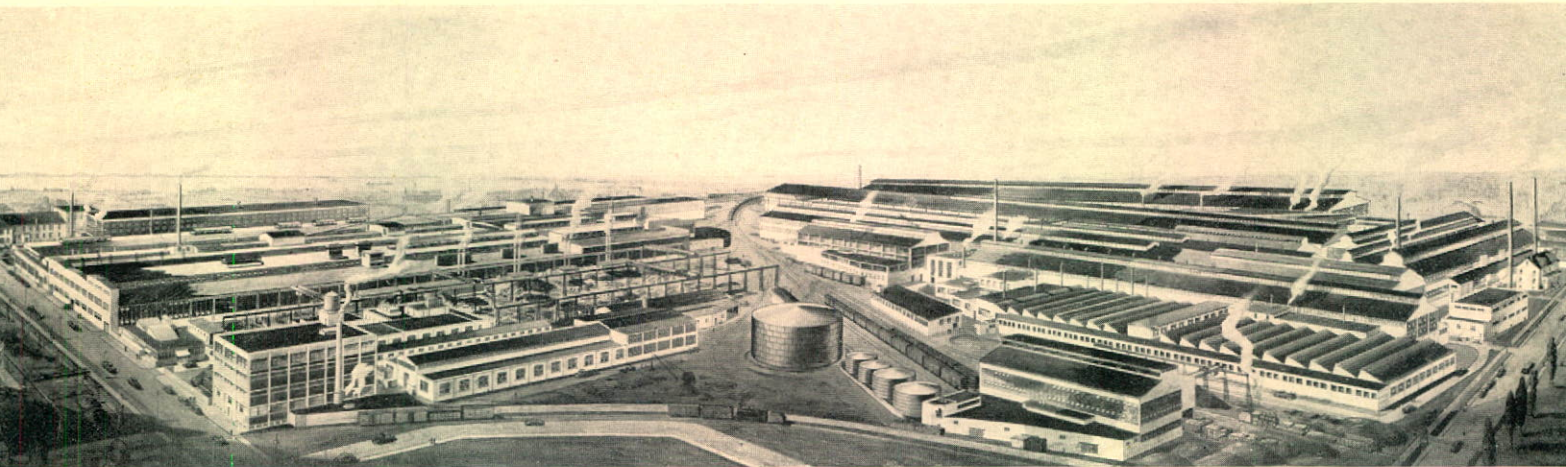


C

ANNUAL REPORT



THE PLANT—1945

1944

PURVIS HALL
LIBRARY
NOV 17 1959
MCGILL UNIVERSITY

DOMINION FOUNDRIES AND STEEL
HAMILTON *Limited* CANADA

DOMINION FOUNDRIES AND STEEL LIMITED

Annual Report to Shareholders

To Shareholders,
Dominion Foundries and Steel Limited:

During the past year, we have been engaged in an expenditure to increase our cold reduced sheet steel and finishing capacity over any previous production capacity of this class as a continuation of our war effort and to supply more war demand.

This undertaking was planned to have been completed in December but we have been unavoidably delayed by machinery delivery and the contractors and by general shortage of labour. However, we are pleased to report that the undertaking is well along and now in partial production and largely paid for, and our working capital position remains favourable.

Our experience in alloy and high grade steels for front line war work such as anti-aircraft gun barrels and armour plate will be of benefit to post-war production, and from added diversification after war work ceases we will be able to make the various kinds of commercial sheet steels being demanded by the trade. Relatively the same conditions hold true in our mechanized foundry department where armour steel castings are made.

Present demands for commercial work and prospective inquiry and a well-filled order book suggests that we will, as in the past, carry on relatively to the business of Canada at large and some export trade although every country in the world from which we hear appears to be planning to make their own steel.

Controls and taxes and costs make the net earnings for shareholders approximately the same as the 1939 earnings.

The Employees' Savings and Profit Sharing Fund continues to function favourably. We believe we have developed both fair returns for capital and security results for our employee-associates in the Savings Fund. After the first seven years, which were the hard years of our savings plan, our Fund members have savings of \$3,000,000 to their credits, largely in government securities. The Fund is planned to insure income during the old age period of a man and his wife and the Fund is soon offering sickness and accident benefits.

We express our appreciation to all employees and to the staff for the results obtained during the past year.

Respectfully submitted,

FOR THE BOARD OF DIRECTORS,

by C. W. Sherman, President.

Hamilton, April 17, 1945.

DOMINION FOUNDRIES

(INCORPORATED UNDER THE

BALANCE SHEET, 31st

ASSETS

CURRENT:

Cash on hand and in banks	\$ 2,630,338
Investment in Dominion of Canada Bonds at cost and accrued interest (market value \$1,004,618)	1,006,651
Accounts receivable less reserve for doubtful accounts	1,880,113
Inventories—as determined and certified by the management and valued at the lower of cost or market:	
Raw materials and supplies	\$ 1,708,768
Finished products and work in process	632,508
	<u>\$ 2,341,276</u>
Less reserve for future price decline in inventory values	150,000
	<u>2,191,276</u>
Total current assets	\$ 7,708,378

FIXED—at cost:

Land, buildings, plant and equipment	\$20,202,630
Less reserve for depreciation	15,733,358
	<u>4,469,272</u>
POST-WAR REFUND UNDER THE EXCESS PROFITS TAX ACT	275,000
GOODWILL, PATENTS, ETC.	1
	<u>\$12,452,651</u>

AUDITORS' REPORT

We have examined the balance sheet of Dominion Foundries and its subsidiaries and loss and earned surplus for the year ended that date. In connection with our examination we obtained all the information and explanations we required of the accounting methods and of the operating and income accounts.

In the costs and expenses for the year 1944 is a provision for amortization of goodwill, including \$631,102 which has not yet been finally approved.

Subject to such final approval by the War Contracts Depreciation Commission, the related statements of profit and loss and earned surplus have been prepared in accordance with the company's affairs at 31st December, 1944, and the results of its operations for the year are as shown by the information and the explanations given us and as shown by the balance sheet.

Hamilton, Canada,
13th April, 1945

AND STEEL LIMITED

DOMINION COMPANIES ACT)

31ST DECEMBER, 1944

LIABILITIES

CURRENT:

Accounts payable, accrued wages, salaries and charges	\$ 1,285,022
Trustee of Employees' Savings and Profit Sharing Fund	179,269
Reserve for Dominion income, excess profits and other taxes	390,639
Dividend on common shares of 35 cents per share payable 2nd January, 1945	127,755
Total current liabilities	<u>\$ 1,982,685</u>
4% REDEEMABLE TREASURY NOTES maturing 15th October, 1949	1,151,900
RESERVE FOR CONTINGENCIES	300,000

CAPITAL AND SURPLUS:

Capital:	
600,000 common shares of no par value authorized, whereof issued 365,013 shares	\$ 3,967,462
Capital surplus arising from redemption of preference shares	1,200,000
	<u>\$ 5,167,462</u>
Earned surplus	3,850,604
	<u>9,018,066</u>
	<u><u>\$12,452,651</u></u>

On behalf of the Board { C. W. SHERMAN, Director.
A. G. WRIGHT, Director.

TO THE SHAREHOLDERS

and Steel Limited as at 31st December, 1944, and the statements of profit and loss thereon, we examined or tested accounting records of the company and the records of its officers and employees; we also made a general review of the company's affairs for the year, but we did not make a detailed audit of all transactions.

Our examination of expenditures on plant and equipment acquired for war purposes was limited to those authorized by the War Contracts Depreciation Board.

In our opinion, the above balance sheet and profit and loss statement are drawn up so as to exhibit a true and correct view of the state of the company's affairs for the year ended on that date, according to the best of our knowledge.

CLARKSON, GORDON, DILWORTH AND NASH,
Chartered Accountants.

DOMINION FOUNDRIES AND STEEL LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST DECEMBER, 1944

Profit for the year ended 31st December, 1944, after depreciation and amortization but before the following deductions	\$ 2,401,361
Share of earnings for Employees' Savings and Profit Sharing Fund	516,903
Net profit before providing for taxes on income	\$ 1,884,458
Provision for taxes on income	760,000
Net profit for the year	<u>\$ 1,124,458</u>

Included in the costs and expenses for the year are the following charges:

Remuneration to directors exclusive of full time directors holding salaried offices	\$ 2,480
Salaries, bonuses and fees to executive officers, being full time directors holding salaried employment	101,200
Legal fees	4,641
Provision for depreciation and for amortization of expenditures on plant and equipment acquired for war purposes	1,964,518
Interest on 4% treasury notes	40,670

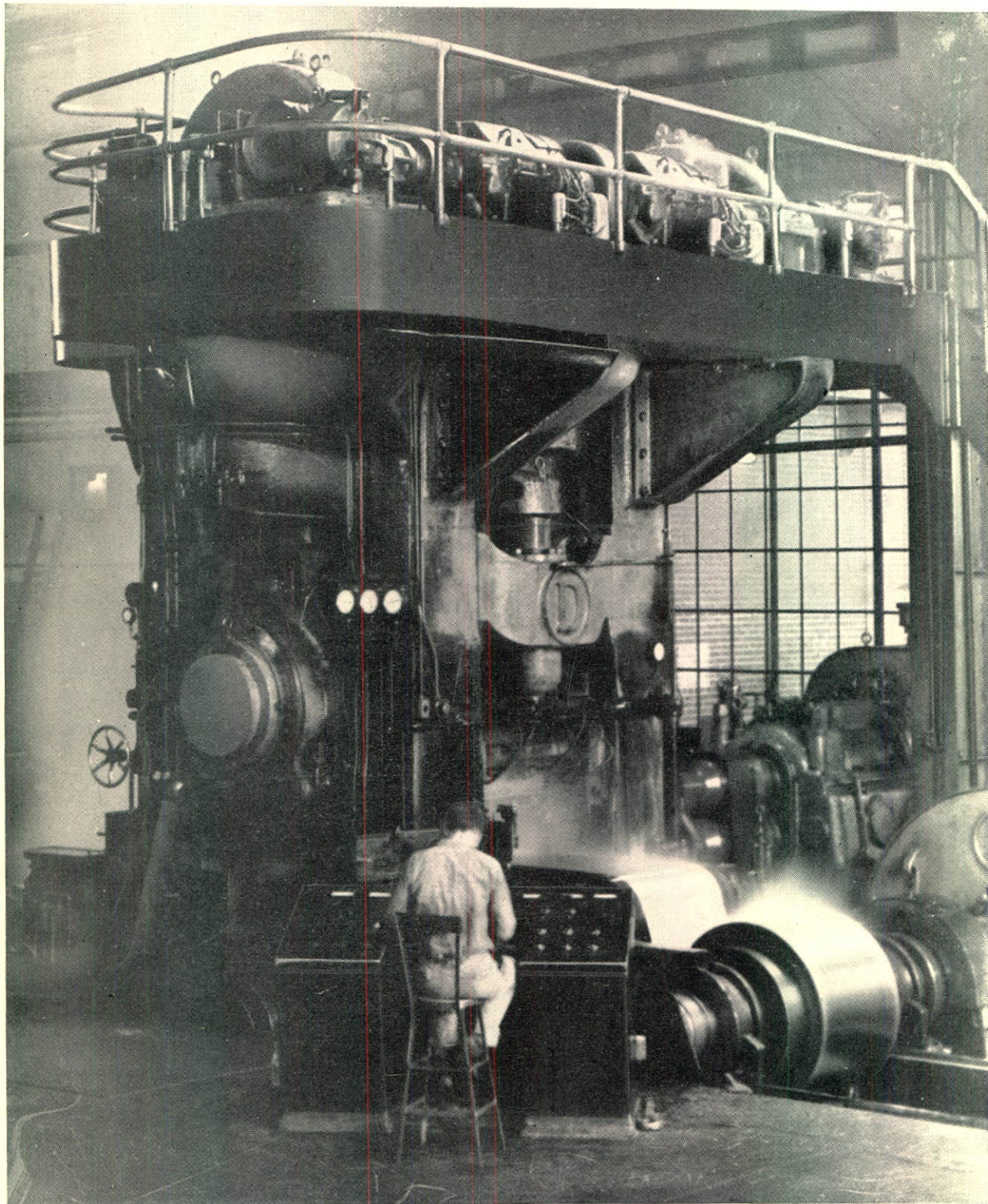
STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED 31ST DECEMBER, 1944

Balance at credit 31st December, 1943	\$ 3,237,164
Add net profit for the year ended 31st December, 1944	1,124,458
	<u>\$ 4,361,622</u>
Deduct dividends of \$1.40 per share declared on 365,013 common shares	511,018
Balance at credit 31st December, 1944	<u>\$ 3,850,604</u>

From a visiting shareholder we quote:

“A splendid example of precision machinery, and as sleek as the day they were installed, the three Cold Reduction Mills stand as a monument to the vision of the Management of Dominion Foundries and Steel Limited. During the war years, the value of the Cold Mills to the country's economy has been very evident — Dofasco, producer of tin plate in Canada, has supplied large amounts of tin plate for food containers that have carried supplies to Allied Armed Forces throughout the world.”

To-day — 1945 — the Management of Dominion Foundries and Steel Limited is still looking ahead, planning for the days of peace, anticipating the needs of peace-time consumers in new lines for new trade.



"A Monument to Vision"