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Dominion Steel and Coal Corporation
LIMITED

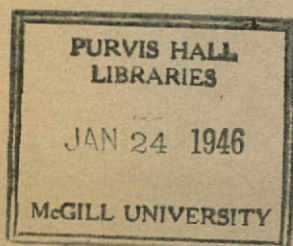
ANNUAL REPORT

CONSOLIDATED BALANCE SHEET

AND

PROFIT AND LOSS ACCOUNT

For year ended
December 31st, 1943



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

L. A. FORSYTH, K.C.

D. W. FRASER

J. H. GUNDY

R. A. C. HENRY

A. N. JONES

H. J. KELLEY

JOS. A. KILPATRICK

C. B. LANG

GEO. H. MONTGOMERY, K.C.

M. W. McDONALD

F. E. NOTEBAERT

DR. G. B. WATERHOUSE

COLIN 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 for the Year ended December 31st, 1943

Your Directors submit herewith the Consolidated Balance Sheet of your Corporation as at 31st December, 1943, with relative Profit and Loss Accounts for the year, together with the Certificate of the Auditors, Messrs. Price, Waterhouse and Company.

PROFIT AND LOSS ACCOUNT

The combined net profit from the operation of the Corporation and the Subsidiaries consolidated, after payment of all charges and after provision for depreciation and taxes, amounted to \$1,002,385.93, as compared with \$1,021,744.81 for the year 1942. There was provided for depreciation the amount of \$3,080,990.92 as compared with \$3,247,271.30 in the previous year.

The balance at credit of earned surplus carried forward from the previous year was \$7,049,804.15 to which has been added the profit for the year of \$1,002,385.93, leaving a balance at credit of earned surplus account at 31st December, 1943, of \$8,052,190.08.

The operations of the Subsidiary and Associated Companies not consolidated have in the aggregate resulted in a profit for the year.

BALANCE SHEET

Additions to the property and plant accounts of the Corporation during the year amounted to \$1,492,291.30. Reserves for depreciation stand at \$21,181,758.36, leaving the net value of the properties at \$28,488,146.70, as compared with \$30,055,348.40 at 31st December, 1942.

Current and working assets, including deferred charges, total \$28,392,965.95 and current liabilities \$11,473,611.99. The excess of current and working assets over current liabilities amounted to \$16,919,353.96.

First Mortgage Bonds of the Subsidiary Companies amounting to \$300,000.00 were retired during the year.

Deferred payments on properties were reduced by \$87,520.23, representing repayments to the Federal Government on account of advances in connection with plant extensions.

GENERAL

Based on ingot production, the rate of operation of the Sydney Steel Plant for the year was 81 per cent of rated capacity, as compared with 95 per cent in the previous year. Reduced production in 1943 was due to a strike of the employees in the early part of the year and also to a decline in demands for the products of the Company, in the latter part of the year. The operations of the Subsidiary Companies remained at practically full capacity throughout the year.

Due to inability to obtain ships, no ore was sold for export from the Wabana Mines, and as a consequence the mines only operated at 31 per cent of capacity.

The equipment necessary for the completion of the 16,000 K.W. Electric Generator was obtained during the year and the unit was put into operation in September.

To improve the quality and increase the production of pig iron and steel ingots, the construction of an ore crushing, sintering and cleaning plant and an open hearth mixer plant was started during the year. A portion of the equipment was completed and put in operation in March of this year and it is expected that the completed plant will be operating by midsummer.

All plants of the Corporation have been maintained in as satisfactory condition as possible under present circumstances.

Up to date, the employees of the Corporation and associated companies have subscribed for Victory Bonds an amount of \$8,629,950, and for War Savings Certificates \$2,258,096.

The Directors desire to record their appreciation for the efficient service rendered during the year by the officers and employees of the different plants and also to extend their best wishes to all employees on leave of absence serving in His Majesty's Forces.

On behalf of the Board of Directors,

Montreal, P.Q.
March 24th, 1944.

A. CROSS,
President.

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, 1943, 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. Provision has been made for Income and Excess Profits Taxes in an amount considered by the Directors to be adequate and this provision is subject to final determination by the Income Tax Department.

On the above basis and according to the best of our information and the explanations given to us, we report that, in our opinion, the attached 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, 1943, 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, 1943, have resulted in a profit and 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.,
March 23, 1944.

Dominion Steel and Coal Corporation Limited and Subsidiary Companies

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND SURPLUS ACCOUNT FOR THE YEAR ENDING DECEMBER 31, 1943

(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.....		\$ 4,773,107.96
Provision for Depreciation.....		3,080,990.92
		\$ 1,692,117.04
Interest on Bank and Other Loans.....	\$ 283,806.12	
Interest on 6¼% Cumulative Participating Registered Income Bonds	275,500.00	
Interest on Bonds of Subsidiary Companies.....	130,424.99	
		689,731.11
Profit for the year ending December 31, 1943, after providing for Income and Excess Profits Taxes.....		\$ 1,002,385.93
Surplus, December 31, 1942.....		7,049,804.15
Surplus, December 31, 1943.....		\$ 8,052,190.08

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	17,177,522.73	
	\$ 49,669,905.06	
LESS: Reserve for Depreciation	21,181,758.36	\$ 28,488,146.70
Investment in Stocks and Securities of Subsidiary and Associated Companies not consolidated		9,188,632.61
Cash in hands of Trustees for Bondholders		247,958.31
Insurance Recoveries <i>re</i> Property lost by Enemy Action		1,509,555.04
Employees Victory Loan Subscriptions Receivable: Secured by Dominion of Canada Bonds, which in turn have been pledged with the bank as security for Special Loans		1,097,352.45
Inventories, as certified by the Management, valued at cost or market, whichever was the lower	\$ 14,743,898.37	
Trade Accounts and Bills Receivable, less Reserve	7,904,967.65	
Other Accounts Receivable, less Reserve	4,872,322.79	
Investments	832,359.78	
Cash on hand and in Banks	1,232,046.68	
	\$ 29,585,595.27	
LESS: Insurance Recoveries <i>re</i> Property lost by Enemy Action, shown above	1,509,555.04	28,076,040.23
DEFERRED CHARGES:		
Insurance premiums and Other Charges paid in advance	\$ 316,925.72	
Discount and Expenses on Bonds of Subsidiary Companies	20,898.10	337,823.82

Submitted with our Report dated March 23, 1944.

PRICE, WATERHOUSE & Co.,
Auditors.

\$ 68,945,509.16

Corporation Limited

Companies

AS AT DECEMBER 31, 1943

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 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—due October 15,
1944.....100,000.00

HALIFAX SHIPYARDS LIMITED—

4% First Mortgage Serial Bonds—payable \$165,000.00
annually August 15, 1944-1949.....990,000.00

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: Redeemed through Sinking Fund.....35,000.00

1,965,000.00

\$ 7,463,000.00

Deferred Payments on Properties.....3,457,716.38

Reserve for Replacement of Property lost by Enemy Action.....1,509,555.04

Special Bank Loans for Purchases of Victory Bonds for Employees
(per contra).....1,097,352.45

Bank Loans (secured under Section 88 of the Bank Act).....\$ 6,175,000.00

Accounts Payable and Accrued Liabilities, including Provision for Taxes 4,196,397.88

Wages Accrued.....534,109.79

Bond Interest Accrued.....133,716.66

11,039,224.33

BALANCES PAYABLE TO:

Nova Scotia Steel and Coal Company Limited and Subsidiary

Companies.....\$ 332,822.74

Dominion Coal Company Limited and Subsidiary Companies.. 101,564.92

434,387.66

Operating and Contingent Reserves.....3,371,278.88

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.....8,052,190.08

40,572,994.42

\$ 68,945,509.16

