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BURLINGTON STEEL COMPANY,
LIMITED

Annual Report

YEAR ENDING MARCH 31 1959

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MCGILL UNIVERSITY

BURLINGTON STEEL COMPANY,
LIMITED
HAMILTON, ONTARIO

Directors

C. E. ABBS
R. L. DALES
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 BARS

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 OF

BURLINGTON STEEL COMPANY, LIMITED

The Board of Directors presents herewith the Annual Report of the Company, together with the financial statements for the year ending March 31 1959, and your auditors' report.

FINANCIAL REVIEW

The net profit for the year ending March 31 1959 was \$517,479.

Dividends were paid quarterly at the annual rate of 60 cents with an extra dividend of 25 cents per share. Dividends for the year totalled \$238,000 in comparison with \$224,000 in the previous year.

Net current assets at March 31 1959 were \$2,991,152 an increase of \$298,349 during the year. The source and application of funds is shown below:

Source—

Net profit.....	\$517,479	
Depreciation.....	185,000	
		<u>\$702,479</u>

Application—

Plant and equipment.....	\$163,159	
Dividends.....	238,000	
Increase in cash surrender value of life insurance policies.....	2,971	
		<u>404,130</u>
Increase in working capital.....		<u>\$298,349</u>

The increase in profit for the year resulted from a larger volume of business with somewhat lower raw material costs. Effective use of the

facilities by all personnel, coupled with better service to our customers, were in no small way responsible for achieving these results.

RAW MATERIALS

Lower prices for all types of scrap prevailed during the earlier part of 1958. Despite the depressed business outlook at that time, the Company adopted a policy of purchasing all rails available and of increasing substantially the stocks of other types of scrap. In recent months, however, there has been a gradual but significant rise in the price of both domestic rails and scrap, which undoubtedly will have the effect of reducing present margins.

PLANT AND EQUIPMENT

The expenditures on capital equipment amounted to \$163,159. These modest expenditures include part of a long-term program of plant improvement.

SHIPMENTS AND PRODUCTION

Shipments and production increased by 14% and 10% respectively. Dollar value of shipments increased by 12%.

Marketing of steel in Canada is becoming increasingly difficult. Not only are the Canadian mills highly competitive, but foreign material is now available in large quantities. Prices of imports are considerably below those necessary to permit profitable operation. If continued, these imports will have an adverse effect on both employment and profit.

EMPLOYEE RELATIONS

Local 4752 of the United Steelworkers of America and the Company have enjoyed good relations during the year. A collective agreement covering the period September 1 1958 to December 31 1961 provides for

annual increases in wages and other benefits which, by the final year of the contract, will aggregate about 28 cents per hour. A determined effort is being made to improve all segments of the Company's operations to minimize the effect of these wage increases.

The actuarial liability arising from past services under existing Pension Plans represents a large obligation, which is being funded over an extended period of time. To reduce this liability an additional payment of \$100,000 was made to the Trustee for the Pension Plans by the Company.

GROWTH

Need for persistent planning to increase the economic production of steel products in the bar mill range is of prime importance to the Company. As a result, a program of capital improvements has already started.

GENERAL

The Company and the Department of National Revenue are continuing discussions for the purpose of establishing an acceptable method of valuation of inventories.

Your Directors regret to record the death in 1958 of Mr. Morley Aylsworth of London, Ontario who had been a valued member of the Board since 1952. Mr. R. L. Dales, Executive Vice-President of The Bank of Nova Scotia, was appointed to fill this vacancy.

The Directors sincerely acknowledge the contribution that all employees are making to the progress of the Company.

Respectfully submitted on behalf of the Directors,

NORMAN EAGER,
President.

Hamilton, April 30 1959.

BURLINGTON STEEL

BALANCE SHEET-

ASSETS

CURRENT ASSETS:

Cash on hand and in bank.....	\$ 203,952
Marketable securities (Market value \$775,400) . .	776,593
Accounts receivable, less provision of \$25,000 for doubtful accounts.....	785,044

Inventories:

Raw materials valued on base stock method . .	\$1,742,837	
Supplies, work in process and finished products, valued at the lower of cost or market.....	1,052,565	2,795,402
		<u>\$4,560,991</u>

OTHER ASSETS:

Cash surrender value of life insurance policies . . .	79,634
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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.....	\$ 679,911	
Equipment.....	2,814,083	
	<u>\$3,493,994</u>	
Less—Accumulated depreciation	2,466,226	1,027,768
		<u>1,123,889</u>
		<u><u>\$5,764,514</u></u>

COMPANY, LIMITED

MARCH 31 1959

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities.....	\$ 847,129
Purchase obligations in respect of raw materials not yet delivered.....	302,714
Income taxes accrued.....	307,996
Dividend payable April 1 1959.....	112,000
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	\$1,569,839

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

\$1,056,521

Earnings retained for use in the business..... 2,913,154

3,969,675

Approved on behalf of the Board:

C. E. ABBS, *Director.*

NORMAN EAGER, *Director.*

\$5,764,514

BURLINGTON STEEL COMPANY, LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING MARCH 31 1959

Profit from operations, with raw material inventories valued on base stock method, before deducting the undernoted items.....	\$1,311,209
<i>Less:</i>	
Depreciation.....	\$185,000
Special payment to pension plans.....	100,000
Directors' fees.....	7,000
	<u>292,000</u>
	\$1,019,209
Income from investments, etc.....	<u>21,270</u>
PROFIT BEFORE INCOME TAX.....	\$1,040,479
<i>Deduct</i> —Income tax on above profit.....	<u>523,000</u>
NET PROFIT FOR YEAR.....	<u><u>\$ 517,479</u></u>

STATEMENT OF EARNINGS RETAINED FOR USE IN THE BUSINESS

Balance brought forward March 31 1958.....	\$2,633,675
<i>Add:</i>	
Amount transferred from profit and loss.....	517,479
	<u>\$3,151,154</u>
<i>Deduct:</i>	
Four quarterly dividends.....	\$ 168,000
Extra dividend.....	<u>70,000</u>
	238,000
BALANCE MARCH 31 1959.....	<u><u>\$2,913,154</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 1959 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 1959 and the results of its operations for the year then ended.

HAMILTON, April 22 1959

PRICE WATERHOUSE & Co.
Chartered Accountants.

BURLINGTON STEEL COMPANY, LIMITED

DISTRIBUTION OF THE COMPANY'S SALES DOLLAR FOR THE YEAR ENDING MARCH 31 1959

<i>Particulars:</i>	<i>Cents of each Sales Dollar</i>	
COST OF RAILS AND SCRAP.....	38	
PLANT EMPLOYMENT COSTS, employees numbering 382 at March 31 1959...	27½	
EXPENSES, consisting of power, fuel, supplies, salaries, general expenses, etc.....	20½	
GOVERNMENT INCOME TAXES.....	6	
SPENT ON NEW PLANT AND EQUIPMENT.....	2	
DIVIDENDS TO 1,297 SHAREHOLDERS.....	2½	
RETAINED IN BUSINESS.....	3½	
	<u>100</u>	



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.

PAUL MALONEY,
400 Montagne Street,
Sudbury, Ontario.

