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UNITED STEEL CORPORATION LIMITED

TWELFTH ANNUAL REPORT

FOR THE FISCAL YEAR ENDED 31st DECEMBER, 1945

To Shareholders of United Steel Corporation, Limited:

Your Directors submit herewith the Twelfth Annual Report of your Corporation for the year ended 31st December, 1945, comprising the Balance Sheet and General Statement of Income and Expenditures and Earned Surplus, duly certified by the Company's auditors.

The Net Profit for the year amounted to \$601,325.00. After provision for Income and Excess Profits Taxes, amounting to \$369,418.08, the Net Earnings for the year amount to \$274,036.29, including \$42,129.37 Refundable Portion of Excess Profits Tax. After payment of \$35,637.00 Preferred dividend, the Earnings applicable to the Common shares amount to 50.8¢ per share, this being exclusive of Earnings from our holdings in subsidiary and other companies. After deductions as set forth in the Statement, balance of Earned Surplus at the year end amounted to \$1,957,342.17. Full allowable depreciation was taken and all Plants and equipment were maintained in first-class condition.

Contracts on our books are now more than \$5,000,000.00, which provides a substantial backlog for continuing production; prospects for additional large orders are bright, including new lines of products, particularly for the Mining, Pulp, Paper, Plastics and other industries.

In our 1944 report it was stated that reconversion offered no great problems and so it has proved, inasmuch as our four united Divisions—Dodge, Mead-Morrison, Standard Steel and Farand & Delorme—have long ceased the production of munitions and war equipment and are now fully engaged in the manufacture of peacetime products. Our record of performance for the Canadian Government during the war was of high order in every way. We have acquired a substantial interest in London Steel Construction Co. Limited, London, Ontario, and F. H. Hopkins & Company, Limited, Montreal, Quebec, both favourably located, and we have thereby not only strengthened our position in the trade from a manufacturing and sales standpoint but as they are good earners, they should soon be in a position to contribute to our revenue.

We have also acquired a substantial interest in a modern iron foundry thus expanding our group of Plants and, with this economical producer of grey-iron castings, our manufacturing facilities will thereby be speeded up, greater volume attained and lower costs made possible.

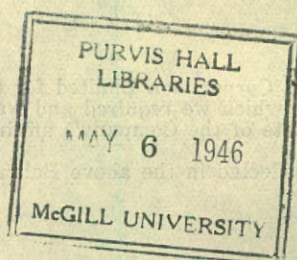
An entirely new departure will be the wide marketing of steel and alloy products from four new Warehouses, strategically located at Toronto, Welland, London and Montreal; the supplies of material will be furnished by leading Canadian and United States steel mills.

The Directors wish to express their appreciation for the loyal and efficient services rendered by the Officers, Staff and Employees of the Corporation throughout the year, especially in connection with our war effort.

On behalf of the Board,

T. J. DILLON,
President.

April 1st, 1946.



UNITED STEEL COR

BALANCE SHEET AS A

CURRENT ASSETS:

ASSETS

Cash on hand and in Bank	\$ 520,335.40
Accounts and Notes Receivable less Reserve	1,393,186.37
Due by Dominion Government	758,491.17
Inventories of Raw Materials and Supplies, Process and Finished Goods as determined and certified to by the Management and valued not higher than cost or market, whichever is the lower	1,412,580.96
Investments in Industrial Stocks (Market value \$325,215.00)	313,778.98
Dominion of Canada Bonds (Market value \$433,090.00)	428,940.68
Cash Surrender Value of Life Insurance Policies	40,037.39
	\$ 4,867,350.95

INVESTMENT IN SUBSIDIARY COMPANIES:

Common and Preferred Shares, carried at	394,030.00
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PROPERTY ACCOUNT:

Land, Buildings and Plant appraised by Canadian Appraisal Company Limited in respect of the Dodge Manufacturing Company Limited on the basis of commercial value 16th January, 1929, and in respect of the Canadian Mead-Morrison Company Limited on the basis of commercial value 31st May, 1929, and in respect of the Standard Steel Construction Company Limited and Farand & Delorme Limited on the basis of purchase 18th January, 1941, with the cost of subsequent additions	3,926,471.18
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DEFERRED CHARGES	63,743.97
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BOND DISCOUNT	48,000.00
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GOODWILL	1.00
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REFUNDABLE PORTION OF EXCESS PROFITS TAXES	415,627.66
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\$9,715,224.76

APPROVED ON BEHALF OF THE BOARD:

T. J. DILLON, Director.
A. G. HOUSE, Director.

UNITED STEEL COR STATEMENT OF INCOME AND EXP FOR THE YEAR ENDED

Profit from Operations	
Income from Investments	

Deduct: Depreciation	
Remuneration to Executive Officers and Advisers	
Bond Interest	
Directors' Fees and Expenses	

Net Profit for the year	
Provision for Income and Excess Profits Tax	
Less Refundable Portion	

Deduct: Amortization of Bond Discount	
Cost of Life Insurance	

Less Capital Gains (Net)	
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Earned Surplus for the year	
Balance of Earned Surplus brought forward	
ber, 1944 (including Refundable Portion of Excess Profits Tax)	

Deduct: Additional Income Taxes for previous year	
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Deduct: Financing Expenses, including prepayment of unamortized discount on old bonds	
Dividend Class "A" Preference Shares	

Balance of Earned Surplus 31st December, 1945	
REFUNDABLE PORTION OF EXCESS PROFITS TAXES	

AUDITOR

To the Shareholders of United Steel Corporation Limited:

We have audited the books and accounts of United Steel Corporation Limited for the year ended 31st December, 1945. We have obtained all the information and explanations which we required and we report that the same are drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the Operations of the Subsidiary Companies are not reflected in the above Balance Sheet.

Toronto, 1st April, 1946.

CORPORATION LIMITED

T 31st DECEMBER, 1945

CURRENT LIABILITIES:

LIABILITIES

Bank Loans	\$ 947,280.41
Accounts Payable and Accrued Charges	1,069,998.88
Provision for Income and Excess Profits Taxes	174,868.08
	<u>\$ 2,192,147.37</u>
RESERVES FOR DEPRECIATION	1,485,500.29

FIRST MORTGAGE SERIAL AND SINKING FUND BONDS:

3½% Serial Bonds due 1st September, 1946-55	\$ 600,000.00
4% Sinking Fund Bonds due 1st September, 1960	1,000,000.00
	<u>1,600,000.00</u>
Interest Accrued	20,333.32
	<u>1,620,333.32</u>

CAPITAL:

Class "A" Cumulative Redeemable Preference Shares			
Par Value \$25.00 each:			
Authorized 80,000 Shares, less Redeemed 11,128 Shares			
Issued and Outstanding 31st December, 1944	23,758 Shares	593,950.00	
Issued during the year	Nil		
Issued and Outstanding 31st December, 1945	23,758 Shares		593,950.00
Common Shares of No Par Value:			
Authorized 500,000 Shares			
Issued and Outstanding 31st December, 1944	469,419 Shares	1,865,931.61	
Issued during the year	5 Shares	20.00	
Issued and Outstanding 31st December, 1945	469,424 Shares		1,865,951.61
EARNED SURPLUS (including Refundable Portion of Excess Profits Taxes)			<u>1,957,342.17</u>
			<u>\$9,715,224.76</u>

CORPORATION LIMITED EXPENDITURE AND EARNED SURPLUS 31st DECEMBER, 1945

	\$ 897,300.82	
	12,949.33	
	<u>\$ 910,250.15</u>	
	\$ 182,770.74	
and Legal	66,379.99	
	50,324.42	
	9,450.00	
	<u>308,925.15</u>	
	601,325.00	
Profits Taxes	\$ 369,418.08	
	42,129.37	
	<u>327,288.71</u>	
	274,036.29	
	\$ 5,190.80	
	905.75	
	<u>6,096.55</u>	
	128.51	
	<u>5,968.04</u>	
	268,068.25	
from 31st Decem-		
of Excess Profits	\$1,788,504.47	
us years	1,470.21	
	<u>1,787,034.26</u>	
	2,055,102.51	
um on new bonds		
nds redeemed	\$ 62,123.34	
res	35,637.00	
	<u>97,760.34</u>	
ber, 1945 (including		
OFITS TAX	<u>\$1,957,342.17</u>	

REPORT

1st December, 1945.
our opinion the attached Balance Sheet and Statement of Income and Expenditure and Earned Surplus
ne best of our information and explanations given us and as shown by the books of the Company on

VIGEON & COMPANY,
Chartered Accountants.

PLANTS

TORONTO WELLAND PORT ROBINSON MONTREAL

OFFICES

TORONTO MONTREAL WINNIPEG VANCOUVER
LONDON, ENGLAND
WELLAND HAILEYBURY
KIRKLAND LAKE

CHIEF PRODUCTS

Elevator and Conveying Equipment
Power Transmission Machinery
Materials Handling Equipment
Portable Conveyors
Hydraulic Presses
Grain Elevator Equipment
Coal and Ore Handling Bridges
Structural Steel — Buildings, Bridges
Steel Plate Work and Welded Steel Products
Mine Hoists
Chain and Belt Conveyors
Contractors' Equipment
Edge Moor Water Tube Boilers
Blaw-Knox Products
Automotive Equipment
Structural Steel Head Frames
Cummer Asphalt Plants
Baldwin-Southwark Products
Jigs, Tools, Fixtures
Aircraft Components
Shipbuilding Equipment
Sewage and Sanitation Equipment