

# BURLINGTON STEEL COMPANY, LIMITED

## ANNUAL REPORT OF THE BOARD OF DIRECTORS

TO THE SHAREHOLDERS:

**Y**OUR Directors present herewith a statement of the affairs and financial position of the Company for the fiscal year ended December 31, 1939.

Our business for the first half of 1939 showed a decline from the same period for 1938. An improvement occurred in July, and with the declaration of war in Europe we experienced an influx of business which permitted peak operations over the last months of the year. Tonnage shipped during 1939 exceeded that of the previous year by approximately 25%.

In spite of increased labor and material costs and higher taxes, and without compensating increases in our selling price, the improvement in volume resulted in an increase of \$20,051.74 in the year's profits over 1938.

After full depreciation and provision for all taxes, net profit for the year amounted to \$110,736.18, equal to 79 cents per share, compared with 65 cents per share in 1938. Dividends totalling \$84,000, at the regular rate of 60 cents per share, were paid from the year's earnings. Net current assets were increased \$59,628.99, and now amount to \$872,544.31.

Your plant and equipment have been maintained at the highest point of efficiency. Inventories were carried into the new year at a conservative figure.

Under present unsettled world conditions it is impossible to forecast what the new year has in store. It would appear, however, that the steel industry will be actively employed during the current year, and that this Company may look forward to obtaining its reasonable proportion of the business available. With a keen and loyal staff, and your plant in excellent physical condition, your Company faces the future ready to take advantage of every opportunity which may present itself.

Respectfully submitted on behalf of the Directors.

H. J. STAMBAUGH,  
President.

Hamilton, February 10, 1940.



# BURLINGTON STEEL COMPANY, LIMITED

## BALANCE SHEET, DECEMBER 31, 1939

ASSETS	LIABILITIES
<b>Current Assets:</b>	<b>Current Liabilities:</b>
Cash on hand and in bank..... \$ 60,223.60	Accounts payable and accrued liabilities..... \$ 171,126.56
Investments in marketable securities..... 167,230.07 (Market value \$172,065.12)	Taxes payable and accrued..... 32,700.00
Life insurance policies (cash surrender value)..... 32,300.00	Dividend payable January 2, 1940..... 21,000.00
Accounts receivable..... \$ 269,494.03	<hr/> \$ 224,826.56
Less—Reserve for doubtful accounts..... 10,000.00	<b>Reserve for Contingencies</b> ..... 10,000.00
<hr/> 259,494.03	<b>Capital and Surpluses:</b>
Stocks of raw materials and supplies, finished product and scrap, as determined and certified to by responsible officials of the company and valued on a basis which is not in excess of market or cost..... 578,123.17	Capital Stock—
<hr/> \$1,097,370.87	Authorized—200,000 shares without nominal or par value
	Issued and outstanding—140,000 shares..... \$940,000.00
	Distributable surplus..... 116,520.54 (No change during the year).
<b>Capital Assets:</b>	Profit and loss—
On basis of appraised values reported by Canadian Appraisal Company, Limited in March 1928, with subsequent additions at cost—	As per statement attached..... 367,824.43
Land..... \$ 69,255.00	<hr/> 1,424,344.97
Buildings..... \$ 351,108.79	
Equipment..... 952,370.93	
<hr/> \$1,303,479.72	
Less—Reserve for depreciation..... 810,934.06	
<hr/> 492,545.66	
<hr/> 561,800.66	
<hr/> <u>\$1,659,171.53</u>	<hr/> <u>\$1,659,171.53</u>

APPROVED ON BEHALF OF THE BOARD:

FRANK P. WOOD, Director.  
H. J. STAMBAUGH, Director.

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Burlington Steel Company, Limited as at December 31, 1939, and the statement of profit and loss for the year ending on that date. In connection therewith we examined or tested accounting records of the company and other supporting evidence and all our requirements as auditors have been complied with; we also made a general review of the accounting methods and of the operating and income accounts for the year, and the scope of our examination of the detail transactions included extensive tests thereof.

We report that, in our opinion, based upon such examination, the above balance sheet and related statement of profit and loss are properly drawn up so as to exhibit a true and correct view of the state of the company's affairs as at December 31, 1939, and the result of its operations for the year ending on that date, and are as shown by the books of the company.

Toronto, February 8, 1940.

PRICE, WATERHOUSE & CO.,  
Chartered Accountants.

# BURLINGTON STEEL COMPANY, LIMITED

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## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING DECEMBER 31, 1939

PARTICULARS	AMOUNT
Balance brought forward January 1, 1939.....	\$341,088.25
Profit from operations for the year ending December 31, 1939 before providing for depreciation and income taxes.....	\$181,238.33
Income from investments .....	\$ 5,375.00
Less—Life insurance premiums less increase in cash surrender value.....	2,248.80
	<u>3,126.20</u>
	\$184,364.53
<b>Deduct—</b>	
Provision for depreciation.....	\$ 42,000.00
Provision for Dominion and Provincial income taxes.....	31,628.35
	<u>73,628.35</u>
<b>Net profit for the year.....</b>	<u>110,736.18</u>
<b>Together.....</b>	<u>\$451,824.43</u>
<b>Deduct—</b>	
Dividends.....	84,000.00
	<u>\$367,824.43</u>