BURLINGTON STEEL COMPANY, LIMITED

ANNUAL REPORT OF THE BOARD OF DIRECTORS

TO THE SHAREHOLDERS:

The Directors present herewith a statement of the affairs and financial position of the Company for the fiscal year ended December 31, 1945.

After provision for Dominion Taxes of \$98,000, and \$42,000 for depreciation, net profits amounted to \$117,919, equal to 84 cents per share, as against 97 cents shown in the year 1944.

In addition, profit of \$12,896 on sales of Securities has been carried to Profit and Loss Account.

Dividends totalling \$84,000, at the regular rate of 60 cents per share, were paid from the year's earnings.

The Company's investments consist of \$650,000 Bonds of the Dominion of Canada, and \$15,000 Bonds of The Hydro-Electric Power Commission of Ontario.

During the year 1945, improvement of the Company's plant and equipment was commenced. The plans call for a total expenditure of approximately \$250,000, of which \$143,000 has already been expended.

Renegotiation of war contracts was effected with the Dominion Government during the year, and the Company has received a clearance to December 31, 1944.

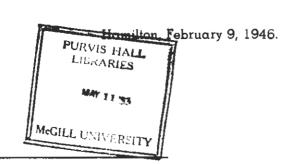
After giving effect to dividends paid, renegotiation settlement, and expenditure on capital account, net current assets are \$1,179,466, a decrease of \$114,758.

The demand for your Company's products continues on a very heavy scale, and there is every indication that your plant will be fully emplayed during the current year.

The Directors of your Company wish to express appreciation to the staff for their loyal services during the past year.

Respectfully submitted on behalf of the Directors.

H. J. STAMBAUGH,
President.



BURLINGTON STEEL COMPANY, LIMITED

BALANCE SHEET, DECEMBER 31, 1945

ASSETS Current Assets:		LIABILITIES Current Liabilities:	
Cash on hand and in bank\$	81,418.50	Accounts payable and accrued liabilities	
Investments in marketable securities	668,303.50	Purchase obligations in respect of raw materials not yet delivered 187,646.83	
Life insurance policies (cash surrender value)	55,524.00	Taxes payable and accrued	
Accounts receivable \$ 262,461.30		Dividend payable January 2, 1946	2 572 70
Less—Reserve for doubtful accounts	252,461.30	Capital and Surplus:	9,312.16
as determined and certified to by responsible officials of the company and valued on the usual basis which is not in excess of market or cost	541,331.96 \$1,599,039.26	Capital Stock— Authorized200,000 shares without nominal or par value	
Refundable portion of taxes on income	10,085.00	Issued and outstanding140,000 shares	
Capital Assets:		Distributable surplus. 116,520.54 (No change during the year).	
On basis of appraised values reported by Canadian Appraisal Company, Limited in March, 1928, with subsequent additions at cost—		Deferred surplus— Refundable portion of taxes on income	
Land\$	69,755.00	Profit and loss—	
Buildings		As per statement attached	
Equipment 1,145,082.36			0,577.53
\$1,553,959.82		APPROVED ON BEHALF OF THE BOARD:	
Less—Provision for depreciation	<u>491,271.05</u> 561,026.05	FRANK P. WOOD, Director. H. J. STAMBAUGH, Director.	
	\$2,170,150.31	\$2,170	0,150.31

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Burlington Steel Company, Limited as of December 31, 1945 and the statement of profit and loss for the year then ended. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included extensive tests of the accounting records and other supporting evidence and such other procedures as we considered necessary.

In our opinion 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 1945, and the result of its operations for the year ending on that date and are as shown by the books of the company. All our requirements as auditors have been complied with.

PRICE, WATERHOUSE & CO.,

Toronto, January 30, 1946.

Chartered Accountants.

BURLINGTON STEEL COMPANY, LIMITED

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

PARTICULARS		AMOUNT	
Profit from operations for the year before predepreciation and taxes on income	\$245,232.73		
Income from investments\$	17,594.61		
Less Life insurance premiums less increase in cash surrender value		12,686.36	
		\$257,919.09	
Provision for depreciation	42,000.00		
Provision for taxes on income	98,000.00	140,000.00	
Net profit for the year			\$117,919.09
Profit on sales of securities			12,896.30
Together			\$130,815.39
Add			
Balance brought forward January 1, 1945		\$675,568.45	
Deduct—Prior year adjustments arising principally from renegotiation of war business up to December 31, 1944		38,411.85	637,156.60
			\$767,971.99
Deduct-Dividends			84,000.00
Balance carried to balance sheet			\$683,971.99