

C
Stack

**BURLINGTON STEEL COMPANY,
LIMITED**

Annual Report YEAR ENDING MARCH 31 1961

PURVIS HALL
LIBRARIES
MAY 9 1961
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

**DISTRIBUTION OF THE COMPANY'S SALES DOLLAR
FOR THE YEAR ENDING MARCH 31 1961**

<i>Particulars:</i>	<i>Cents of each Sales Dollar</i>
COST OF RAILS AND SCRAP.....	39
PLANT EMPLOYMENT COSTS, employees numbering 389 at March 31 1961....	28
EXPENSES, consisting of power, fuel, supplies, salaries, general expenses, etc.....	21
GOVERNMENT TAXES ON INCOME.....	5
DIVIDENDS TO 1,435 SHAREHOLDERS.....	3
BALANCE SPENT ON NEW PLANT AND EQUIPMENT*..	4
	100



**Equivalent to 9 cents of sales dollar, less 5 cents from amounts previously retained in the business.*

BURLINGTON STEEL COMPANY, LIMITED

DIRECTORS' REPORT

To the Shareholders:

Your Board of Directors submits the Annual Report of the Company, together with the financial statements for the year ending March 31 1961 and the auditors' report.

EARNINGS AND DIVIDENDS

Net profits for the year amounted to \$451,643 as compared with \$502,923 last year.

Dividends were declared quarterly at a rate of 15 cents per share which together with the year end distribution of 25 cents per share amounted to \$286,311. The increase over the corresponding amount of \$268,690 last year is due to the additional capital stock issued in December 1959.

FINANCIAL REVIEW

Net current assets at March 31 1961 were \$2,917,670, a decrease of \$297,232 during the year. As indicated in the statement of source and application of funds shown below the decrease in working capital is due to the large expenditures necessitated by the modernization programme. The amount of working capital is satisfactory for all immediate requirements.

Source:

Net profit	\$451,643	
Depreciation	185,000	
Deferred income taxes	152,000	
Capital stock—sold to employees.	15,120	
	<hr/>	\$ 803,763

Application:

Mill modernization	\$728,478	
Plant and equipment	83,906	
Dividends	286,311	
Increase in cash surrender value of life insurance policies	2,300	
	<hr/>	1,100,995
Decrease in working capital		<u>\$ 297,232</u>

As the mill modernization programme is still under construction a provision of only \$185,000 has been made for depreciation. An additional claim for capital cost allowances on the new equipment results in the deferment of \$152,000 in income taxes payable.

SHIPMENTS AND PRODUCTION

Production for the year was lower by 4.77% compared with last year's record high, but tonnage shipped declined only 2.17% in spite of a downward trend prevailing in the industry since the first quarter of 1960.

In recent months increased competition from foreign countries has been experienced not only in the markets where we sell our finished products but more particularly in the markets where we purchase our raw materials.

MILL MODERNIZATION PROGRAMME

Work proceeded satisfactorily on the installation of the new mill equipment during the year. In order to satisfy and protect our customers' requirements it was considered advisable to defer the commencement of the operation of the new 21" and 16" mills until April 1961. As a result, it has been possible to put this equipment into operation without any shut-down, although it had been anticipated that a complete shut-down period of from two to three weeks would be required.

You will be pleased to note that this programme is rapidly progressing to completion, and with the exception of the 12" mill, should be in full mechanical operation at an early date. As is the case of all new installations however, the savings predicted will not be realized until the machinery is in full production. When the programme has matured the savings evidenced will go a long way towards recovering the small drop in working capital.

Financing the programme has proceeded in accordance with the plan reported to the shareholders last year. Completion should be within the estimate.

EMPLOYEE RELATIONS

The co-operation of employees contributed significantly to the Company's successful operations despite difficult working conditions.

Wage increases were paid to members of Local 4752 of the United Steelworkers of America, effective January 1 1961 under the terms of a collective agreement expiring December 31 1961.

GROWTH

The new rolling mill as planned is the first step necessary in a comprehensive programme to ensure your Company's participation in Canada's economic growth. Rolling capacity provided is capable of consuming considerably more raw steel than we can produce with existing equipment. In order to bring about a balance, careful studies are being made of all steel-making processes for the purpose of selecting one that will give satisfactory economical results.

GENERAL

The Directors acknowledge with appreciation the contribution towards the progress of the Company made by members of the staff directing and participating in the various phases of the Company's operations.

Submitted on behalf of the Directors.

Hamilton, May 4 1961.

NORMAN EAGER
President.

BURLINGTON STEEL

BALANCE SHEET

ASSETS

CURRENT ASSETS:

Cash on hand and in bank.....		\$ 162,079
Accounts receivable, less provision for doubtful accounts.....		1,102,070
Inventories:		
Raw materials valued on base stock method....	\$1,740,025	
Supplies, work in process and finished prod- ucts, valued at the lower of cost or market.	1,000,799	2,740,824
		<hr/>
		\$4,004,973

OTHER ASSETS:

Cash surrender value of life insurance policies...		31,650
----------------------------------------------------	--	--------

CAPITAL ASSETS: (Notes 1 and 2)

Land, buildings and equipment.....	\$5,169,844	
Less accumulated depreciation.....	2,533,722	2,636,122
		<hr/>

\$6,672,745

COMPANY, LIMITED

MARCH 31 1961

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities.....	\$ 832,333
Purchase obligations in respect of raw materials not yet delivered.....	68,699
Income taxes accrued.....	51,423
Dividend payable April 1 1961.....	134,848
	<hr/>
	\$1,087,303

ACCUMULATED TAX REDUCTIONS APPLICABLE

TO FUTURE YEARS (Note 3).....	252,000
-------------------------------	---------

SHAREHOLDERS' EQUITY:

Capital—

Authorized—600,000 shares without par value

Issued and outstanding—337,120 shares (Note 4) \$1,699,872

Earnings retained for use in the business..... 3,633,570 5,333,442

Approved on behalf of the Board:

H. H. LEATHER, *Director.*

NORMAN EAGER, *Director.*

\$6,672,745

BURLINGTON STEEL COMPANY, LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING MARCH 31 1961

Profit from operations, with raw material inventories valued on base stock method, before deducting the undernoted items.....	\$1,167,536
<i>Less:</i>	
Depreciation.....	\$185,000
Rearrangement expenses, etc. due to mill modernization.....	98,925
Directors' fees.....	7,500
	291,425
	\$ 876,111
 Income from investments, etc.....	 6,532
PROFIT BEFORE INCOME TAX.....	\$ 882,643
<i>Deduct</i> —Income tax on above profit (Note 3).....	431,000
NET PROFIT FOR YEAR.....	\$ 451,643

STATEMENT OF EARNINGS RETAINED FOR USE IN THE BUSINESS

Balance March 31 1960.....	\$3,468,238
<i>Add:</i>	
Amount transferred from profit and loss.....	451,643
	3,919,881
<i>Deduct:</i>	
Four quarterly dividends.....	\$ 202,031
Extra dividend.....	84,280
	286,311
BALANCE MARCH 31 1961.....	\$3,633,570

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 \$350,000 will be required to complete the 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 \$152,000. The amount of this reduction together with \$100,000 for last year has been included on the balance sheet as "Accumulated Tax Reductions Applicable to Future Years".
4. In accordance with the Company's stock option plan a balance of 10,880 shares without par value is set aside for the granting of options to 60 employees. Options to purchase 9,055 shares at \$13.50 per share were outstanding at March 31 1961. During the year 1,120 shares were issued pursuant to the plan for a cash consideration of \$15,120.
5. 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 1961 and the statements of profit and loss and earnings retained for use in the business 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 and earnings retained for use in the business present fairly the financial position of the company as at March 31 1961 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.

PRICE WATERHOUSE & CO.
Chartered Accountants.

HAMILTON, April 27 1961

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.,
330 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

H. D. BURNETT,
Box 471,
Haileybury, Ontario.

PAUL MALONEY,
400 Montague Street,
Sudbury, Ontario.

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

