

# UNITED STEEL CORPORATION, LIMITED

## THIRD ANNUAL REPORT

FOR THE FISCAL YEAR ENDED 31st DECEMBER, 1936

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To the Shareholders of United Steel Corporation, Limited:

Your Directors submit, herewith, the Third Annual Report of your Corporation for the year ended 31st December, 1936, comprising a Consolidated Balance Sheet and a Consolidated Statement of Surplus and of Income and Expenditure, duly certified by the Company's Auditors.

The consolidated statement of income and expenditure discloses a consolidated profit from operations amounting to \$237,269.82. After the deductions, as set out in the Profit and Loss statement, the net profit from operations amounted to \$102,557.02. Your Directors, in submitting a consolidated statement of income and expenditure this year, for the first time, were influenced by the fact that your Company now holds over 95% of the issued Common shares of the Subsidiary and, further, that the operations of the two Companies are so closely interwoven.

The products which your Company manufactures have been in increased demand during the year in review, as is reflected in the increased earnings, and your Directors feel reasonably certain that the year 1937 will show further increases over the year 1936. Present bookings, in comparison with the year 1936, are being made at about double the rate this time last year.

The Current Assets of your Company amount to \$1,076,533.30 against Current Liabilities of \$157,810.01, or a ratio of almost 7 to 1.

The pulp and paper industry, which is a large buyer of your Company's products, is making considerable plant expansion; the Mining industry, which is also a large user of the Company's products, gives indication of increased development; industrial expansion is steadily increasing, requiring larger volume of heavy steel products of which your Company will receive its full share. During the year 1936, your Company developed and improved a number of products for these industries, benefits of which will accrue in the year 1937.

Your Directors have been fully alive to the opportunities offered for obtaining export business and to this end, during the latter part of 1936, an office was opened in London, England.

During the year 1936, your Company purchased, and cancelled, \$150,000 Par Value of its 6% First Mortgage Bonds and also purchased an additional \$40,000.00 Par Value First Mortgage Bonds, which it holds in its Investment Account, leaving in the hands of the public bonds in Par Value of \$109,000.00.

During the year, your Company purchased, for redemption, 11,128 Class "A" Preference shares of your Company in the Par Value of \$278,200.00, and in this connection, you are asked to ratify a by-law passed by the Directors providing for the reduction of the capital by the amount of the capital surplus resulting therefrom.

Your Directors propose declaring a semi-annual dividend of 75c per share on the Class "A" Preference shares of your Company payable May 1st, 1937, to shareholders of record April 15th, 1937.

Your Directors wish to express their appreciation of the efficient services rendered by the Officers, Staff and Employees of the Company throughout the year.

On behalf of the Board,

T. J. DILLON,  
President.

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# UNITED STEEL CORP

## CONSOLIDATED BALANCE SHEET

### ASSETS

#### PROPERTY ACCOUNT:

Land, Buildings and Plant appraised by Canadian Appraisal Company Limited in respect of the Dodge Manufacturing Company of Canada 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 on the basis of appraisal made 5th December, 1928, by the Sterling Appraisal Company with the costs of subsequent additions

\$2,269,180.53

#### CURRENT ASSETS:

Cash on hand and in Banks	\$172,808.73
Accounts Receivable, Less Reserve	201,606.81
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	559,571.33
Investments:	
Government and Industrial Bonds (Market value \$102,550.00), including \$40,000 face value of United Steel Corporation Limited First Mortgage Sinking Fund Bonds	101,750.00
Industrial Stocks—Book Value	21,862.18
Cash Surrender Value of Life Insurance Policy	18,934.25
SURPLUS VALUE IN INVESTMENT IN SUBSIDIARY OVER BOOK VALUE, BUT UNDER MARKET VALUE BY \$450,000.00	1,076,533.30
INVESTMENT OF SUBSIDIARY IN SIMILAR COMPANY	305,962.49
EXPENDITURE ON ACCOUNT OF FUTURE BUSINESS, ENGINEERING AND CATALOGUES	65,000.00
LEGAL AND OTHER EXPENSES relative to the issue of Twenty Year First Mortgage 6% Sinking Fund Bonds due in 1954	10,165.46
DEFERRED CHARGES: Prepaid Insurance, Taxes, Royalties, etc.	3,000.00
ORGANIZATION EXPENSES	8,901.99
CASH IN HANDS OF TRUSTEE for 1st Mortgage Bond retirement	19,610.20
GOODWILL	560.73
	1.00

#### APPROVED ON BEHALF OF THE BOARD:

\$3,758,915.70

SALTER A. HAYDEN, Director.  
F. CONWAY, Director.

### UNITED STEEL CORPORATION STANDARD STEEL CONSTR

#### CONSOLIDATED GENERAL STATEMENT AND EARNED SURPLUS FOR THE

Profit from Operations	
Income from Investments	
Deduct: Bond Interest	
Remuneration to Executive Of	
Advisers	
Directors' Fees	
Expenditure on account of future	
Provision for Governmental Taxe	
Depreciation	

Balance of Earned Surplus for the year	
Adjustment of Taxes for prior years	
Loss on Sale of Securities, etc.	
Life Insurance, Less adjustment Cash Sur	
Preferred Dividends	

Balance of Consolidated Earned Surplus, 3

Balance of Consolidated Earned Surplus, 3

### AUDITORS

To the Shareholders, United Steel Corporation Limited:

We have audited the accounts of "United Steel Corporation Limited" for the year ended 31st

We have received a Balance Sheet of "Standard Steel Construction Company Limited" as of Liabilities of that Company as shown by such Balance Sheet have been included in the attached C

During the year 11,128 Class "A" Redeemable Preference Shares were purchased for redemptio is being made.

Subject to the foregoing we obtained all the information and explanations which we required as to exhibit a true and correct view of the company's affairs according to the best of our informati

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Toronto, 6th March, 1937.

# PORATION, LIMITED

AT AS AT 31st DECEMBER, 1936

## LIABILITIES

### CAPITAL:

Class "A" Redeemable Preference Shares, Par Value \$25.00 each:			
Authorized 80,000 shares.			
Issued and Outstanding 1st Jan., 1936	32,976 shares	\$824,400.00	
Issued during year	127 shares	3,175.00	
Less: Purchased for redemption	33,103 shares	\$827,575.00	
	11,128 shares	278,200.00	
Issued and Outstanding 31st Dec., 1936	21,975 shares		\$ 549,375.00
Class "B" Redeemable Preference Shares of no par value:			
Authorized 5,000 shares.			
Issued and Outstanding 1st Jan., 1936	2,500 shares	\$235,000.00	
Issued during year	2,500 shares	235,000.00	
Converted into Common No Par Value Shares	5,000 shares	\$470,000.00	
	2,500 shares	235,000.00	
Issued and Outstanding 31st Dec., 1936	2,500 shares	\$235,000.00	
Set Aside as distributable Surplus		58,750.00	
Common Shares of No Par Value:			
Authorized 500,000 shares.			
Issued and Outstanding 1st Jan., 1936	285,607 shares		
Issued during year	88,774 shares		
Issued and Outstanding 31st Dec., 1936	374,381 shares for		1,663,186.61
SHARES OF SUBSIDIARY IN HANDS OF PUBLIC:			
9,790 shares Class "A" Redeemable Preference of No Par Value		\$411,180.00	\$2,388,811.61
Dividends in Arrears \$51,397.50.			
7,829 shares Common No Par Value		10,757.39	
CAPITAL SURPLUS resulting from Purchase for redemption of Class "A" Preference Shares			421,937.39
SURPLUS ACCOUNT:			139,100.00
Distributable Surplus	\$ 58,750.00		
Earned Surplus	92,957.52		
RESERVE FOR DEPRECIATION			151,707.52
TWENTY YEAR 6% FIRST MORTGAGE SINKING FUND BONDS DUE 1st JANUARY, 1954:			350,549.17
Authorized	\$300,000.00		
Outstanding, 1st January, 1936	\$299,000.00		
Retired during year	150,000.00		
CURRENT LIABILITIES:			149,000.00
Accounts Payable	\$113,877.96		
Accrued Wages, etc.	2,568.23		
Bond Interest Accrued	4,470.00		
Provision for Taxes payable in 1937	22,208.82		
Dividend declared payable 2nd January, 1937	14,685.00		
			157,810.01
			\$3,758,915.70

## LIMITED AND ITS SUBSIDIARY CTION COMPANY LIMITED

### NT OF INCOME AND EXPENDITURE YEAR ENDED 31st DECEMBER, 1936

	\$234,185.68	
	3,084.14	
		\$237,269.82
ers and Legal	\$ 15,259.29	
21,153.42		
620.00		
5,000.00		
22,200.00		
70,480.09		
	134,712.80	
	\$102,557.02	
\$ 1,184.13		
566.00		
ender Value	1,304.57	
	58,740.00	
	61,794.70	
st December, 1935	\$40,762.32	
	52,195.20	
st December, 1936		\$ 92,957.52

## REPORT

December, 1936.

st December, 1936, audited by C. S. Scott and Co., Chartered Accountants, and the Assets and Consolidated Balance Sheet.

and an application for reduction of Capital to the extent of the Capital Surplus resulting therefrom

and we report that in our opinion the attached Consolidated Balance Sheet is properly drawn up so and explanations given us and as shown by the books of the Company on 31st December, 1936.

NY,  
ered Accountants.

**PLANTS**

TORONTO      WELLAND      PORT ROBINSON      MONTREAL

**OFFICES**

TORONTO      MONTREAL      WINNIPEG      VANCOUVER  
LONDON, ENGLAND

**CHIEF PRODUCTS**

Power Transmission Machinery  
Elevating and Conveying Equipment  
Materials Handling Apparatus  
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