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ALGOMA STEEL CORPORATION, LIMITED

SIXTH ANNUAL REPORT



FOR THE YEAR ENDED
APRIL 30th, 1941

PRINTED BY
ALGOMA STEEL CORPORATION
ALGOMA, ONTARIO
CANADA

ALGOMA STEEL CORPORATION, LIMITED



DIRECTORS

SIR JAMES DUNN, Bart., President and Chairman Board of Directors.	- - -	Bathurst, N.B.
T. F. RAHILLY, First Vice President and General Manager.	- - -	Sault Ste. Marie, Ontario
W. C. FRANZ, Vice-President	- - - - -	Sault Ste. Marie, Ontario
JOHN A. McPHAIL, K.C., Vice-President	- - -	Sault Ste. Marie, Ontario
A. A. AITKEN	- - - - -	Montreal, Quebec
THOMAS ARNOLD	- - - - -	Montreal, Quebec
JOHN W. HOBBS	- - - - -	Toronto, Ontario
E. GORDON McMILLAN, K.C.	- - - -	Toronto, Ontario
JOSEPH SIMARD	- - - - -	Montreal, Quebec

PRESIDENT'S REPORT

Sault Ste. Marie, Ontario

July 8th, 1941

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 April 30th, 1941 during which period your Corporation's gross sales increased by \$8,850,000 (54.53%). The net addition to surplus for the year amounts to \$829,260.11 and has been added to the earned surplus which now amounts (after deduction of dividend of \$82,556.25 paid on Preferred stock during the year) to \$3,182,404.74. During the year net expenditures on property, plant and equipment were \$719,832.88 of which \$350,941.48 was provided out of Blast Furnace rebuilding and relining reserves. These additions included the completion of the Benzol Refining Plant referred to in last year's Annual Report and the rebuilding of No. 4 Blast Furnace and equipping same with modern gas cleaners. During the year your Corporation's working capital increased by \$1,501,399.80.

In conformity with the wishes of and in arrangement with His Majesty's Government at Ottawa, your Corporation is installing two new mills—a 44 inch Blooming Mill and a 25 inch Continuous Billet Mill. When these mills are in operation your Corporation's rolled steel capacity will equal its steel melting capacity of which it was formerly short by 250,000 tons a year. These new steel works will increase the annual rolled steel capacity of Canada by about 12½% and will carry your Corporation a long way on the road to further diversity of product. It is hoped the new Blooming Mill will begin to operate in February, 1942.

Your Corporation's wholly owned subsidiary Algoma Ore Properties Limited produced and shipped during the year 387,676 tons of sinter of which 233,715 tons were sold to U. S. furnaces and

153,901 tons were used in your Corporation's furnaces at Sault Ste. Marie. 450,000 tons is expected to be the production of sinter for the current season. During the year \$279,118.55 was expended on extensions and additions at the Mine and Sintering Plant and \$409,100.00 of your Corporation's loan was repaid. The Aerial Tramway as redesigned and constructed last year with the aid of the American Steel & Wire Company is working satisfactorily and the Sintering Plant is exceeding its estimated capacity of 1,500 tons daily—its production at present averaging 2,180 tons.

The directors wish to express their thanks to the officers and employees for the loyal and efficient service rendered by them during the year.

JAMES DUNN,

President and Chairman,

Board of Directors.

ALGOMA STEEL CORPORATION, LIMITED

Balance Sheet as at April 30th, 1941

ASSETS	LIABILITIES
CURRENT ASSETS:	CURRENT LIABILITIES:
Cash 106,258.53	Bank Loan, secured 1,774,000.00
Bills and Accounts Receivable	Interest on First Mortgage Bonds—Due May 1st, 1941 59,850.00
Sundry Debtors 3,289,939.46	Accrued Wages and Salaries 285,305.25
Subsidiary Companies <u>14,061.57</u> 3,304,001.03	Accounts Payable:
Inventories:	Sundry Creditors 642,169.23
As determined by the Management,	Subsidiary Companies <u>321,338.94</u> 963,508.17
valued at the lower cost or market:	Deposit on Contracts 5,000.00
Raw materials, semi-finished	Accrued Liabilities:
products and supplies 5,324,589.96	Deferred Payments on Contracts... 137,721.88
Saleable Products <u>800,100.16</u> 6,124,690.12	Coal Duties and War Exchange Tax 144,290.70
Advance Payments on Contracts <u>152,197.45</u> 9,637,147.13	Sundry 238,684.08
PLANT EXTENSION:	Provision for Income and
Cash in trust—re Deferred Liability per contra 177,241.20	Excess Profits Taxes <u>559,852.05</u> 1,080,548.71 4,168,212.13
ADVANCES TO SUBSIDIARY COMPANIES 1,423,017.62	DEFERRED LIABILITY:
INVESTMENTS:	Re Plant Extension per contra 177,241.20
Subsidiary Companies 1,062,924.01	RESERVES:
Other <u>13,201.00</u> 1,076,125.01	For Rebuilding and Relining Furnaces, etc. 2,909,339.48
PROPERTY AND EQUIPMENT:	For Contingencies <u>94,047.83</u> 3,003,387.31
Land, Buildings, Plant and Equipment 19,280,393.85	FUNDED DEBT
Less: Reserve for Depreciation <u>3,558,015.36</u> 15,722,378.49	First Mortgage Bonds—Series "A"
PREPAYMENTS AND DEFERRED CHARGES 125,934.57	Serial Bonds—1941-1944 * 800,000.00
	Convertible Bonds due 1948 <u>1,714,000.00</u> 2,514,000.00
	CAPITAL STOCK AND SURPLUS.
<u>\$ 28,211,814.02</u>	5% Cumulative Redeemable Preference Stock
	Authorized—27,000 Shares at \$100.00 par value
	Issued 26,390 Shares
	Less: Purchased and Redeemed 3,275
	Converted into Common Stock <u>2,160</u> 5,435 "
	Outstanding 20,955 " 2,095,500.00
	Common—No par value
	Authorized — 1,000,000 Shares
	Issued — 412,700 " 10,274,500.00
	Distributable Surplus 12,370,000.00
	Earned Surplus:
	As at May 1st, 1940 2,353,144.63
	Surplus for Year ended
	April 30th, 1941 <u>911,816.36</u>
	3,264,960.99
	Deduct: Dividends on
	Preference Shares <u>82,556.25</u> 3,182,404.74 18,349,003.38
	* Of this Issue \$200,000.00 matures November 1st, 1941.
	<u>\$ 28,211,844.02</u>

NOTE: By arrangement with the Dominion Government the Corporation is proceeding with a Plant Extension project.

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 April 30th, 1941, and report that we have obtained all the information and explanations which we have required.

In our opinion, subject to the adequacy of the provision for Excess Profits Tax the above 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 April 30th, 1941, and the result of its operations for the year ended that date, according to the best of our information and the explanations given to us, and as shown by the books of the Corporation.

Toronto, June 20th, 1941.

BARROW, WADE, GUTHRIE & CO.
Chartered Accountants.

ALGOMA STEEL CORPORATION, LIMITED

Profit and Loss Account For the Year Ended April 30th, 1941

SALES OF ROLLED PRODUCTS, PIG IRON, COKE AND BY-PRODUCTS, including net selling price of Contract Rails not yet delivered.....	25,117,776.33	
Less: Selling and Shipping Expenses, Royalties, etc.	<u>517,775.45</u>	24,600,000.88
COST OF PRODUCTS SOLD		<u>22,120,406.57</u>
Operating Profit		2,479,594.31
OTHER INCOME:		
Interest Earned		<u>81,713.33</u>
		2,561,307.64
INTEREST:		
On Loans	166,787.93	
On First Mortgage Bonds.....	<u>123,200.00</u>	<u>289,987.93</u>
Profit before Depreciation		2,271,319.71
DEPRECIATION:		
Plant and Equipment		<u>791,371.59</u>
NET PROFIT FOR YEAR before providing for Income and Excess Profits Taxes		1,479,948.12
PROVISION FOR INCOME AND EXCESS PROFITS TAXES		568,131.76
SURPLUS FOR YEAR ENDED APRIL 30th, 1941		<u>\$ 911,816.36</u>

ALGOMA STEEL CORPORATION, LIMITED

Wholly Owned Subsidiaries



ALGOMA ORE PROPERTIES, LIMITED (An Ontario Corporation).

ALGOMA STEEL PRODUCTS COMPANY, LIMITED (A Manitoba Corporation).

ALGOMA TRAMWAYS, LIMITED (An Ontario Corporation).

CANNELTON COAL AND COKE COMPANY, (A West Virginia Corporation).

FIBORN LIMESTONE COMPANY (A Michigan Corporation).

LAKE SUPERIOR COAL COMPANY (A West Virginia Corporation).

