


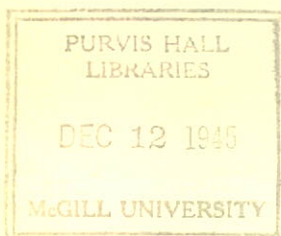
C

ALGOMA STEEL CORPORATION, LIMITED

SIXTH
ANNUAL REPORT



FOR THE YEAR ENDED
APRIL 30th, 1941



ALGOMA STEEL CORPORATION, LIMITED



DIRECTORS

SIR JAMES DUNN, Bart., President and Chairman Board of Directors.	- - -	Bathurst, N.B.
T. F. RAHILLY, First Vice President and General Manager.	- - -	Sault Ste. Marie, Ontario
W. C. FRANZ, Vice-President	- - - - -	Sault Ste. Marie, Ontario
JOHN A. McPHAIL, K.C., Vice-President	- - -	Sault Ste. Marie, Ontario
A. A. AITKEN	- - - - -	Montreal, Quebec
THOMAS ARNOLD	- - - - -	Montreal, Quebec
JOHN W. HOBBS	- - - - -	Toronto, Ontario
E. GORDON McMILLAN, K.C.	- - - -	Toronto, Ontario
JOSEPH SIMARD	- - - - -	Montreal, Quebec

PRESIDENT'S REPORT

Sault Ste. Marie, Ontario
July 8th, 1941

To the Shareholders

ALGOMA STEEL CORPORATION, LIMITED

The Directors submit herewith the audited Balance Sheet and Profit and Loss Account of your Corporation for the fiscal year ended April 30th, 1941 during which period your Corporation's gross sales increased by \$8,850,000 (54.53%). The net addition to surplus for the year amounts to \$829,260.11 and has been added to the earned surplus which now amounts (after deduction of dividend of \$82,556.25 paid on Preferred stock during the year) to \$3,182,404.74. During the year net expenditures on property, plant and equipment were \$719,832.88 of which \$350,941.48 was provided out of Blast Furnace rebuilding and relining reserves. These additions included the completion of the Benzol Refining Plant referred to in last year's Annual Report and the rebuilding of No. 4 Blast Furnace and equipping same with modern gas cleaners. During the year your Corporation's working capital increased by \$1,501,399.80.

In conformity with the wishes of and in arrangement with His Majesty's Government at Ottawa, your Corporation is installing two new mills—a 44 inch Blooming Mill and a 25 inch Continuous Billet Mill. When these mills are in operation your Corporation's rolled steel capacity will equal its steel melting capacity of which it was formerly short by 250,000 tons a year. These new steel works will increase the annual rolled steel capacity of Canada by about 12½% and will carry your Corporation a long way on the road to further diversity of product. It is hoped the new Blooming Mill will begin to operate in February, 1942.

Your Corporation's wholly owned subsidiary Algoma Ore Properties Limited produced and shipped during the year 387,676 tons of sinter of which 233,715 tons were sold to U. S. furnaces and

153,901 tons were used in your Corporation's furnaces at Sault Ste. Marie. 450,000 tons is expected to be the production of sinter for the current season. During the year \$279,118.55 was expended on extensions and additions at the Mine and Sintering Plant and \$409,100.00 of your Corporation's loan was repaid. The Aerial Tramway as redesigned and constructed last year with the aid of the American Steel & Wire Company is working satisfactorily and the Sintering Plant is exceeding its estimated capacity of 1,500 tons daily—its production at present averaging 2,180 tons.

The directors wish to express their thanks to the officers and employees for the loyal and efficient service rendered by them during the year.

JAMES DUNN,

President and Chairman,

Board of Directors.

ALGOMA STEEL CORP

Balance Sheet as at

ASSETS

CURRENT ASSETS:

Cash		106,258.53	
Bills and Accounts Receivable			
Sundry Debtors	3,289,939.46		
Subsidiary Companies	<u>14,061.57</u>	3,304,001.03	
Inventories:			
As determined by the Management, valued at the lower cost or market:			
Raw materials, semi-finished products and supplies	5,324,589.96		
Saleable Products	<u>800,100.16</u>	6,124,690.12	
Advance Payments on Contracts		<u>152,197.45</u>	9,637,147.13
PLANT EXTENSION:			
Cash in trust—re Deferred Liability per contra			177,241.20
ADVANCES TO SUBSIDIARY COMPANIES			1,423,017.62
INVESTMENTS:			
Subsidiary Companies		1,062,924.01	
Other		<u>13,201.00</u>	1,076,125.01
PROPERTY AND EQUIPMENT:			
Land, Buildings, Plant and Equipment		19,280,393.85	
Less: Reserve for Depreciation		<u>3,558,015.36</u>	15,722,378.49
PREPAYMENTS AND DEFERRED CHARGES			125,934.57
			<u>\$ 28,211,844.02</u>

THE SHAREHOLDERS,

Algoma Steel Corporation, Limited,
Sault Ste. Marie, Ontario, Canada.

We have examined the books and accounts of Algoma Steel Corporation, Limited, and explanations which we have required.

In our opinion, subject to the adequacy of the provision for Excess Profits Tax so as to exhibit a true and correct view of the state of the Corporation's affairs as at April 30, 1941, best of our information and the explanations given to us, and as shown by the books and accounts.

Toronto, June 20th, 1941.

CORPORATION, LIMITED

at April 30th, 1941

LIABILITIES

CURRENT LIABILITIES:

Bank Loan, secured		1,774,000.00	
Interest on First Mortgage Bonds—Due May 1st, 1941		59,850.00	
Accrued Wages and Salaries		285,305.25	
Accounts Payable:			
Sundry Creditors	642,169.23		
Subsidiary Companies	<u>321,338.94</u>	963,508.17	
Deposit on Contracts		5,000.00	
Accrued Liabilities:			
Deferred Payments on Contracts....	137,721.88		
Coal Duties and War Exchange Tax	144,290.70		
Sundry	238,684.08		
Provision for Income and			
Excess Profits Taxes	<u>559,852.05</u>	<u>1,080,548.71</u>	4,168,212.13

DEFERRED LIABILITY:

Re Plant Extension per contra.....			177,241.20
------------------------------------	--	--	------------

RESERVES:

For Rebuilding and Relining Furnaces, etc.	2,909,339.48		
For Contingencies	<u>94,047.83</u>		3,003,387.31

FUNDED DEBT

First Mortgage Bonds—Series "A"			
Serial Bonds—1941-1944.....		* 800,000.00	
Convertible Bonds due 1948.....		<u>1,714,000.00</u>	2,514,000.00

CAPITAL STOCK AND SURPLUS.

5% Cumulative Redeemable Preference Stock			
Authorized—27,000 Shares at \$100.00 par value			
Issued		26,390 Shares	
Less: Purchased and Redeemed	3,275		
Converted into Common Stock	<u>2,160</u>	5,435 "	
Outstanding		20,955 "	2,095,500.00
Common—No par value			
Authorized — 1,000,000 Shares			
Issued — 412,700 "			<u>10,274,500.00</u>
			12,370,000.00
Distributable Surplus			2,796,598.64
Earned Surplus:			
As at May 1st, 1940	2,353,144.63		
Surplus for Year ended			
April 30th, 1941	<u>911,816.36</u>		
	<u>3,264,960.99</u>		
Deduct: Dividends on			
Preference Shares	<u>82,556.25</u>	<u>3,182,404.74</u>	18,349,003.38

* Of this Issue \$200,000.00 matures November 1st, 1941.

\$ 28,211,844.02

NOTE: By arrangement with the Dominion Government the Corporation is proceeding with a Plant Extension project.

for the year ended April 30th, 1941, and report that we have obtained all the information

the above Balance Sheet and relative Profit and Loss Account are properly drawn up April 30th, 1941, and the result of its operations for the year ended that date, according to the books of the Corporation.

BARROW, WADE, GUTHRIE & CO.
Chartered Accountants.

ALGOMA STEEL CORPORATION, LIMITED

Profit and Loss Account

For the Year Ended April 30th, 1941

SALES OF ROLLED PRODUCTS, PIG IRON, COKE AND BY-PRODUCTS, including net selling price of Contract Rails not yet delivered.....	25,117,776.33	
Less: Selling and Shipping Expenses, Royalties, etc.	<u>517,775.45</u>	24,600,000.88
COST OF PRODUCTS SOLD		<u>22,120,406.57</u>
Operating Profit		2,479,594.31
OTHER INCOME:		
Interest Earned		<u>81,713.33</u>
		2,561,307.64
INTEREST:		
On Loans	166,787.93	
On First Mortgage Bonds.....	<u>123,200.00</u>	<u>289,987.93</u>
Profit before Depreciation		2,271,319.71
DEPRECIATION:		
Plant and Equipment		<u>791,371.59</u>
NET PROFIT FOR YEAR before providing for Income and Excess Profits Taxes		1,479,948.12
PROVISION FOR INCOME AND EXCESS PROFITS TAXES		568,131.76
SURPLUS FOR YEAR ENDED APRIL 30th, 1941		<u>\$ 911,816.36</u>

ALGOMA STEEL CORPORATION, LIMITED

Wholly Owned Subsidiaries



ALGOMA ORE PROPERTIES, LIMITED (An Ontario Corporation).

ALGOMA STEEL PRODUCTS COMPANY, LIMITED (A Manitoba Corporation).

ALGOMA TRAMWAYS, LIMITED (An Ontario Corporation).

CANNELTON COAL AND COKE COMPANY, (A West Virginia Corporation).

FIBORN LIMESTONE COMPANY (A Michigan Corporation).

LAKE SUPERIOR COAL COMPANY (A West Virginia Corporation).





