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ANNUAL REPORT



**DOMINION FOUNDRIES
AND STEEL LIMITED**

HAMILTON CANADA



1946

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DOMINION FOUNDRIES AND STEEL LIMITED

Annual Report to Shareholders

To Shareholders,

Dominion Foundries and Steel Limited:

Your Board of Directors submits herewith balance sheet and statement of profit and loss for the year ending December 31, 1946. Your Company enjoyed a year of full production with shipments reaching a new high.

Your Directors and Management believe that the years 1945 and 1946 have proven the real value of our Employees' Profit Sharing and Pension Plan. 1945 — difficult reconversion—production down — profits lower with the employees' profit sharing reduced. 1946 — strikes swept across the Continent; Hamilton was perhaps the storm centre of Canada. Your employees proved to be true partners in your business and remained steadfast — no lost time — no unrest — no demands — production steadily increased.

Demands for our flat rolled steels far exceed capacity, but 1947 is proving a difficult operating year. Production for the first quarter has been fully maintained but raw materials such as pig iron and scrap are in short supply. Prices of supplies taken off control continue to rise, adding to Management's problems.

New equipment such as soaking pits, mill tables, cleaning equipment, are being installed on the basis of lowering operating costs, and a new continuous tinning line is under construction. Though deliveries are slow, we hope to have this unit in operation late this year.

Your Directors take pleasure in extending their thanks to the staff and to all employees for the good results throughout the year.

Respectfully submitted,

FOR THE BOARD OF DIRECTORS,

F. A. Sherman, *President.*

Hamilton, April 12, 1947.

DOMINION FOUNDRIES

(INCORPORATED UNDER THE

BALANCE SHEET 31st

ASSETS

CURRENT:

Cash on hand and in banks	\$ 2,336,551
Investment in Dominion of Canada Bonds at cost and accrued interest (market value \$265,625)	255,312
Accounts receivable less reserve for doubtful accounts	1,407,520
Inventories—as determined and certified by the management and valued at the lower of cost or market:	
Raw materials and supplies	\$ 1,564,346
Finished products and work in process	1,055,465
	<u>\$ 2,619,811</u>
Less reserve for future price decline in inventory values	75,000
	<u>2,544,811</u>
Total current assets	\$ 6,544,194
FIXED—at cost:	
Land, buildings, plant and equipment	\$23,041,074
Less reserve for depreciation	16,731,172
	<u>6,309,902</u>
REFUNDABLE PORTION OF TAXES ON INCOME	275,000
GOODWILL, PATENTS, ETC.	1
	<u>\$13,129,097</u>

AUDITORS' REPORT TO

We have examined the balance sheet of Dominion Foundries and S and loss and earned surplus for the year ended that date. In connec company and 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 up so as to exhibit a true and correct view of the state of the compan for the year ended on that date, according to the best of our informat

Hamilton, Canada,
8th April, 1947.

AND STEEL LIMITED

(DOMINION COMPANIES ACT)

31st DECEMBER, 1946

LIABILITIES

CURRENT:

Accounts payable, accrued wages, salaries and charges	\$ 1,040,961
Trustee of Employees' Savings and Profit Sharing Fund	374,906
Reserve for Dominion income, excess profits and other taxes	520,446
Dividend on common shares of 35 cents per share payable 2nd January, 1947	127,755
Total current liabilities	\$ 2,064,068
4% REDEEMABLE TREASURY NOTES maturing 15th October, 1949:	
Authorized \$2,000,000	
Issued	\$ 1,335,400
Less redeemed	333,500
	<u>1,001,900</u>
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	4,595,667
	<u>9,763,129</u>
	<u>\$13,129,097</u>

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

THE SHAREHOLDERS

Steel Limited as at 31st December, 1946, and the statements of profit and loss therewith we examined or tested accounting records of the company drawn from its officers and employees; we also made a general review of the accounts 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 from the company's affairs at 31st December, 1946, and the results of its operations and the explanations given us and as shown by the books.

CLARKSON, GORDON & CO.,
Chartered Accountants.

DOMINION FOUNDRIES AND STEEL LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST DECEMBER, 1946

Profit for the year ended 31st December, 1946, after depreciation but before the following deductions	\$ 2,244,094
Contribution to Employees' Savings and Profit Sharing Fund	589,425
Net profit before providing for taxes on income	\$ 1,654,669
Provision for taxes on income	625,000
Net profit for the year	<u>\$ 1,029,669</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	\$ 2,280
Salaries, bonuses and fees to executive officers, being full time directors holding salaried employment	101,020
Legal fees	10,900
Provision for depreciation	579,656
Interest on 4% treasury notes	38,668

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED 31ST DECEMBER, 1946

Balance at credit 1st January, 1946	\$ 3,862,839
Add:	
Net profit for the year	1,029,669
Inventory and other adjustments applicable to prior years	\$ 357,177
Less income and excess profits taxes thereon	143,000
	<u>214,177</u>
	\$ 5,106,685
Deduct dividends of \$1.40 per share declared on 365,013 common shares	511,018
Balance at credit 31st December, 1946	<u>\$ 4,595,667</u>

