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*ANNUAL  
REPORT*



**DOMINION FOUNDRIES  
AND STEEL LIMITED**

**HAMILTON, CANADA**



*1948*

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# DOMINION FOUNDRIES AND STEEL LIMITED

## DIRECTORS

C. W. SHERMAN, CHAIRMAN OF THE BOARD - - - - - HAMILTON  
FRANK A. SHERMAN, PRESIDENT - - - - - HAMILTON  
A. G. WRIGHT, VICE-PRESIDENT AND SECRETARY-TREASURER - HAMILTON  
G. H. GORDON, VICE-PRESIDENT — SALES - - - - - TORONTO  
MORLEY F. VERITY - - - - - BRANTFORD  
GORDON C. LEITCH - - - - - TORONTO  
ALFRED F. CRONE - - - - - BUFFALO, N.Y.  
FRED. W. SHERMAN - - - - - LOUDONVILLE, N.Y.

## TRANSFER AGENTS

NATIONAL TRUST COMPANY, LIMITED - - - - - TORONTO AND MONTREAL  
THE BANK OF MONTREAL TRUST COMPANY - - - - - NEW YORK, N.Y.

## REGISTRARS

EASTERN TRUST COMPANY - - - - - TORONTO AND MONTREAL  
THE BANK OF MONTREAL TRUST COMPANY - - - - - NEW YORK, N.Y.

# DOMINION FOUNDRIES AND STEEL LIMITED

## Annual Report to Shareholders

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To Shareholders,  
Dominion Foundries and Steel Limited:

We submit herewith balance sheet and statement of profit and loss for the year ending December 31, 1948.

Net profits are approximately the same per share after the sale of 90,214 shares to shareholders.

Accounts receivable show 50% increase, reflecting increased selling prices and higher production.

Raw materials and work in process show an increase, but we believe that both are in healthy condition.

Your hot and cold rolling mills and steel foundry worked at capacity throughout the year. Sales and production continue at capacity levels. The electrolytic continuous tinning line will soon be in operation and will give us a new sales outlet for this type of tin plate which carries one-half pound coating of tin instead of the present one and a half pound coating.

During the year, we sold a \$6,000,000 Debenture issue carrying 3½% interest, maturing in 1963, at the same time retiring the \$1,000,000 4% Treasury Notes. It was considered advisable to increase our working capital.

We extend sincere thanks to the staff and to all employees for their fine co-operation and for the results obtained during the past year.

Respectfully submitted,

FOR THE BOARD OF DIRECTORS,

Frank A. Sherman, *President.*

Hamilton, April 14, 1949.

# DOMINION FOUNDRIES

(INCORPORATED UNDER THE ACTS OF PARLIAMENT)

## BALANCE SHEET DECEMBER 31, 1948

<b>ASSETS</b>	
<b>CURRENT:</b>	
Cash on hand and in banks .....	\$ 2,019,510
Investment in Dominion of Canada Bonds and Treasury Notes at cost and accrued interest (Market value \$4,754,000) .....	4,750,722
Accounts receivable less reserve for doubtful accounts .....	3,387,514
Inventories—as determined and certified by the management and valued at the lower of cost or market:	
Raw materials and supplies .....	\$ 3,290,101
Finished products and work in process .....	2,050,825
	5,340,926
Refundable portion of taxes on income due March 31, 1949 .....	177,345
	\$15,676,017
<b>FIXED—at cost:</b>	
Land, buildings, plant and equipment .....	\$25,382,718
Less reserve for depreciation .....	17,874,303
	7,508,415
GOODWILL, PATENTS, ETC. ....	1
	\$23,184,433

### AUDITORS' REPORT TO SHAREHOLDERS

We have examined the balance sheet of Dominion Foundries and its subsidiaries and loss and earned surplus for the year ended on that date. In connection with our audit, we have examined or caused to be examined, and, without making a detailed audit of the transactions, examined or caused to be examined, information and explanations we required from its officers and employees.

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 at the year end, according to the best of our information and the explanations furnished to us.

HAMILTON, CANADA,  
FEBRUARY 8, 1949.

# AND STEEL LIMITED

(DOMINION COMPANIES ACT)

DECEMBER 31, 1948

## LIABILITIES

### CURRENT:

Accounts payable, accrued wages, salaries and charges .....	\$ 2,919,630
Trustee of Employees' Savings and Profit Sharing Fund .....	539,305
Reserve for income and other taxes .....	508,382
Dividend on common shares of 35 cents per share payable January 3, 1949 .....	159,329
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Total current liabilities .....	\$ 4,126,646

### FUNDED DEBT:

3½% Sinking Fund Debentures maturing September 15, 1963 ..... 6,000,000

RESERVE FOR CONTINGENCIES ..... 300,000

### CAPITAL AND SURPLUS:

#### Capital—

600,000 common shares of no par value authorized, whereof issued  
455,227 shares ..... \$ 5,591,314

#### Notes:

1. During the year 90,214 common shares were issued for cash,  
\$1,623,852.
2. Rights to purchase 44,773 common shares have been granted  
to certain officers and employees of the company.

Capital surplus arising from redemption of preference shares ..... 1,200,000

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\$ 6,791,314

Earned surplus ..... 5,966,473

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12,757,787

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\$23,184,433

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

## THE SHAREHOLDERS

Steel Limited as at December 31, 1948, and the statements of profit and loss thereon. In connection therewith we made a general review of the accounting methods employed and tested the accounting records of the company. We received all the information necessary for the preparation of the statements.

The statements of profit and loss and earned surplus have been drawn up on the basis of the books and records of the company and of the results of its operations for the year ended at December 31, 1948, and of the results of its operations for the year ended at December 31, 1947, as given us and as shown by the books.

CLARKSON, GORDON & CO.  
Chartered Accountants.

# DOMINION FOUNDRIES AND STEEL LIMITED

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## STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED DECEMBER 31, 1948

Profit for the year after depreciation but before the following deductions .....	\$ 2,845,234
Contribution to Employees' Savings and Profit Sharing Fund .....	699,000
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Net profit before providing for taxes on income .....	\$ 2,146,234
Provision for taxes on income .....	805,000
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Net profit for the year .....	<u>\$ 1,341,234</u>
Included in the costs and expenses for the year are the following charges:	
Provision for depreciation .....	\$635,458
Interest on funded debt .....	80,207
Salaries, bonuses and fees to executive officers, being full time directors holding salaried employment .....	101,320
Remuneration to directors exclusive of directors holding full time salaried employment .....	2,600
Legal fees .....	12,705

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## STATEMENT OF EARNED SURPLUS FOR YEAR ENDED DECEMBER 31, 1948

Balance at credit January 1, 1948 .....	\$ 5,304,557
Add net profit for the year .....	1,341,234
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	\$ 6,645,791
Deduct:	
Dividends of \$1.40 per share declared on 455,227 common shares....	\$ 637,318
Debenture discount, legal and other financing expenses .....	42,000
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	679,318
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Balance at credit December 31, 1948 .....	<u>\$ 5,966,473</u>



