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Dominion Steel and Coal Corporation
LIMITED

ANNUAL REPORTS

BALANCE SHEETS

AND

PROFIT AND LOSS ACCOUNTS

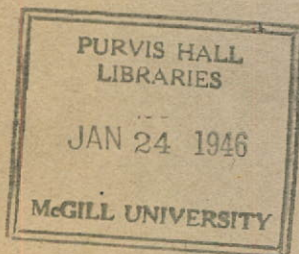
of the Corporation

and its

Subsidiary Companies

for the Year

1940



Dominion Steel and Coal Corporation Limited

Executive and General Offices

CANADA CEMENT COMPANY BUILDING

Montreal, Que.

DIRECTORS

HON. C. P. BEAUBIEN

C. J. BURCHELL, K.C.

A. CROSS

GEO. F. DOWNS

D. W. FRASER

J. H. GUNDY

SIR HERBERT S. HOLT

A. N. JONES

H. J. KELLEY

JOS. A. KILPATRICK

C. B. LANG

GEO. H. MONTGOMERY, K.C.

DR. G. B. WATERHOUSE

HON. LORNE C. WEBSTER

OFFICERS

A. CROSS, *President*

H. J. KELLEY, *First Vice-President and General Manager*

C. B. LANG, *Vice-President*

M. W. McDONALD, *Secretary and Treasurer*

W. A. DOIG, *Assistant Secretary*

Dominion Steel and Coal Corporation Limited

Report of the Board of Directors to be submitted to the Shareholders at the Annual General Meeting on 23rd May, 1941

Your Directors submit herewith the Consolidated Balance Sheet of your Corporation as at 31st December, 1940, with relative Profit and Loss Accounts for year 1940, together with the Certificate of the Auditors, Messrs. Price, Waterhouse and Company.

PROFIT AND LOSS ACCOUNT

The combined net profit from the operations of the Corporation and the subsidiaries consolidated after payment of all charges and after provision for depreciation and taxes amounted to \$1,157,373.40 as compared with \$1,332,599.19 for the year 1939. The amount of \$1,551,035.86 was provided for depreciation as compared with \$1,212,769.30 in the previous year, an increase of \$338,266.56. The additional amount was necessary to provide for recent Capital additions to the property.

The balance at credit of earned surplus brought from previous year was \$3,704,633.19, to which was added the profit for the year of \$1,157,373.40, making a balance of \$4,862,006.59 at credit of earned surplus account at 31st December, 1940.

The operations of the subsidiary and associated companies not consolidated have, in the aggregate, resulted in a net profit which has not been taken up in the accounts presented herewith except in so far as dividends have been received therefrom.

BALANCE SHEET

Additions to properties and plant of the Corporation during the year amounted to \$1,725,558.07, reserves for depreciation stand at \$13,414,446.70, leaving the net value of property at \$28,645,730.84, as compared with \$28,388,096.02 at 31st December, 1939.

Current and working assets, including deferred charges, total \$19,744,943.80 and current liabilities \$8,407,773.63. The excess of current and working assets over current liabilities amounted to \$11,337,170.17, an increase of \$1,414,903.85 over the corresponding amount shown at 31st December, 1939.

GENERAL

During the year all plants of the Corporation and its subsidiaries operated at practically full capacity. After meeting the requirements of the Domestic market, the balance of the production was supplied to the United Kingdom.

Improvements to the Open Hearth equipment, which were commenced during the year 1939, were completed in April, 1940, and the ingot production capacity was increased from 425,000 tons per year to 600,000 tons. The Light Oil Refining Plant for the production of Benzol, Toluol and Xylol, Solvent "R" and Pyridine went into operation in the early part of the year. The installation of additional By-Product apparatus was completed in May, 1940, to provide for the efficient recovery of by-products from a maximum coke production.

To meet the increased demand for electric power an additional boiler is being constructed at the Sydney Power Plant and should be in operation during the latter part of this year.

The ore mines at Wabana operated at 90% of capacity during the year. In the last quarter of the year operations were somewhat reduced owing to the difficulty of obtaining ships for the transportation of ore to the United Kingdom.

Operations at the Halifax Shipyards were extremely active during the year and the working force has been greatly increased to take care of increased demands for ship repairs.

All properties of the Corporation and subsidiary companies have been maintained in the best possible efficiency.

Your Directors desire to express their appreciation of the loyal and efficient services of the employees and officials of the Corporation, also to extend best wishes to all employees on leave of absence now serving in His Majesty's Service.

On behalf of the Board of Directors,

A. CROSS,

President.

16th April, 1941.

Dominion Steel and Coal Corporation Limited and Subsidiary Companies

Auditors' Report to the Shareholders

We have examined the books and accounts of Dominion Steel and Coal Corporation Limited and its subsidiary companies for the year ended December 31, 1940, and have obtained all the information and explanations we required. In connection therewith we reviewed the system of accounting control and procedures and examined or tested accounting records but we did not make a detailed audit of the transactions.

Based on the foregoing examination and according to the best of our information and the explanations given to us we report that in our opinion the annexed consolidated balance sheet of Dominion Steel and Coal Corporation Limited and subsidiaries consolidated is properly drawn up so as to show a true and correct view of their financial position as at December 31, 1940, according to the best of our information and the explanations given to us and as shown by the books of the companies.

PRICE, WATERHOUSE & CO.,
Auditors.

Montreal, P.Q.,
April 10th, 1941.

Dominion Steel and Coal Corporation Limited and Subsidiary Companies

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND SURPLUS ACCOUNT FOR THE YEAR ENDING DECEMBER 31, 1940

(This Statement does not include the results of the operations of Nova Scotia
Steel and Coal Company Limited and Dominion Coal Company
Limited and their respective Subsidiaries)

Combined Profits from Operations and returns from Investments after deducting Manufacturing, Selling and Administration Expenses and providing for Income and Excess Profits Taxes, but before charging Depreciation and Interest.....		\$ 3,155,683.82
Provision for Depreciation.....		1,551,035.86
		\$ 1,604,647.96
Interest on Bank and other Loans.....	\$ 106,337.06	
Interest on 6¼% Cumulative Participating Registered Income Bonds.....	275,500.00	
Interest on underlying Bonds.....	65,437.50	
		447,274.56
Profit for the year ending December 31, 1940, after providing for Income and Excess Profits Taxes.....		\$ 1,157,373.40
Surplus at December 31, 1939.....		3,704,633.19
Surplus at December 31, 1940.....		\$ 4,862,006.59

Dominion Steel and Coal and Subsidiary

CONSOLIDATED BALANCE SHEET

(This Balance Sheet does not include the
and Coal Company Limited and
their respective

ASSETS

Properties and Plant of Companies at values determined at December 31, 1929.....	\$ 32,492,382.33	
Net additions since.....	9,567,795.21	
	\$ 42,060,177.54	
LESS:—Reserve for Depreciation.....	13,414,446.70	
		\$ 28,645,730.84
Investment in Stocks and Securities of Subsidiary and Associated Companies not consolidated.....		7,111,130.54
Cash in hands of Trustees for Bondholders.....		2,983.75
Inventories, as certified by the Management, valued at cost or market, whichever was the lower.....	\$ 11,433,575.32	
Trade Accounts and Bills Receivable, less Reserve.....	7,536,555.41	
Other Accounts Receivable, less Reserve.....	276,082.47	
Investments.....	63,577.03	
Cash on hand and in banks.....	122,068.27	
		19,431,858.50
Balance receivable from Nova Scotia Steel and Coal Company Limited and Subsidiaries.....		109,494.84
DEFERRED CHARGES:		
Insurance Premiums and Other Charges paid in advance.....	\$ 203,590.46	
Discount and Expenses on Bonds of Subsidiary Companies.....	11,186.20	
		214,776.66
		\$ 55,515,975.13

Submitted with our Report dated April 10, 1941.
PRICE, WATERHOUSE & Co.,
Auditors.

Corporation Limited

Companies

AS AT DECEMBER 31, 1940

Assets and Liabilities of Nova Scotia Steel
Dominion Coal Company Limited and
subsidiaries)

LIABILITIES

FUNDED DEBT:

Dominion Steel and Coal Corporation Limited—	
Prior Lien Bonds—	
Authorized.....	\$ 3,500,000.00
Issued and held in the Treasury.....	<u>\$ 1,750,000.00</u>
6 $\frac{1}{4}$ % Cumulative Participating Registered Income Bonds (\$4,500,000.00 Closed) due 1955.....	\$ 4,408,000.00
Wholly Owned Subsidiaries—	
Seaboard Power Corporation Limited—	
4% First (Closed) Mortgage Serial Bonds—Payable \$100,000.00 annually October 15, 1941-1944.....	400,000.00
The Canadian Bridge Company Limited—	
First Mortgage Bonds due 1952.....	\$ 1,250,000.00
Fifteen Year Debentures due 1952.....	750,000.00
	<u>\$ 2,000,000.00</u>
LESS:—Held by Company.....	30,000.00
	<u>1,970,000.00</u>
	\$ 6,778,000.00
Deferred Payments on Properties.....	464,750.00
Bank Loans.....	\$ 1,410,548.39
Accounts Payable and Accrued Liabilities including provision for Taxes.....	5,515,991.17
Wages accrued.....	311,477.49
Bond Interest accrued.....	115,166.66
	<u>7,353,183.71</u>
Balance payable to Dominion Coal Company Limited.....	1,054,589.92
Operating and Contingent Reserves.....	2,482,640.57
CAPITAL STOCK AND SURPLUS:	
Authorized—	
1,000,000 Preferred Class "A" Shares.....	<u>\$ 40,000,000.00</u>
1,460,000 Common Class "B" Shares.....	<u>\$ 36,500,000.00</u>
Issued—	
1,039,083 Common Class "B" Shares.....	\$ 25,977,075.00
Capital Surplus.....	6,543,729.34
Surplus from Operations.....	4,862,006.59
	<u>37,382,810.93</u>
	<u>\$ 55,515,975.13</u>

