

Dominion Steel and Coal Corporation
LIMITED

ANNUAL REPORT

BALANCE SHEETS

AND

PROFIT AND LOSS ACCOUNTS

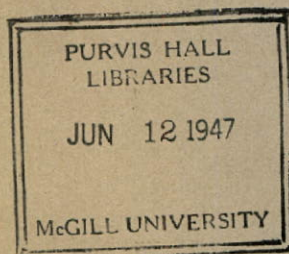
of the Corporation

and its

Subsidiary and Associated Companies

for the Year

1945



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.

J. H. GUNDY

A. N. JONES

H. J. KELLEY

C. B. LANG

GEO. H. MONTGOMERY, K.C.

F. E. NOTEBAERT

D. R. TURNBULL

DR. G. B. WATERHOUSE

COLIN W. WEBSTER

OFFICERS

A. CROSS, *President*

C. B. LANG, *Executive Vice-President*

R. C. McDONALD, *Secretary and Treasurer*

G. C. BROADBENT, *Assistant Secretary-Treasurer*

Dominion Steel and Coal Corporation Limited

Report of the Board of Directors for the Year Ended December 31st, 1945

TO THE SHAREHOLDERS:

Your Directors submit herewith the Consolidated Balance Sheet of your Corporation as at 31st December, 1945, with relative Profit and Loss Account for the year, together with the Certificate of the Auditors, Messrs. Price, Waterhouse & Co.

PROFIT AND LOSS ACCOUNT

The operations of the Corporation, and the Subsidiaries listed on page 8 herein, have resulted in a combined net profit for the year of \$1,249,213.19 after providing \$1,847,963.96 for Depreciation and \$616,221.70 for Income and Excess Profits Taxes, as compared with a combined net profit of \$575,305.32 for the year 1944. After crediting the profit for the year, the balance at the credit of earned surplus account at 31st December, 1945 was \$9,322,987.70.

BALANCE SHEET

Additions to the Property and Plant during the year amounted to \$198,548.74. Reserves for Depreciation total \$23,794,116.42, leaving the net value of Properties at \$23,537,636.36 as compared with \$24,994,302.33, at 31st December, 1944.

Current Assets, including Deferred Charges, total \$23,952,006.02, and Current Liabilities \$3,454,784.78. Net working Capital at 31st December, 1945, amounted to \$20,497,221.24.

Deferred Payments on properties were reduced by \$144,334.09. The balance of this account, with the exception of \$51,000.00 consists of amounts advanced by the Government for the installation of the Ore Beneficiation Plant, and is repayable over a period of nine years.

During the year, First Mortgage Bonds of Halifax Shipyards Limited, amounting to \$165,000.00 were retired, and all the outstanding 4% and 4½% First Mortgage Bonds and Debentures of The Canadian Bridge Company, Limited were redeemed and were replaced in part by an issue of \$1,500,000.00 First Mortgage Ten Year Serial Bonds bearing interest at rates varying from 2% in the first year to 3% in the tenth year.

Since the close of the year the 6¼% Cumulative Registered Income Bonds of the Corporation have been redeemed and have been replaced in part by an issue of \$4,000,000.00 First Mortgage 3½% Bonds. Of the new issue \$2,250,000.00 will mature in equal annual amounts of \$225,000.00 over the next ten years and the remaining \$1,750,000.00 will mature in 1961.

In accordance with suggestions made at the last annual meeting your Directors submit herewith on page 9, a schedule of the investments in stocks and securities of Associated and Subsidiary Companies not consolidated together with certified Balance Sheets and Profit and Loss Accounts of Nova

Scotia Steel and Coal Company, Limited, Canadian Tube & Steel Products Limited and Truscon Steel Company of Canada Limited.

The Balance Sheet of Nova Scotia Steel and Coal Company Limited includes the accounts of its subsidiaries as shown on page 16.

During the year The Eastern Car Company Limited made an issue of \$1,000,000.00 Ten Year Serial First Mortgage Bonds. Of this issue \$900,000.00 mature annually at the rate of \$100,000.00 per year with interest rates varying from $2\frac{1}{4}\%$ in the first year to 3% in the ninth year; the tenth year maturity of \$100,000.00 bearing interest at 6% was accepted at par by the public holders of the non-callable 6% Cumulative Preferred Shares in the amount of \$98,800.00. Of the remainder of the issue \$651,200.00 were delivered at par to Dominion Steel and Coal Corporation Limited in exchange for its holdings of 6% Cumulative Preferred Shares. The Balance of \$250,000.00 was used to redeem all the remaining outstanding 6% First Mortgage Bonds of The Eastern Car Company Limited and to provide additional working funds for that Company.

The Directors record with regret the death during the year of Mr. M. W. McDonald, former Secretary and Treasurer and a director of the Corporation. Mr. McDonald rendered valuable and faithful service in various capacities for a period of over 50 years.

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 to welcome back our employees who have returned from His Majesty's Forces.

On behalf of the Board of Directors.

A. CROSS,
President.

Montreal, P.Q.

March 15th, 1946.

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, 1945, 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, 1945, 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., March 11, 1946.

Dominion Steel and Coal Corporation Limited and Subsidiary Companies

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND SURPLUS ACCOUNT FOR THE YEAR ENDING DECEMBER 31, 1945

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

Combined Profits from Operations after deducting Manufacturing, Selling and Administration Expenses.....		\$ 1,932,399.73
Miscellaneous Income, including Government assistance.....		2,278,247.80
		\$ 4,210,647.53
Provision for Depreciation.....	\$ 1,847,963.96	
Provision for Income and Excess Profits Taxes.....	616,221.70	
Interest on Funded Debt.....	369,633.63	
Interest on Bank and Other Loans.....	127,615.05	
		2,961,434.34
Balance, Net Profit for the Year.....		\$ 1,249,213.19
Surplus as at December 31, 1944.....		8,073,774.51
Surplus as at December 31, 1945.....		\$ 9,322,987.70

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	14,839,370.45	
	\$ 47,331,752.78	
LESS: Reserve for Depreciation	23,794,116.42	\$ 23,537,636.36
Investments in Stocks and Securities of Subsidiary and Associated Companies not consolidated		9,207,047.28
Cash in hands of Trustees for Bondholders		126,178.68
Insurance Recoveries re Property lost by Enemy Action		1,518,638.09
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		1,771,454.05
Inventories, as certified by the Management, valued at cost or market, whichever was the lower	\$ 10,282,480.89	
Trade Accounts and Bills Receivable, less Reserve	4,611,666.13	
Other Accounts Receivable, less Reserve	704,693.91	
Investments—		
Dominion of Canada Bonds (Market Value— \$6,741,665.00)	\$ 6,640,900.00	
Others	58,711.11	
	6,699,611.11	
Cash on hand and in banks	2,823,593.77	
	\$ 25,122,045.81	
LESS: Insurance Recoveries re Property lost by Enemy Action, shown above	1,518,638.09	23,603,407.72
Balance Receivable from Nova Scotia Steel & Coal Company Limited and its Subsidiary Companies		68,244.57
DEFERRED CHARGES:		
Insurance Premiums and Other Charges paid in advance	\$ 280,353.73	
Discount and Expenses on Bonds of Subsidiary Companies	26,587.50	
	306,941.23	
		\$ 60,139,547.98

Approved on Behalf of the Board.

A. CROSS, Director

C. P. BEAUBIEN, Director

Corporation Limited Companies

AS AT DECEMBER 31, 1945

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
Redeemed on March 1, 1946, from proceeds of new issue.	
Wholly Owned Subsidiaries—	
HALIFAX SHIPYARDS LIMITED—	
4% First Mortgage Serial Bonds—payable \$165,000.00 annually August 15, 1946-1949.....	660,000.00
THE CANADIAN BRIDGE COMPANY LIMITED—	
First Mortgage Serial Bonds—payable \$150,000.00 annually October 1, 1946, to October 1, 1955, at progressive rates of interest from 2% to 3%.....	1,500,000.00
	\$ 6,568,000.00
Deferred Payments on Properties.....	1,790,857.05
Reserve for Replacement of Property lost by Enemy Action.....	1,518,638.09
Special Bank Loans for Purchases of Victory Bonds for Employees, per contra.....	1,771,454.05
Accounts Payable and Accrued Liabilities, including Provision for Taxes.....	\$ 2,334,337.17
Wages Payable.....	667,205.24
Bond Interest Accrued.....	111,483.33
	3,113,025.74
Balances Payable to Dominion Coal Company Limited and its Subsidiary Companies.....	341,759.04
Operating and Contingent Reserves.....	3,192,021.97
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.....	9,322,987.70
	41,843,792.04
	\$ 60,139,547.98

Submitted with our Report to the Shareholders dated March 11, 1946.

PRICE, WATERHOUSE & Co.

Auditors.

Dominion Steel and Coal Corporation Limited

LIST OF SUBSIDIARY COMPANIES INCLUDED IN THE CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1945

DOMINION SHIPPING COMPANY LIMITED
SYDNEY LUMBER COMPANY LIMITED
JAMES PENDER & Co. LTD.
PECK ROLLING MILLS LIMITED
HALIFAX SHIPYARDS LIMITED
SEABOARD POWER CORPORATION LIMITED
ST. LAWRENCE WIRE Co. LIMITED
SECURITY FENCE Co. LIMITED
THE CANADIAN BRIDGE COMPANY LIMITED
THE ESSEX TERMINAL RAILWAY COMPANY
CANADIAN STEEL LANDS LIMITED
THE CANADIAN STEEL & WIRE COMPANY LIMITED
CANADIAN TRANSMISSION TOWER COMPANY LIMITED
CANADIAN STEEL CORPORATION LIMITED
CANADIAN BRIDGE ENGINEERING COMPANY LIMITED
GRAHAM NAIL & WIRE PRODUCTS LIMITED
THE SARNIA FENCE COMPANY (1939) LIMITED

Dominion Steel and Coal Corporation Limited

INVESTMENTS IN STOCKS AND SECURITIES OF SUBSIDIARY AND ASSOCIATED COMPANIES NOT CONSOLIDATED

DECEMBER 31, 1945

Nova Scotia Steel and Coal Company Limited—		
*30,000 Shares of Common Stock of \$100.00 each	}	\$4,933,075.00
*\$6,917,500.10 of 6% Debentures		
The Eastern Car Company Limited—		
\$651,200.00 of First Mortgage Serial Bonds		651,200.00
Dominion Coal Company Limited—		
*480,000 Shares of Common Stock of \$25.00 each	}	853,918.81
16,048 Shares of 6% Preferred Stock of \$25.00 each		
Truscon Steel Company of Canada Limited—		
2,145 Shares of Common Stock of \$100.00 each.	}	681,091.40
714 Shares of Preferred Stock of \$100.00 each		
Canadian Tube and Steel Products Limited—		
14,988 Shares of 1st Preferred Stock of \$100.00 each	}	2,087,762.07
14,934 Shares of 2nd Preferred Stock of \$35.00 each		
63,748 Shares of Common Stock No Par Value		
Book value per Consolidated Balance Sheet of Dominion Steel and Coal Corporation Limited		\$9,207,047.28

*Total issue of these securities.

Dominion Coal Company Limited

AND SUBSIDIARY COMPANIES

DECEMBER 31, 1945

Negotiations are still proceeding with the Dominion Government in regard to the amount of the subsidy and until this matter has been finalized it is impossible to produce a Balance Sheet as at December 31, 1945.

The Subsidiary Companies of Dominion Coal Company Limited are:—

THE CUMBERLAND RAILWAY & COAL COMPANY

SYDNEY AND LOUISBURG RAILWAY COMPANY

THE DOMINION ROLLING STOCK COMPANY LIMITED

Nova Scotia Steel and Coal Company Limited

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the books and accounts of Nova Scotia Steel & Coal Company Limited and its Subsidiary Companies for the year ending December 31, 1945, and have received all the information and explanations which we have required; and we report that, in our opinion, the attached Consolidated Balance Sheet when read with the notes appearing thereon is properly drawn up so as to show a true and correct view of its affairs at that date, according to the best of our information and the explanations given to us and as shown by the books.

PRICE, WATERHOUSE & CO.,
Auditors.

MONTREAL, P.Q., March 11, 1946.

Nova Scotia Steel and Coal Company Limited and Subsidiary Companies

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND DEFICIT ACCOUNT FOR THE YEAR ENDING DECEMBER 31, 1945

Combined Profits from Operations after deducting Manufacturing, Selling and Administrative Expenses.....	\$ 478,186.18
Miscellaneous Income, including Government assistance.....	1,376,024.18
	\$ 1,854,210.36
Provision for Depreciation.....	\$ 420,405.47
Provision for Income and Excess Profits Taxes.....	807,693.31
Interest on First Mortgage Bonds.....	130,103.02
Interest on Bank and Other Loans.....	16,934.12
Expenses of Bond Issue and Premium on Bonds Redeemed.....	13,881.89
	1,389,017.81
Balance, Net Profit for the Year.....	\$ 465,192.55
DEDUCT: Dividend on Preferred Stock of The Eastern Car Company Limited.....	22,500.00
	\$ 442,692.55
Deficit, December 31, 1944.....	\$ 1,001,559.31
LESS: Adjustment of Income Tax for the year 1944.....	103,980.02
	897,579.29
Deficit as at December 31, 1945.....	\$ 454,886.74

NOTE: No interest was paid on 6% Debentures which are all held by Dominion Steel and Coal Corporation Limited.

Nova Scotia Steel and and Subsidiary

CONSOLIDATED BALANCE SHEET

ASSETS

Properties and Plant of Companies at Cost, except in the case of Nova Scotia Steel & Coal Company Limited properties which are at values determined at August 1, 1938, with subsequent changes (net).....	\$ 20,485,343.57	
LESS: Reserve for Depreciation.....	7,501,046.10	
		\$ 12,984,297.47
Cash in hands of Trustees for Bondholders.....	\$ 255,801.32	
LESS: First Mortgage 6% Bonds of The Eastern Car Company Limited called for redemption January 1, 1946.....	142,905.00	
		112,896.32
Insurance Recoveries re Property lost by Enemy Action.....		214,086.05
Employees' Victory Loan Subscriptions Receivable, secured by Dominion of Canada Bonds, which in turn have been pledged with Bank as security for Special Loan.....		673,201.11
Inventories, as certified by the Management, valued at cost or market, whichever was the lower.....	\$ 2,629,101.66	
Trade Accounts Receivable, less Reserve.....	1,653,428.46	
Other Accounts Receivable, less Reserve.....	367,286.19	
Dominion of Canada Victory Bonds (Market Value \$1,465,085.00)...	1,430,500.00	
The Eastern Car Company Limited Bonds (Since sold).....	250,000.00	
Cash in Bank, on Deposit, and on Hand.....	1,708,516.12	
		\$ 8,038,832.43
LESS: Insurance Recoveries re Property lost by Enemy Action—shown above.....	214,086.05	
		7,824,746.38
Balance Receivable in Liquidation of Current Account with: Dominion Coal Company Limited and its Subsidiary Companies.		85,840.19
Refundable Portion of Excess Profits Tax.....		145,815.29
Deferred Charges to Operations.....		183,142.39
Total Assets.....		\$ 22,224,025.20
Deficit, as per Statement attached.....	\$ 454,886.74	
LESS: Deferred Surplus, Refundable Portion of Excess Profits Tax.	145,815.29	
		309,071.45
		\$ 22,533,096.65

NOTES:

ACADIA COAL COMPANY LIMITED:

The balance receivable from Emergency Coal Production Board taken up in the accounts in an amount of \$197,592.80 is subject to re-negotiation.

THE EASTERN CAR COMPANY LIMITED:

The Company's provision of \$100,000. per annum for special depreciation—amounting to \$400,000.—has not yet been approved by the War Contracts Depreciation Board.

Approved on Behalf of the Board.

A. CROSS, Director
A. N. JONES, Director

Coal Company Limited

Companies

DECEMBER 31, 1945

LIABILITIES

Capital Stock:		
Authorized and Issued—30,000 Shares of \$100.00 each.....		\$ 3,000,000.00
(Owned by Dominion Steel and Coal Corporation Limited)		
Capital Stock of Acadia Coal Company Limited (outstanding)—		
6% Non-Cumulative Second Preferred—2 Shares of \$100.00 each..\$	200.00	
Ordinary—952 Shares of \$100.00 each.....	95,200.00	
		95,400.00
		\$ 3,095,400.00
Funded and Debenture Debt:		
First Mortgage 3½% Twenty-five Year Bonds due January 2, 1963—		
Authorized and Issued.....	\$ 4,000,000.00	
Less: Redeemed through Sinking Fund.....	862,000.00	
	\$ 3,138,000.00	
6% Debentures, payable on demand (held by Dominion Steel and Coal Corporation Limited).....	6,917,500.10	
	\$ 10,055,500.10	
The Eastern Car Company Limited—		
First Mortgage Bonds—Series A—		
Authorized.....	\$ 2,000,000.00	
Issued, in serial form Repayable \$100,000.00 annually July 1, 1946, to 1955, at progressive rates of interest from 2¼ to 6%.....	1,000,000.00	
		11,055,500.10
Reserve for Replacement of Property lost by Enemy Action.....		214,086.05
Special Bank Loan for the Purchase of Victory Bonds for Employees (per contra).....		673,201.11
Accounts Payable.....	\$ 1,027,389.34	
Taxes Payable.....	587,799.25	
Wages Payable.....	224,154.77	
Bond Interest Accrued.....	69,540.00	
		1,908,883.36
Balance Payable in Liquidation of Current Account with:		
Dominion Steel and Coal Corporation Limited and its Subsidiary Companies.....		68,244.57
Operating and Contingent Reserves.....		1,867,081.46
Capital Surplus, being the difference between the par value of the Capital Stock of Acadia Coal Company Limited as carried in the accounts of that Company and the value at which the shares were brought into the accounts of the Nova Scotia Steel & Coal Company Limited on the termination of Receivership of the latter Company in 1938.....		3,650,700.00
		\$ 22,533,096.65

Submitted with our Report to the Shareholders dated March 11, 1946.

PRICE, WATERHOUSE & Co.

Auditors.

Nova Scotia Steel and Coal Company Limited

DECEMBER 31, 1945

The Subsidiary Companies included in the Consolidated Balance Sheet at December 31, 1945,
are:—

OLD SYDNEY COLLIERIES LIMITED

TRENTON INDUSTRIES LIMITED

TRENTON STEEL WORKS LIMITED

ACADIA COAL COMPANY LIMITED

THE EASTERN CAR COMPANY LIMITED

Canadian Tube & Steel Products Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING DECEMBER 31, 1945

Profit from Operations		\$118,022.94
Deduct:		
Remuneration of Executive Officers	\$23,598.04	
Legal Fees	824.39	
Provision for Depreciation	60,000.00	
		<u>84,422.43</u>
Net Profit for the year		<u><u>\$33,600.51</u></u>

STATEMENT OF EARNED SURPLUS

Balance at December 31, 1944	\$752,692.32
Profit for the year to December 31, 1945	33,600.51
Balance at December 31, 1945	<u><u>\$786,292.83</u></u>

Canadian Tube & BALANCE SHEET

ASSETS

PROPERTIES:

Land, Buildings and Equipment as appraised by the Canadian Appraisal Company Limited as at October 30, 1937, plus subsequent additions at cost.....	\$5,942,889.23	
LESS: Reserve for Depreciation.....	<u>2,453,196.03</u>	\$3,489,693.20

EMPLOYEES' VICTORY LOAN SUBSCRIPTIONS RECEIVABLE:

Secured by Dominion of Canada Bonds, which in turn have been pledged with the Bank as security for special loan (per contra)		145,118.50
--	--	------------

CURRENT ASSETS:

Inventories as determined and certified by the Management, valued at the lower of cost or market.....	\$1,433,476.00	
Trade Accounts Receivable, less Reserve.....	83,940.15	
Other Accounts Receivable.....	1,089.65	
Investments at cost.....	1,746.50	
Cash on hand and in Banks.....	<u>9,736.49</u>	1,529,988.79

DEFERRED CHARGES.....		48,253.56
-----------------------	--	-----------

\$5,213,054.05

Approved on Behalf of the Board.

A. CROSS, Director
COLIN W. WEBSTER, Director

Steel Products Limited

DECEMBER 31, 1945

		LIABILITIES		
CAPITAL STOCK:				
7% Cumulative Preferred—				
Authorized and Issued:				
15,000 shares of \$100.00 each.....		\$1,500,000.00		
NOTE: Dividends in arrears 56 $\frac{3}{4}$ %.				
7% Non-cumulative Redeemable Second Preferred:				
Authorized and Issued—				
15,000 shares of \$35.00 each.....		525,000.00		
NOTE: Redeemable wholly or in part at any time at the option of the Directors at \$37.50 per share.				
Common:				
Authorized—119,000 shares of no par value.				
Issued —64,000 shares.....		1,600,000.00		
		<hr/>	\$3,625,000.00	
SPECIAL BANK LOAN FOR THE PURCHASE OF VICTORY BONDS FOR EMPLOYEES (per contra).....				145,118.50
CURRENT LIABILITIES:				
Bank Loan—secured under Section 88 of the Bank Act.....		\$ 280,000.00		
Accounts Payable and Accrued Liabilities.....		341,865.07		
Taxes Payable.....		13,292.35		
Wages Payable.....		21,485.30		
		<hr/>	656,642.72	
EARNED SURPLUS:				
As per statement attached.....			786,292.83	
			<hr/> <hr/>	
			\$5,213,054.05	

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of Canadian Tube & Steel Products Limited for the year ending December 31, 1945, and have obtained all the information and explanations which we have required; and we report that, in our opinion, the above Balance Sheet and relative Statement of Profit & Loss and Earned Surplus as at December 31, 1945 are properly drawn up so as to show a true and correct view of the state of the Company's affairs at that date, according to the best of our information and the explanations given to us and as shown by the books of the Company.

PRICE, WATERHOUSE & CO.,
Auditors.

MONTREAL, March 11, 1946.

Truscon Steel Company of Canada Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 1945

Profit from operations before provision for Depreciation and taxes on income.....		\$ 105,020.05
Provision for depreciation.....		12,960.61
		<hr/>
		\$ 92,059.44
Provision for taxes on income.....	\$ 42,600.00	
LESS: Refundable portion thereof.....	2,600.00	
	<hr/>	40,000.00
Net profit for the year.....		<hr/> <hr/>
		\$ 52,059.44

STATEMENT OF SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1945

Balance at credit December 31, 1944.....	\$ 278,263.82
ADD: Net profit for the year.....	52,059.44
	<hr/>
	\$ 330,323.26
DEDUCT: Dividend on 7% preference shares covering the year ended July 10, 1945..	4,998.00
	<hr/>
Balance at credit December 31, 1945.....	<hr/> <hr/>
	\$ 325,325.26

Truscon Steel Company

(Incorporated under the

BALANCE

AS AT 31st

ASSETS		
CURRENT:		
Cash on hand and in banks—		
Imprest funds.....	\$ 4,531.00	
The Canadian Bank of Commerce, current account.....	151,321.26	
	\$ 155,852.26	
Investments in Dominion of Canada bonds at par value (market value \$280,307.50).....		277,500.00
Accounts receivable—		
Trade accounts including holdbacks.....	\$ 326,837.50	
Employees' Victory Loan accounts.....	54,404.00	
	\$ 381,241.50	
LESS reserve for doubtful accounts.....	46,516.94	
	334,724.56	
Inventories as determined and certified by the management and valued at the lower of cost or market:		
Raw materials.....	\$ 146,598.81	
Goods in process.....	19,261.10	
Finished stock.....	43,104.93	
Stores.....	8,696.16	
	\$ 217,661.00	
LESS reserve for future decline in prices.....	10,076.36	
	207,584.64	
		\$ 975,661.46
PREPAID CHARGES AND OTHER ASSETS.....		7,576.57
PREPAYMENT OF INCOME AND EXCESS PROFITS TAXES.....		9,898.55
REFUNDABLE PORTION OF TAXES ON INCOME.....		61,600.00
FIXED:		
Land, buildings, plant, equipment, automobiles and dies.....	\$ 779,121.89	
LESS reserve for depreciation.....	685,349.77	
	93,772.12	
PATENTS.....		1.00
		\$1,148,509.70

Approved on Behalf of the Board.

A. CROSS, Director

C. B. LANG, Director

of Canada Limited

(Ontario Companies Act)

SHEET

DECEMBER 1945

LIABILITIES

CURRENT:

Bankers loans on bonds purchased and held on behalf of employees (secured) . . .	\$ 33,583.00
Accounts payable and accrued charges	381,901.44

\$ 415,484.44

RESERVE FOR POST-WAR CONVERSION	30,000.00
---	-----------

CAPITAL:

1,000 7% cumulative preferred shares of \$100 each authorized, whereof issued 714 shares	\$ 71,400.00
(Note: Dividends paid to 10th July, 1945)	

4,000 common shares of \$100 each authorized, whereof issued 3,063 shares	306,300.00
	<u>\$ 377,700.00</u>

SURPLUS	325,325.26	703,025.26
-------------------	------------	------------

\$1,148,509.70

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the above balance sheet of Truscon Steel Company of Canada Limited as at 31st December, 1945, but we did not make a detailed audit of the transactions for the year.

We report that in our opinion the above balance sheet is drawn up so as to exhibit a true and correct view of the state of the company's affairs as at 31st December, 1945, according to the best of our information and the explanations given us and as shown by the books.

We have received all the information and explanations we have required.

(Signed) CLARKSON, GORDON, DILWORTH & NASH,
Chartered Accountants.

TORONTO, CANADA, 8th March, 1946.

