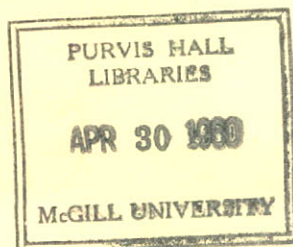


C

Stacks

**BURLINGTON STEEL COMPANY,  
LIMITED**

*Annual Report* YEAR ENDING MARCH 31 1960





**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 1960, and your auditors' report.

### EARNINGS AND DIVIDENDS

Net profits for the year amounted to \$502,923 compared with \$517,479 last year.

Uniform dividends were paid quarterly which, together with a year end distribution, totalled \$268,690 compared to \$238,000 in the previous year. The 56,000 shares issued during the year ranked for the regular quarterly dividends of 15 cents per share on January 2nd and April 1st, as well as the year end extra of 25 cents per share.

### FINANCIAL REVIEW

Net current assets at March 31 1960 were \$3,214,902, an increase of \$223,750 during the year. The source and application of funds is shown as follows:

#### Source:

Net profit.....	\$502,923
Depreciation.....	185,000
Deferred income taxes.....	100,000
Capital stock issue, less expenses.....	724,082
Proceeds of life insurance policies surrendered.....	52,975

\$1,564,980

#### Application:

Mill modernization.....	\$973,072
Plant and equipment.....	96,777
Dividends.....	268,690
Increase in cash surrender value of life insurance policies.....	2,691

1,341,230

Increase in working capital.....

\$ 223,750

### CHANGE IN FINANCIAL STATEMENTS

In order to simplify the financial statements of the company your Directors have decided to transfer the provision for contingencies of \$225,000 to earnings retained for use in the business. Similarly, it has been

---

decided to eliminate the distributable surplus by charging a portion of the dividends paid during the year against this account. These changes do not in any way affect the physical assets or liabilities of your company.

Since the mill modernization programme now under construction is not yet in productive use, decision has been made to refrain from charging depreciation on these expenditures in the financial statements. Claim, however, for the full capital cost allowance on these expenditures is being made. Such action results in the deferment of approximately \$100,000 in income taxes.

#### SHIPMENTS AND PRODUCTION

Shipments and production increased by 7.31% and 7.43% respectively when compared with similar results for the year ending March 31 1959. Plant operations were at the highest level in the company's history.

To reconcile the moderately lower earnings with the increase in both shipments and production, it is necessary to review the costs of rerolling rails which dominate our raw materials cost, and the prices we received for our various products.

The cost for rerolling rails averaged 6% higher during the year under review compared to the previous year, while the average selling price of our products was lower by about 2.9%.

Your company is the largest consumer of rerolling rails in Canada whereas there are many mills similar in size, rolling like products, located in the United States within economical reach of Canadian suppliers. These mills were not shut down during the steel strike. Their end products have generally enjoyed higher prices than similar sections sold in Canada. The strike had a favourable effect on the demand for their end products and made it possible for them, in many instances, to supply a starving market at preferred prices.

As the demand for rail steel products in the United States increased it became possible for American mills to bid very high prices for Canadian rerolling rails. We had no alternative but to bid against this competition in order to secure sufficient rails to satisfy our commitments.

At the same time the average return on the sale of our products was lower, due primarily to the drastic change in marketing reinforcing steel, a substantial factor in our product mix. There have been no significant increases in the selling prices of the company's products in recent years. Only planned economies by means of plant modernization will make it possible to recover our profit margins.

#### MILL MODERNIZATION PROGRAMME

This programme at the outset was delayed for approximately two months because the carpenters in the Hamilton area were on strike. The programme, however, is now well under way and should be completed to the extent where some portion of the savings estimated will be realized in 1960.

---

To prevent costly interruptions in our production, the normal two-week vacation shut down has been postponed until late in the year. It is hoped that at the completion of the vacation period all new and relocated equipment will be in operation.

When this programme is completed we will have spent \$2,100,000. The sale of 56,000 shares of treasury stock netted the company close to \$725,000. This money, together with the funds realized from the sale of investments, totals approximately \$1,500,000. Provided the present volume of business obtains the balance of \$600,000 will be realized out of net profits after dividends, increased depreciation and deferred income tax. It is estimated that bank loans will be necessary on a temporary basis only.

#### EMPLOYEE RELATIONS

The continuing good relations between the company and all its employees have contributed favourably to the company's operations.

Under the terms of a collective agreement covering the period from September 1 1958 to December 31 1961, wage increases were granted to members of Local 4752 of the United Steelworkers of America on September 1 1959.

#### STOCK OPTIONS

In order to give key employees of your company the opportunity of taking a financial interest in its operations, your Directors have authorized the granting of options to purchase a maximum of 12,000 unissued common shares of stock at \$13.50 per share. These options will be available to all executives, supervisory and technical employees, as well as officers of the company, in accordance with salary levels, and are exercisable at the rate of 20% of the option each year for five years.

#### GROWTH

Your company has enjoyed a modest growth over the years. All departments are co-ordinated in such a way that maximum benefits will accrue from the rehabilitation programme. At completion it will be possible to provide a wider range of products at lower unit costs. Greater steel making capacity will be necessary in the near future when full benefits of the new rolling equipment are realized.

#### GENERAL

The Directors acknowledge with thanks the contribution all employees are making to the progress of the company.

Respectfully submitted on behalf of the Directors,

Hamilton, April 29 1960.

NORMAN EAGER  
*President.*

# BURLINGTON STEEL

## BALANCE SHEET

### ASSETS

#### CURRENT ASSETS:

Cash on hand and in bank .....		\$ 264,394
Marketable securities (Market value \$222,700) ..		221,478
Accounts receivable, less provision of \$25,000 for doubtful accounts .....		921,114
Inventories:		
Raw materials valued on base stock method ..	\$1,950,089	
Supplies, work in process and finished products, valued at the lower of cost or market .....	1,255,099	3,205,188
		<u>3,205,188</u>
		\$4,612,174

#### OTHER ASSETS:

Cash surrender value of life insurance policies ..		29,350
--	--	--------

#### CAPITAL ASSETS: (Notes 1 and 2)

Land, buildings and equipment .....	\$4,637,505	
Less accumulated depreciation .....	2,628,767	
		<u>2,008,738</u>

\$6,650,262



# COMPANY, LIMITED

MARCH 31 1960

---

## LIABILITIES

### CURRENT LIABILITIES:

Accounts payable and accrued liabilities.....	\$ 860,965
Purchase obligations in respect of raw materials not yet delivered.....	308,919
Income taxes accrued.....	92,988
Dividend payable April 1 1960.....	134,400
	<hr/>
	\$1,397,272

### ACCUMULATED TAX REDUCTIONS APPLICABLE TO FUTURE YEARS (Note 3).....

100,000

### SHAREHOLDERS' EQUITY:

#### Capital—

Authorized—600,000 shares without par value

Issued and outstanding—336,000 shares (Notes

4 and 5)..... \$1,684,752

Earnings retained for use in the business..... 3,468,238

5,152,990

### Approved on behalf of the Board:

C. E. ABBS, *Director.*

NORMAN EAGER, *Director.*

---

\$6,650,262

---

---

# BURLINGTON STEEL COMPANY, LIMITED

---

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING MARCH 31 1960

Profit from operations, with raw material inventories valued on base stock method, before deducting the undernoted items.....	\$1,208,813	
<i>Less:</i>		
Depreciation.....	\$185,000	
Directors' fees.....	7,000	192,000
		<hr/>
		\$1,016,813
Income from investments, etc.....	22,110	
		<hr/>
PROFIT BEFORE INCOME TAX.....		\$1,038,923
<i>Deduct</i> —Income tax on above profit (Note 3).....		536,000
		<hr/>
NET PROFIT FOR YEAR.....		<u>\$ 502,923</u>

# BURLINGTON STEEL COMPANY, LIMITED

	Statements of	
	Earnings Retained For Use In The Business	Distributable Surplus
Balance brought forward March 31 1959.....	\$2,913,154	\$116,521
<i>Add:</i>		
Amount transferred from profit and loss...	502,923	
Provision for contingencies no longer required.....	225,000	
	\$3,641,077	\$116,521
<i>Deduct:</i>		
Net expenses of issuing additional common shares.....	\$ 20,670	
Dividends declared.....	\$184,690	
Extra distribution.....	84,000	
	\$268,690	
Less portion required to extinguish distributable surplus.....	116,521	116,521
	152,169	
	172,839	116,521
BALANCE MARCH 31 1960.....	\$3,468,238	—

## NOTES TO FINANCIAL STATEMENTS

1. On basis of appraised values reported by Canadian Appraisal Company, Limited in March 1928, with subsequent additions at cost.
2. It is estimated that \$1,100,000 will be required to complete a programme of mill modernization.
3. The income tax on the profit for the year has been determined on the basis of the charge for depreciation of \$185,000 whereas the company intends to claim maximum capital cost allowances. In consequence the income taxes currently payable will be reduced by approximately \$100,000. The amount of this reduction has been carried to the balance sheet as "Accumulated Tax Reductions Applicable To Future Years".
4. During the year the company issued 56,000 shares of its unissued capital stock for a cash consideration of \$744,752.
5. On March 8 1960 a total of 12,000 shares without par value were set aside for the granting of options to employees. Options have been granted to 60 employees to purchase 10,175 shares at \$13.50 per share, exercisable at the rate of 20% of the option each year and expiring on March 31 1967.
6. The company has a contingent liability limited to \$150,000 under the guarantee of a bank loan.

---

## 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 1960 and the statements of profit and loss, earnings retained for use in the business and distributable surplus for the year ended on that date. 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, earnings retained for use in the business and distributable surplus present fairly the financial position of the company as at March 31 1960 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HAMILTON, April 22 1960

PRICE WATERHOUSE & Co.  
*Chartered Accountants.*

# BURLINGTON STEEL COMPANY, LIMITED

---

## DISTRIBUTION OF THE COMPANY'S SALES DOLLAR FOR THE YEAR ENDING MARCH 31 1960

<i>Particulars:</i>	<i>Cents of each Sales Dollar</i>
COST OF RAILS AND SCRAP.....	41
PLANT EMPLOYMENT COSTS, employees numbering 394 at March 31 1960..	26
EXPENSES, consisting of power, fuel, supplies, salaries, general expenses, etc.....	19½
GOVERNMENT INCOME TAXES.....	4½
SPENT ON NEW PLANT AND EQUIPMENT*.....	4
DIVIDENDS TO 1,474 SHAREHOLDERS.....	3
RETAINED IN BUSINESS.....	2
	100



\*Less Proceeds of Capital Stock Issue

# 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 Montague Street,  
Sudbury, Ontario.



