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*ANNUAL  
REPORT*



**DOMINION FOUNDRIES  
AND STEEL LIMITED**  
**HAMILTON CANADA**



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# DOMINION FOUNDRIES AND STEEL LIMITED

## Annual Report to Shareholders

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To Shareholders,  
Dominion Foundries and Steel Limited:

Shortly after the Directors' report to shareholders last year, the demand for war steels came to a full stop. On account of the then recent increases for war production, mentioned in our last report, we were faced with installing more diversified finishing equipment for commercial steel.

During the six months of construction, our production suffered and costs were relatively high due to interference from the new installations in our production lines.

We are pleased to advise shareholders that this equipment is now installed and paid for within the 1945 Financial Statement. It has been in full production since December, 1945.

In January and February the production results were very satisfactory and approached our planned capacities. Our war employment has been largely maintained.

Necessary controls over finished products and also necessary raw material controls and shortages are of concern to your management. Conditions indicate that the controls will have a stabilizing effect.

The reduction in our working capital for capital expenditure as shown on the statement has resulted in materially increased production and we have not reached our final tonnage estimates which may be exceeded.

The demand for our commercial steels and a well filled order book suggests we will carry on relative to the general business of Canada along with some export trade. Steel castings are over-produced in Canada and that trade may be spotty. We now make over 50% of the tin plate used in Canada.

Our Savings and Pension Fund for employees continues to grow and bring the employees and management closer together. The profit sharing was less than last year but the Fund capital earnings increased and were offsetting to a considerable extent.

Many of our men who enlisted have returned to us and we are happy to welcome them back, and we are pleased with the manner in which they are co-operating in our production efforts.

We express our appreciation to the staff and to the management for their co-operation and results through the trying year of reconversion to 100% peace-time products.

Respectfully submitted,

FOR THE BOARD OF DIRECTORS,

C. W. Sherman, *Chairman.*

Hamilton, March 18, 1946.

# DOMINION FOUNDRIES

(INCORPORATED UNDER THE

## BALANCE SHEET, 31st

### ASSETS

#### CURRENT:

Cash on hand and in banks .....	\$ 1,079,910
Investment in Dominion of Canada Bonds at cost and accrued interest (market value \$259,062) .....	255,312
Accounts receivable less reserve for doubtful accounts .....	1,409,218
Inventories—as determined and certified by the management and valued at the lower of cost or market:	
Raw materials and supplies .....	\$ 1,962,704
Finished products and work in process .....	859,769
	<u>\$ 2,822,473</u>
Less reserve for future price decline in inventory values .....	150,000
	<u>2,672,473</u>
Total current assets .....	\$ 5,416,913

#### FIXED—at cost:

Land, buildings, plant and equipment .....	\$22,221,813
Less reserve for depreciation .....	16,155,181
	<u>6,066,632</u>

REFUNDABLE PORTION OF TAXES ON INCOME .....	275,000
GOODWILL, PATENTS, ETC. ....	1
	<u>\$11,758,546</u>

#### AUDITORS' REPORT TO

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

We report that in our opinion the above balance sheet and related statements show a true and correct view of the state of the company's affairs as at the date thereof and for the year ended on that date, according to the best of our information.

Hamilton, Canada,  
4th March, 1946.

# AND STEEL LIMITED

(DOMINION COMPANIES ACT)

AT DECEMBER, 1945

## LIABILITIES

### CURRENT:

Accounts payable, accrued wages, salaries and charges .....	\$ 1,044,430
Trustee of Employees' Savings and Profit Sharing Fund .....	119,976
Reserve for Dominion income, excess profits and other taxes .....	234,184
Dividend on common shares of 35 cents per share payable 2nd January, 1946 .....	127,755
Total current liabilities .....	<u>\$ 1,526,345</u>
4% REDEEMABLE TREASURY NOTES maturing 15th October, 1949 .....	901,900
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 .....	3,862,839
	<u>9,030,301</u>
	<u><u>\$11,758,546</u></u>

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

## THE SHAREHOLDERS

Steel Limited as at 31st December, 1945, and the statements of profit and loss thereon, in connection therewith we examined or tested accounting records of the company and the assets and liabilities thereof held from its officers and employees; we also made a general review of the company's operations for the year, but we did not make a detailed audit of all transactions.

The statements of profit and loss and earned surplus have been drawn up by the company's officers and employees at 31st December, 1945, and the results of its operations and the explanations given us and as shown by the books.

CLARKSON, GORDON, DILWORTH AND NASH,  
Chartered Accountants.

# DOMINION FOUNDRIES AND STEEL LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST DECEMBER, 1945

Profit for the year ended 31st December, 1945, after depreciation but before the following deductions .....	\$ 1,232,597
Share of earnings for Employees' Savings and Profit Sharing Fund .....	284,344
Net profit before providing for taxes on income .....	\$ 948,253
Provision for taxes on income .....	425,000
Net profit for the year .....	<u>\$ 523,253</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 .....	\$ 2,360
Salaries, bonuses and fees to executive officers, being full time directors holding salaried employment .....	101,220
Legal fees .....	12,534
Provision for depreciation .....	421,823
Interest on 4% treasury notes .....	39,842

## STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED 31ST DECEMBER, 1945

Balance at credit 31st December, 1944 .....	\$ 3,850,604
Add net profit for the year ended 31st December, 1945 .....	523,253
	<u>\$ 4,373,857</u>
Deduct dividends of \$1.40 per share declared on 365,013 common shares	511,018
Balance at credit 31st December, 1945 .....	<u>\$ 3,862,839</u>



