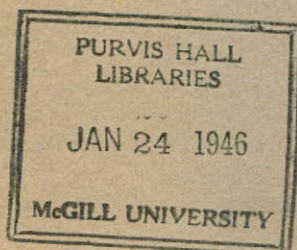


C
Stack

Dominion Steel and Coal Corporation
LIMITED

ANNUAL REPORT
CONSOLIDATED BALANCE SHEET
AND
PROFIT AND LOSS ACCOUNT
for the Year
1941



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

D. W. FRASER

J. H. GUNDY

A. N. JONES

H. J. KELLEY

JOS. A. KILPATRICK

C. B. LANG

GEO. H. MONTGOMERY, K.C.

M. W. McDONALD

DR. G. B. WATERHOUSE

COLIN W. 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 14th April, 1942

Your Directors submit herewith the consolidated Balance Sheet of your Corporation as at 31st December, 1941, with relative Profit and Loss Accounts for the year, together with the certificate of the Auditors, Messrs. Price, Waterhouse & 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 \$1,166,052.75 as compared with \$1,157,373.40 for the year 1940. The amount of \$1,795,924.56 was provided for depreciation as compared with \$1,551,035.86 in the previous year. The increase of \$244,888.70 in the year 1941 represents depreciation necessary on Capital additions to property.

The balance at credit of earned surplus brought from previous year was \$4,862,006.59 to which has been added the profit for the year of \$1,166,052.75 making a balance of \$6,028,059.34 at credit of earned surplus account at 31st December, 1941.

The operations of the Subsidiary and Associated Companies not Consolidated have in the aggregate resulted in a net loss mainly because of the loss on the operations of Dominion Coal Company Limited as shown in its Annual Report; however, according to the Financial Statements of these Subsidiary and Associated Companies in which the year's losses are provided for, the equity of the Corporation in these Companies as at 31st December, 1941 was substantially in excess of the amount at which the investment is carried in the Balance Sheet of the Corporation.

BALANCE SHEET

Increases in the property and plant accounts of the Corporation during the year amounted to \$2,343,271.67, reserves for Depreciation stand at \$15,171,076.92 leaving the net values of properties at \$29,232,372.29 as compared with \$28,645,730.84 at 31st December, 1940.

Current and working assets including deferred charges total \$20,247,674.15 and current liabilities \$6,527,409.16. The excess of current and working assets over current liabilities amounted to \$13,720,264.99 an increase of \$2,383,094.82 over the corresponding amount shown at 31st December, 1940.

An issue of \$1,320,000.00 4% First Mortgage Eight Year Serial Bonds was made during the year by Halifax Shipyards Limited to provide funds for plant expansion necessitated by increased war time activities.

GENERAL

All plants of the Corporation and its Subsidiary Companies, with the exception of the Wabana Mines, operated at practically full capacity during the year. Due to the inability to obtain ships, ore shipments to the United Kingdom were considerably reduced, and as a consequence the Wabana Mines operated at an average of 57% capacity.

The installation of the additional boiler at Sydney Steel Plant referred to in last year's report, has been completed and is now in operation. Important improvements have been made during the year to the Blast Furnace and Open Hearth Departments as a result of which there will be increased production in these departments with a reduction in costs.

Satisfactory progress has been made on the rehabilitation of the 110" Plate Mill and it is expected that it will be in operation in the month of April.

To supply additional ingots required in the operation of the Plate Mill a new 100 ton Open Hearth Furnace is being installed and is expected to be in operation by the first of July next; also to meet increased demands for electric power occasioned by the operation of the new Plate Mill and other units, an additional 16,000 K.W. generator unit will be installed during the year.

To further increase the production of pig iron it has been decided to erect an additional Blast Furnace. The work has already been started and should be completed during the coming summer.

Operations during the year continued extremely active at Halifax Shipyards Limited. The ship repairing facilities at the Dartmouth Plant have been extended by the erection of a new machine shop and the completion of an additional three thousand ton Marine Railway.

All properties of the Corporation have been well maintained.

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.

20th February, 1942.

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 ending December 31, 1941, 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 its Subsidiaries consolidated is properly drawn up so as to show a true and correct view of their financial position as at December 31, 1941, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

As mentioned in the report of the Board of Directors, the operations of the Subsidiary and Associated Companies not consolidated, for the year ending December 31, 1941, have resulted in a net loss; however, the value at which the investments in these Companies are carried on the Balance Sheet of the Corporation is substantially below the equity of the Corporation in these Companies as shown by their Financial Statements.

PRICE, WATERHOUSE & CO.,
Auditors.

Montreal, P.Q.,
February 26, 1942.

Dominion Steel and Coal Corporation Limited and Subsidiary Companies

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND SURPLUS ACCOUNT FOR THE YEAR ENDING DECEMBER 31, 1941

(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.....		\$ 3,448,796.99
Provision for Depreciation.....		1,795,924.56
		\$ 1,652,872.43
Interest on Bank and Other Loans.....	\$ 120,680.31	
Interest on 6¼% Cumulative Participating Registered Income Bonds	275,500.00	
Interest on Underlying Bonds.....	90,639.37	
		486,819.68
Profit for the Year ending December 31 1941, after providing for Income and Excess Profits Taxes.....		\$ 1,166,052.75
Surplus, December 31 1940		4,862,006.59
Surplus, December 31 1941		\$ 6,028,059.34

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	11,911,066.88	
	\$ 44,403,449.21	
LESS: — Reserve for Depreciation	15,171,076.92	\$ 29,232,372.29
Investment in Stocks and Securities of Subsidiary and Associated Companies not consolidated		7,111,130.54
Cash in hands of Trustees for Bondholders		41,539.75
Inventories, as certified by the Management, valued at cost or market, whichever was the lower	\$ 13,052,419.09	
Trade Accounts and Bills Receivable, less Reserve	5,875,458.94	
Other Accounts Receivable, less Reserve	275,654.09	
Investments	59,914.60	
Cash on hand and in banks	275,926.81	
		19,539,373.53
Balance receivable from Nova Scotia Steel and Coal Company Limited and Subsidiaries		337,352.79
DEFERRED CHARGES:		
Insurance Premiums and Other Charges paid in advance	\$ 370,947.83	
Discount and Expenses on Bonds of Subsidiary Companies	33,398.50	
		404,346.33

\$ 56,666,115.23

Submitted with our Report dated February 26, 1942.
PRICE, WATERHOUSE & Co.,
Auditors.

Corporation Limited

Companies

AS AT DECEMBER 31, 1941

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		\$ 1,750,000.00	
6¼% 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, 1942-1944.....			300,000.00
HALIFAX SHIPYARDS LIMITED—			
4% First Mortgage Serial Bonds—payable \$165,000.00 annually August 15, 1942-1949.....			1,320,000.00
THE CANADIAN BRIDGE COMPANY LIMITED—			
First Mortgage Bonds due 1952.....	\$ 1,250,000.00		
Fifteen Year Debentures due 1952.....	750,000.00		
		\$ 2,000,000.00	
LESS: — Held by Company.....		30,000.00	
			1,970,000.00
			\$ 7,998,000.00
Deferred Payments on Properties.....			498,752.81
Bank Loans.....	\$ 800,000.00		
Accounts Payable and Accrued Liabilities including provision for Taxes	4,805,197.57		
Wages Accrued.....	352,979.66		
Bond Interest Accrued.....	140,800.00		
			6,098,977.23
Balance Payable to Dominion Coal Company Limited.....			428,431.93
Operating and Contingent Reserves.....			3,093,089.58
CAPITAL STOCK AND SURPLUS:			
Authorized—			
1,000,000 Preferred Class "A" Shares.....	\$ 40,000,000.00		
1,460,000 Common Class "B" Shares.....	\$ 36,500,000.00		
Issued—			
1,039,083 Common Class "B" Shares.....	\$ 25,977,075.00		
Capital Surplus.....	6,543,729.34		
Surplus from Operations.....	6,028,059.34		
			38,548,863.68
			\$ 56,666,115.23

