

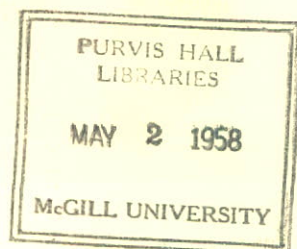
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BURLINGTON STEEL COMPANY,
LIMITED

Annual Report YEAR ENDING MARCH 31 1958

v v



BURLINGTON STEEL COMPANY,

LIMITED

HAMILTON, ONTARIO

Directors

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

Officers

NORMAN EAGER
President
R. D. FRASER
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

The net profit for the year ending March 31 1958 was \$417,035.

Dividends were paid quarterly at the annual rate of 60 cents with an extra dividend of 20 cents per share. Dividends for the year totalled \$224,000 in comparison with \$217,000 in the previous year.

Net current assets at March 31 1958 were \$2,692,803 an increase of \$163,787 during the year. The source and application of funds is shown below:

Source—	
Net profit.....	\$417,035
Depreciation.....	175,000
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	\$592,035
Application—	
Plant and equipment.....	\$201,327
Dividends.....	224,000
Increase in cash surrender value of life insurance policies.....	2,921
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	428,248
Increase in working capital	<hr/> <hr/>
	\$163,787

The Company is convinced that the base stock or some similar method of valuing its raw materials is necessary for the proper determination of its real profits. To avoid possible tax penalties, payments of \$204,152 have been made over the last four fiscal years in accordance with current tax regulations. Discussions are being continued with the Department of National Revenue to allow such a method for tax purposes.

RAW MATERIALS

The costs of our raw materials continued to rise above 1956 levels until the third quarter of 1957. The purchase of domestic rails at economic prices continues to be difficult due to demand in world markets for such materials.

PLANT AND EQUIPMENT

Improvements involving a capital outlay of \$201,327 were made to material handling equipment, rolling mill facilities and fabricating departments.

PRODUCTION AND SHIPMENTS

Tonnage shipped and production on the mill showed decreases of 18% and 13% respectively from the all-time high records set in the previous fiscal year. Dollar value of shipments showed a decrease of 12%.

Bookings of new orders showed a declining trend commencing in July. Rolling mill operations however were well maintained up until December 1957 largely due to substantial backlogs. During the last quarter of our fiscal year, being the first three months of 1958, mill operations were somewhat reduced.

Your Directors are satisfied that the Company will continue to obtain a reasonable share of the markets covered by the products it produces.

EMPLOYEE RELATIONS

A wage increase, effective April 1 1957, of eight cents per hour together with an increase of half a cent in the differential between job classes resulted from previous negotiations with Local 4752 of the United Steelworkers of America.

The collective agreement with the Union expires August 31 1958. Good relations have been maintained between the Union and the Company during the year.

Last year the basic steel industry in Canada implemented new pension plans. Effective as of January 1 1957 we have established and commenced funding a non-contributory pension plan for hourly-rated employees. At the same time the Company adopted and commenced funding a contributory plan for salaried employees.

GROWTH

Consideration is being given to proposals which will increase output, produce operating economies and broaden the market for our products to meet competition. Some of these projects have reached an advanced stage of planning and can be implemented when conditions warrant.

GENERAL

Mr. Robert D. Fraser, who has been Assistant General Manager of the Company for a number of years, was appointed General Manager on February 27 1958.

The sales staff, the operating group, and administrative personnel are exercising their ingenuity in facing the problem of highly competitive business conditions with encouraging results. Your Directors wish to acknowledge the substantial contribution they are making to the progress of the Company.

Respectfully submitted on behalf of the Directors,

NORMAN EAGER,
President.

Hamilton, May 1 1958.

BURLINGTON STEEL

BALANCE SHEET

ASSETS

CURRENT ASSETS:

Cash on hand and in bank.....	\$	148,049
Marketable securities (Market value \$389,900) .		384,441
Accounts receivable, less provision of \$10,000 for doubtful accounts		845,095
Inventories:		
Raw materials valued on base stock method..	\$1,525,167	
Supplies, work in process and finished products, valued at the lower of cost or market.....	925,276	2,450,443
		\$3,828,028

OTHER ASSETS:

Cash surrender value of life insurance policies . .		76,663
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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.....	\$	652,808
Equipment.....		2,702,048
		\$3,354,856
Less—Accumulated depreciation	2,305,247	1,049,609
		1,145,730
		\$5,050,421

COMPANY, LIMITED

MARCH 31 1958

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$ 752,346
Purchase obligations in respect of raw materials not yet delivered	137,605
Income taxes accrued	147,274
Dividend payable April 1 1958	98,000
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	\$1,135,225

PROVISION FOR CONTINGENCIES	225,000
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SHAREHOLDERS' EQUITY:

Capital—

Authorized—600,000 shares without par value	
Issued and outstanding—280,000 shares	\$ 940,000

Distributable surplus, balance of amount set aside in 1932	116,521
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	\$1,056,521

Earnings retained for use in the business	2,633,675
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	3,690,196

Approved on behalf of the Board:

C. E. ABBS, *Director.*
 NORMAN EAGER, *Director.*

\$5,050,421

BURLINGTON STEEL COMPANY, LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING MARCH 31 1958

Profit from operations, with raw material inventories valued on base stock method, before deducting the undernoted items.....	\$975,863
<i>Less:</i>	
Depreciation.....	\$175,000
Directors' fees.....	7,000
	182,000
	\$793,863
Income from investments, etc.....	16,172
PROFIT BEFORE INCOME TAX	\$ 810,035
<i>Deduct</i> —Income tax	393,000
NET PROFIT FOR YEAR	\$ 417,035

NOTE: No appropriation for possible additional
income tax regarding inventory valuation
is required in this fiscal year.

STATEMENT OF EARNINGS RETAINED FOR USE IN THE BUSINESS

Balance brought forward March 31 1957	\$2,440,640
<i>Add:</i>	
Amount transferred from profit and loss	417,035
	\$2,857,675
<i>Deduct:</i>	
Four quarterly dividends.....	\$168,000
Extra dividend.....	56,000
	224,000
BALANCE MARCH 31 1958	\$2,633,675

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 1958 and the statements of profit and loss and earnings retained for use in the business for the year then ended. 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.

In our opinion, the accompanying balance sheet and statements of profit and loss and earnings retained for use in the business present fairly the financial position of the company as at March 31 1958 and the results of its operations for the year then ended.

HAMILTON, April 23 1958

PRICE WATERHOUSE & Co.
Chartered Accountants.

BURLINGTON STEEL COMPANY, LIMITED

DISTRIBUTION OF THE COMPANY'S SALES DOLLAR FOR THE YEAR ENDING MARCH 31 1958

<i>Particulars:</i>	<i>Cents of each Sales Dollar</i>	
COST OF RAILS AND SCRAP	43½	
PLANT EMPLOYMENT COSTS, employees numbering 385 at March 31 1958	25½	
EXPENSES, consisting of power, fuel, supplies, salaries, general expenses, etc.....	18½	
GOVERNMENT INCOME TAXES.....	5	
SPENT ON NEW PLANT AND EQUIPMENT	2½	
DIVIDENDS TO 1,239 SHAREHOLDERS	3	
RETAINED IN BUSINESS	2	
	100	

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 Street,
Toronto, Ontario.

