,333
		\$5,070,072

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, 1956, 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 the year ending on that date.

HAMILTON, April 19 1956

COMPANY, LIMITED

MARCH 31 1956

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities.....	\$ 745,890
Purchase obligations in respect of raw materials not yet delivered.....	457,695
Income taxes accrued.....	308,221
Dividend payable April 2 1956.....	105,000
	<u>\$1,616,806</u>

PROVISION FOR CONTINGENCIES.....	200,000
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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>\$1,056,521</u>
Earnings retained for use in the business.....	2,196,745
	<u>3,253,266</u>

Approved on behalf of the Board:

C. E. ABBS, *Director*

NORMAN EAGER, *Director*

\$5,070,072

1956 and the related statements of profit and loss and earnings retained for use in the business for
ares and such tests of accounting records and other supporting evidence as we considered necessary

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

PRICE WATERHOUSE & Co.
Chartered Accountants.

BURLINGTON STEEL COMPANY, LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING MARCH 31 1956

Profit from operations, with rail inventories valued on base stock method, before deducting the under-noted items.	\$1,063,679
 <i>Less:</i>	
Depreciation.	\$185,000
Provision for contingencies.	25,000
Directors' fees.	<u>5,691</u>
	215,691
	<u>\$ 847,988</u>
Income from investments, etc.	<u>12,150</u>
PROFIT BEFORE INCOME TAX.	\$860,138
<i>Deduct</i> —Income tax on above profit.	<u>415,650</u>
NET PROFIT FOR YEAR.	<u>\$444,488</u>
<i>Deduct</i> —Appropriation for possible additional income tax — to meet statutory requirements regarding inventory valuation.	114,221
AMOUNT TRANSFERRED TO EARNINGS	
RETAINED FOR USE IN THE BUSINESS.	<u><u>\$330,267</u></u>


BURLINGTON STEEL COMPANY, LIMITED

STATEMENT OF EARNINGS RETAINED FOR USE IN THE BUSINESS

Balance brought forward March 31 1955.....		\$2,004,922
<i>Add:</i>		
Amount transferred from profit and loss.....	\$330,267	
Net proceeds of life insurance.....	71,556	
		<u>401,823</u>
		\$2,406,745
<i>Deduct:</i>		
Four quarterly dividends.....	\$140,000	
Extra dividend.....	70,000	
		<u>210,000</u>
BALANCE MARCH 31 1956.....		<u><u>\$2,196,745</u></u>

BURLINGTON STEEL COMPANY, LIMITED

DISTRIBUTION OF THE COMPANY'S SALES DOLLAR FOR THE YEAR ENDING MARCH 31 1956

<i>Particulars:</i>	<i>Cents of each Sales Dollar</i>	
COST OF RAILS AND SCRAP.....	44	
PAYMENTS TO PLANT EMPLOYEES, numbering 398 at March 31 1956.....	24½	
OTHER EXPENSES, consisting of power, fuel, supplies, salaries, office, selling, general expense, etc.....	18½	
GOVERNMENT INCOME TAXES.....	6½	
SPENT ON NEW PLANT AND EQUIPMENT.....	3½	
DIVIDENDS TO 1124 SHAREHOLDERS.....	2½	
RETAINED IN BUSINESS.....	½	
	<u>100</u>	

The above statement shows, that after meeting all expenditures, there were 3 cents left out of each sales dollar, of which 2½ cents were distributed to the shareholders.

BURLINGTON STEEL COMPANY, LIMITED

AGENTS

VANCOUVER

Grinding balls

B. C. EQUIPMENT CO. LIMITED,
551 Howe Street,
Vancouver 1, B.C.

Other products

LEITH MURRAY & COMPANY LTD.,
1029 Marine Building,
Vancouver, B.C.

PRAIRIE PROVINCES

Grinding balls

MANITOBA BRIDGE & ENGINEERING
WORKS LTD.,
Winnipeg, Manitoba.

Other products

W. BRUCE CAMPBELL,
825 Royal Bank Building,
Winnipeg, Manitoba.

**NORTHERN ONTARIO
AND
NORTHERN QUEBEC**

Grinding balls

THE CANADIAN FAIRBANKS-MORSE
COMPANY LIMITED,
137 Harbour St.,
Toronto, Ontario.

