

BURLINGTON STEEL COMPANY, LIMITED

ANNUAL REPORT OF THE BOARD OF DIRECTORS

TO THE SHAREHOLDERS:

The accompanying statement presents the financial position of the Company for the fiscal year ending December 31, 1949.

After provisions of \$262,539 for Dominion and Provincial taxes on income, \$100,000 for depreciation, \$50,000 for raw material and inventory reserve, and \$25,000 for contingencies, the profit remaining was \$308,721, equal to \$2.20 a share.

Dividends at the rate of 80 cents, with an extra dividend of 20 cents per share, were declared.

The Company's investments consist of \$300,000 Dominion of Canada Bonds, with \$100,000 City of Toronto Debentures.

Capital expenditures during the year amounting to \$317,208 are resulting in more efficient operations.

The annual provision for depreciation was increased from \$72,000 to \$100,000. The plant and equipment of your Company were maintained in good condition.

Net current assets at December 31, 1949, were \$1,313,427, a decrease of \$23,487. This small decrease is due to the large capital expenditure for new equipment.

The demand for our products continues to exceed raw materials available. Sales during 1949 were the largest in the company's history, both in tonnage and value.

The Directors wish to express their keen appreciation of the very valuable services rendered by Mr. F. P. Wood and Mr. George A. Morrow, for many years senior officers of the company, who have retired from the Board.

Mr. R. S. Hart, President of the National Steel Car Corporation, and Mr. Graham Morrow, 1st Vice-President of The Imperial Life Assurance Company, have been added to the Board to fill the vacancies thus created.

The directors wish to thank the entire personnel for their services during 1949.

Respectfully submitted on behalf of the Directors.

F. C. O'BRIEN,
President.

Hamilton, February 9, 1950.

BURLINGTON STEEL

BALANCE SHEET,

ASSETS

Current Assets:

| | | | |
|---|-------------|----------------|-------------|
| Cash on hand and in bank | | \$ 189,349 | |
| Marketable securities | | 387,947 | |
| (Market value \$405,627) | | | |
| Life insurance policies (cash surrender value)... | | 56,951 | |
| Accounts receivable, less reserve of \$10,000 for doubtful accounts | | 430,142 | |
| Inventories of raw materials and supplies, work in process and finished products, valued at the lower of cost or market. | \$1,063,419 | | |
| Less—Reserve against future decline in inven- tory values | 250,000 | | |
| | | <u>813,419</u> | \$1,877,808 |

Capital Assets:

On basis of appraised values reported by Canadian Appraisal Company, Limited, in March 1928, with subsequent additions at cost—

| | | | |
|-------------------------------------|--------------------|----------------|--------------------|
| Land | | \$ 91,598 | |
| Buildings | \$ 458,773 | | |
| Equipment | 1,590,958 | | |
| | <u>\$2,049,731</u> | | |
| Less—Reserve for depreciation | 1,225,189 | | |
| | | <u>824,542</u> | 916,140 |
| | | | <u>\$2,793,948</u> |

To the Shareholders of
BURLINGTON STEEL COMPANY, LIMITED:

We have examined the balance sheet of Burlington Steel Company, Limited as at December 31, 1949, tests of the accounting records and other supporting evidence and such other procedures as we considered necessary.

In our opinion, and according to the best of our information and the explanations given to us, the balance sheet presents a true and correct view of the state of the company's affairs as at December 31, 1949, and the requirements of the Companies Act. All our requirements as auditors have been complied with.

Toronto, January 24 1950.

COMPANY, LIMITED

DECEMBER 31 1949

LIABILITIES

Current Liabilities:

| | | |
|--|-------------------|------------|
| Accounts payable and accrued liabilities..... | \$ 132,228 | |
| Purchase obligations in respect of raw materials not yet delivered | 231,654 | |
| Taxes payable and accrued..... | 144,499 | |
| Dividend payable January 3 1950 | 56,000 | |
| | <u> </u> | \$ 564,381 |

Reserve for Contingencies

| | | |
|--|--|--------|
| | | 25,000 |
|--|--|--------|

Capital and Surplus:

Capital stock—

Authorized—200,000 shares without nominal or par value

Issued and outstanding—140,000 shares..... \$ 940,000

Distributable surplus

| | | |
|--|---------|--|
| | 116,521 | |
|--|---------|--|

(No change during the year.)

Earned Surplus—

As per statement attached.....

| | | |
|--|-------------------|-----------|
| | 1,148,046 | |
| | <u> </u> | 2,204,567 |

\$2,793,948

31 1949 and the statement of profit and loss for the year then ending. Our examination included such
ered appropriate in the circumstances.

and as shown by the books of the company, the above balance sheet is properly drawn up so as to exhibit
ted statement of profit and loss presents fairly the result of operations for the year ending on that date.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

corp.

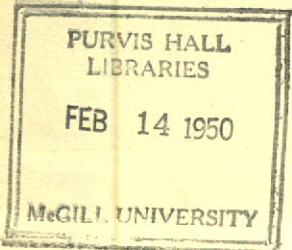
BURLINGTON STEEL COMPANY, LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING DECEMBER 31 1949

| | | |
|--|----------------|-------------------------|
| Profit from operations for the year before providing for depreciation and taxes on income..... | \$743,152 | |
| Less —Provision for depreciation..... | 100,000 | |
| | <u>643,152</u> | |
| Income from investments, etc. | 3,108 | |
| | <u>646,260</u> | |
| Deduct —Provision for Dominion and Provincial taxes on income..... | 262,539 | |
| Net profit for year | | <u>\$383,721</u> |
| Deduct — | | |
| Provision against future decline in inventory values | \$ 50,000 | |
| Provision for contingencies | 25,000 | |
| | | <u>75,000</u> |
| Balance of profits transferred to earned surplus | | <u><u>\$308,721</u></u> |

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDING DECEMBER 31 1949

| | | |
|---|-----------|---------------------------|
| Balance brought forward January 1 1949..... | | \$ 979,325 |
| Add —Balance of profits transferred from profit and loss | | 308,721 |
| | | <u>\$1,288,046</u> |
| Deduct — | | |
| Regular dividends | \$112,000 | |
| Extra dividend | 28,000 | |
| | | <u>140,000</u> |
| Balance carried to balance sheet | | <u><u>\$1,148,046</u></u> |



BURLINGTON STEEL COMPANY, LIMITED

HAMILTON, ONTARIO

Distribution of Your Company's Sales Dollar

For the Year Ending December 31, 1949

| <u>Particulars</u> | <u>Cents of each sales dollar</u> | | | | | | |
|--|-----------------------------------|------------------------------|-----|---------------------|-----|------------------------------|-----|
| Cost of Rails and Scrap, purchased from railway companies and brokers. | 34½..... | | | | | | |
| Wages paid to Mill Employees, numbering 383 at the year end. | 27½..... | | | | | | |
| <p style="margin-left: 20px;">Included in above wages were the following payments expressed in cents per hour worked.</p> <table style="margin-left: 20px; border: none;"> <tr> <td style="padding-right: 10px;">Statutory holidays - - - - -</td> <td style="text-align: right;">3½¢</td> </tr> <tr> <td style="padding-right: 10px;">Vacations - - - - -</td> <td style="text-align: right;">5 ¢</td> </tr> <tr> <td style="padding-right: 10px;">Labor saving bonus - - - - -</td> <td style="text-align: right;">6 ¢</td> </tr> </table> | | Statutory holidays - - - - - | 3½¢ | Vacations - - - - - | 5 ¢ | Labor saving bonus - - - - - | 6 ¢ |
| Statutory holidays - - - - - | 3½¢ | | | | | | |
| Vacations - - - - - | 5 ¢ | | | | | | |
| Labor saving bonus - - - - - | 6 ¢ | | | | | | |
| Other Expenses, consisting of power, fuel, supplies, salaries, office, selling, general expense, etc. | 20½..... | | | | | | |
| Government Income Taxes. | 6¼..... | | | | | | |
| Spent on New Plant and Equipment. | 7½..... | | | | | | |
| Dividends to 905 Shareholders. | 3¼..... | | | | | | |
| Retained in Business. | ½..... | | | | | | |
| | <u>100</u> | | | | | | |



The above statement shows, that after meeting all expenditures, there were 3¾ cents left out of each sales dollar, of which 3¼ cents were distributed to the shareholders.

