

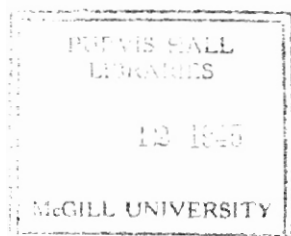
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# ALGOMA STEEL CORPORATION, LIMITED

## THIRD ANNUAL REPORT



FOR THE YEAR ENDED  
30th APRIL, 1938



# ALGOMA STEEL CORPORATION, LIMITED



## DIRECTORS

SIR JAMES DUNN, BART.	London, England
W. C. FRANZ	Sault Ste. Marie, Ontario
H. E. LANGFORD	Toronto, Ontario
JOHN A. MCPHAIL	Sault Ste. Marie, Ontario
E. G. McMILLAN	Toronto, Ontario
T. F. RAHILLY	Sault Ste. Marie, Ontario
WARD WRIGHT	Toronto, Ontario



## OFFICERS

SIR JAMES DUNN, BART.	Chairman and President
WARD WRIGHT	Vice-Chairman
W. C. FRANZ	} Vice-Presidents
JOHN A. MCPHAIL	
WARD WRIGHT	
T. F. RAHILLY	Managing Director
WILLIAM JEFFREY	Secretary
EDMUND CAREY	} Assistant Secretaries
W. R. BINCH	
E. W. SHELL	Treasurer
WILLIAM JEFFREY	} Assistant Treasurers
W. R. BINCH	
EDMUND CAREY	Comptroller
W. H. BIRKS	Assistant Comptroller
C. CLARKE WALES	Assistant General Manager
LOUIS H. DERRER	Works Manager
S. V. McLEOD	Purchasing Agent

# EXECUTIVE COMMITTEE

WARD WRIGHT . . . Chairman

JOHN A. McPHAIL . . . Vice-Chairman

W. C. FRANZ

T. F. RAHILLY



*Bankers in Canada:*  
THE ROYAL BANK OF CANADA

*Transfer Agents:*  
CHARTERED TRUST AND EXECUTOR COMPANY  
Toronto and Montreal, Canada

*Auditors:*  
BARROW, WADE, GUTHRIE & COMPANY  
Toronto and Montreal, Canada

*General Counsel:*  
WRIGHT & McMILLAN  
38 King Street West, Toronto, Canada



# PRESIDENT'S REPORT

SAULT STE. MARIE, ONTARIO  
JUNE 27TH, 1938.

*To the Shareholders*

## ALGOMA STEEL CORPORATION, LIMITED

The Directors submit herewith the audited balance sheet and profit and loss account of your Corporation for the fiscal year ended 30th April, 1938, which was the most successful year your Corporation has had since it began operations in May 1935, as is shown by the following comparative figures of profits:

YEAR ENDING APRIL 30, 1936 . . . . .	\$541,814.63
YEAR ENDING APRIL 30, 1937 . . . . .	189,922.65
YEAR ENDING APRIL 30, 1938 . . . . .	641,254.87

These results confirm the wisdom of the policies adopted of improving plant to get better costs and establishing a wider range of products to get away from dependence on railway steel which though still an important product is no longer a dominating feature of your business. In pursuance of the policy of better costs your Corporation is gradually adapting its open hearth furnaces to burn oil instead of producer gas and already costs have been considerably reduced. Contracts have been entered into for the purchase of oil at a satisfactory price and tanks are now being constructed to store winter supplies of oil.

In pursuance of the policy of diversification of products a tin plate mill is being installed which should be in operation early next year and arrangements have also been made for the installation of plant for the production of grinding balls which are used in increasing quantity in the mining industry.

These policies require the conservation of your Corporation's resources and your Directors recommend that no dividend be paid in respect of the past year but that the balance of One million, three hundred and seventy-two thousand, nine hundred and ninety-two dollars (\$1,372,992.00) be carried forward to next year.

JAMES DUNN,  
*Chairman and President.*

# ALGOMA STEEL CORPORATION, LIMITED

Balance Sheet as at 30th April, 1938

ASSETS			
CURRENT ASSETS:			
CASH .....	\$	103,390.94	
BILLS AND ACCOUNTS RECEIVABLE, less reserve . . . .		2,473,773.01	
INVENTORIES:			
Valued at the lower of cost or market:			
Raw materials, semi-finished products and supplies . . . . .	\$3,400,093.01		
Saleable Products . . . . .	728,648.36		
	\$4,128,741.37		
Rails rolled under contracts (valued at net selling prices). . . . .	1,617,517.10	5,746,258.47	\$ 8,323,422.42
ADVANCES TO SUBSIDIARY COMPANIES . . . . .			240,891.79
INVESTMENTS . . . . .			1,071,923.01
PROPERTY AND EQUIPMENT:			
Lands, Buildings, Plant and Equipment . . . . .	\$15,515,099.34		
Less: Reserve for Depreciation . . . . .	1,573,301.50	13,941,797.84	
PREPAYMENTS AND DEFERRED CHARGES . . . . .			108,527.35
			\$23,686,562.41

LIABILITIES			
CURRENT LIABILITIES:			
Bank Loan, secured (see footnote) . . . . .	\$	3,322,000.00	
Accrued Wages and Salaries . . . . .		150,144.11	
Accounts Payable:			
Sundry Creditors . . . . .	\$	463,281.70	
Subsidiary Companies . . . . .	20,487.23	483,768.93	
Notes Payable . . . . .		39,780.00	
Deposits on Contracts . . . . .		5,000.00	
Accrued Liabilities:			
Coal Duties . . . . .	\$	200,654.95	
Royalties, Commissions and Sundries . . . . .	185,099.99		
Taxes . . . . .	121,931.74	507,686.68	\$ 4,508,379.72
PROVISION FOR INCOME TAXES . . . . .			156,572.41
RESERVES:			
For Rebuilding and Relining Furnaces, etc. . . . .	\$	2,210,466.96	
For Contingencies . . . . .	254,293.95	2,464,760.91	
CAPITAL STOCK AND SURPLUS:			
5% PREFERENCE (NON-CUMULATIVE UNTIL JANUARY 1, 1940):			
Authorized—27,000 shares at \$100.00 par value			
Issued . . . . .		26,390 shares	
Less:			
Purchased and Redeemed . . . . .	2,215		
Converted into common stock . . . . .	2,160	4,375	"
Outstanding . . . . .	22,015	"	\$ 2,201,500.00
COMMON—NO PAR VALUE:			
Authorized—1,000,000 shares			
Issued — 407,540 " . . . . .		10,188,500.00	
DISTRIBUTABLE SURPLUS . . . . .		2,793,857.22	
EARNED SURPLUS:			
As at May 1st, 1937 . . . . .	\$	731,737.28	
Net Surplus for the year ended April 30th, 1938 . . . . .	641,254.87	1,372,992.15	16,556,849.37
			\$23,686,562.41
			\$23,686,562.41

NOTE: Bank loan of \$3,322,000.00 secured by the hypothecation of First Mortgage 5% Bond in the amount of \$5,000,000.00.

THE SHAREHOLDERS,  
ALGOMA STEEL CORPORATION, LIMITED,  
Sault Ste. Marie,  
Ontario, Canada.

We have examined the books and accounts of Algoma Steel Corporation, Limited for the year ended 30th April, 1938, and report that we have obtained all the information and explanations which we have required.


In our opinion, the accompanying Balance Sheet and relative Profit and Loss Account are properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at 30th April, 1938, and the result of its operations for the year ended on that date, according to the best of our information and the explanations given to us, and as shown by the books of the Corporation.

Montreal,  
June 2, 1938.

BARROW, WADE, GUTHRIE & CO.,  
Auditors.

# ALGOMA STEEL CORPORATION, LIMITED

## Profit and Loss Account For the Year Ended 30th April, 1938



SALES OF ROLLED PRODUCTS, PIG IRON, COKE AND BY-PRODUCTS—including net selling price of contract rails not yet delivered.....	\$12,942,783.52	
Less: Selling and Shipping Expenses, Royalties, etc.....	262,703.13	\$12,680,080.39
COST OF PRODUCTS SOLD.....		<u>11,281,318.15</u>
Operating Profit.....		\$ 1,398,762.24
OTHER INCOME:		
Interest Earned.....		<u>18,908.40</u>
		\$ 1,417,670.64
INTEREST ON LOANS.....		<u>101,226.51</u>
Profit before Depreciation and Income Taxes.....		\$ 1,316,444.13
DEPRECIATION: Plant and Equipment.....		<u>548,181.31</u>
		\$ 768,262.82
PROVISION FOR INCOME TAXES.....		<u>127,007.95</u>
Net addition to Surplus for year ended 30th April, 1938.....		<u>\$ 641,254.87</u>

# ALGOMA STEEL CORPORATION, LIMITED

## Wholly Owned Subsidiaries



ALGOMA ORE PROPERTIES, LIMITED (An Ontario Corporation)

ALGOMA STEEL PRODUCTS COMPANY, LIMITED (A Manitoba Corporation)

CANNELTON COAL AND COKE COMPANY (A West Virginia Corporation)

FIBORN LIMESTONE COMPANY (A Michigan Corporation)

LAKE SUPERIOR COAL COMPANY (A West Virginia Corporation)

ALGOMA TRAMWAYS, LIMITED (An Ontario Corporation)



# ALGOMA STEEL CORPORATION, LIMITED

## Sales Organization and Representatives



### *Sales Headquarters:*

723 Dominion Square Building, Montreal  
J. D. GRAY, General Sales Manager

### *District Sales Office:*

1405 Northern Ontario Building, Toronto  
REX E. NICHOLSON, District Sales Manager

### *Head of Lakes Representative:*

E. P. SERVAIS,  
463 St. Patrick Square, Port Arthur, Ont.

### *B.C. Representative:*

F. DREXEL COMPANY,  
831 Powell Street, Vancouver, B.C.

### *Sheet Piling Engineers:*

H. E. McKEEN & COMPANY,  
801 Keefer Building, Montreal, Que.