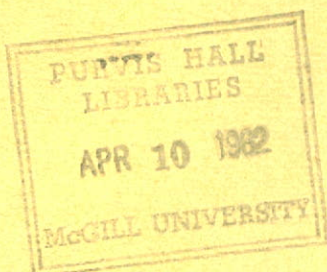


19 file

UNITED STEEL CORPORATION LIMITED

27TH ANNUAL REPORT 1960



United Steel Corporation Limited

GENERAL OFFICES: TORONTO, CANADA.

Directors

T. J. DILLON, Chairman of the Board, United Steel Corporation Limited, New York.
A. G. HOUSE, President, United Steel Corporation Limited, Toronto, Ontario.
HON. SALTER A. HAYDEN, Q.C., Sr. Partner, McCarthy and McCarthy, Toronto, Ontario.
G. R. GARDINER, Investment Dealer, Toronto, Ontario.
R. T. NORTHCOTE, Industrialist, Welland, Ontario.
BRIG. R. A. MACFARLANE, President, Canadian Hair Cloth Limited, Toronto, Ontario.
E. E. H. WRIGHT, Chairman of the Board, Welland Vale Manufacturing Company, St. Catharines, Ontario.
FRANK SOBEY, President, Sobeys Stores Limited, Stellarton, Nova Scotia.
G. F. HAYDEN, Barrister, Toronto, Ontario.
A. JOEDICKE, Vice-President, Structural Steel Operations, London, Ontario.
R. O. PENNINGTON, Executive, Toronto, Ontario.

Officers

T. J. DILLON, Chairman.
A. G. HOUSE, President and Treasurer.
HON. SALTER A. HAYDEN, Q.C., Vice-President and Secretary.
W. T. E. SMITH, Vice-President.
A. JOEDICKE, Vice-President.
E. H. BEAUCHAMP, Vice-President.
E. L. SMITH, Assistant Secretary.
R. J. WEIR, Assistant Treasurer.

Solicitors

MCCARTHY AND MCCARTHY, Toronto, Ontario.

Bankers

THE BANK OF NOVA SCOTIA

Auditors

VIGEON & COMPANY, Toronto, Ontario.

Transfer Agents

THE ROYAL TRUST COMPANY, Winnipeg, Manitoba; Toronto, Ontario.
THE EASTERN TRUST COMPANY, Montreal, Quebec.

Pres. United Steel Corp. Apr. 10/62



To the shareholders of United Steel Corporation Limited

On behalf of the Board I submit herewith the Twenty-Seventh Annual Report of your Corporation for the year ended December 31st, 1960, comprising the Consolidated Balance Sheet and Consolidated Statements of Income and Expenditures and the Earned Surplus, duly certified by the Shareholders' Auditors.

1960 was a year characterized by low business levels in many of the fields from which your Corporation ordinarily derives a substantial portion of its business. This was reflected particularly in a marked curtailment of capital spending for new plant facilities and equipment, both by industry and by several levels of Government.

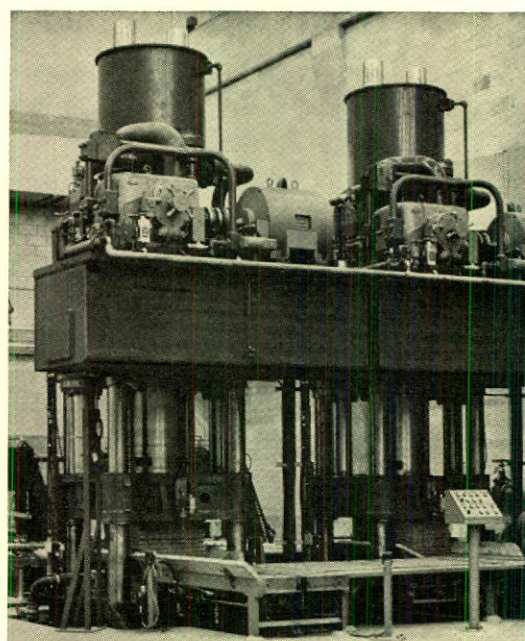
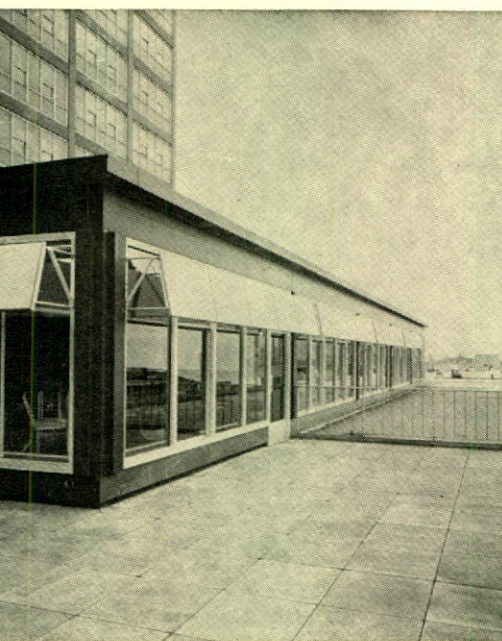
Increased industrial activity predicted at the beginning of 1960 failed to materialize, and capital expenditures fell short of forecasts. Two of the contributing factors may be considered as excessive production capacity for today's market and a reluctance on the part of the purchasers to invest in new equipment.

Coupled with this depressed condition, we have experienced greatly increased competition in many of our product lines as new competitors, both domestic and foreign, have entered our traditional markets.

In 1960 your company suffered a net loss of \$334,992.00, after giving effect to an estimated tax recovery of \$243,156.00, making a total loss of \$577,802.00. This compares to a profit in the year 1959 of \$539,990.00, before taxation, and represents a net loss of 58 cents per share.

This loss for the year 1960 is substantially greater than what was projected as of November 30, 1960, but confronted with the depressed market condition and keener competition, a study of our inventory position was necessary to insure customer acceptance for the future. This resulted in a fairly heavy reduction in the

*Long span truss for bridge over
Hoggs Hollow at Highway 401,
Toronto.*



dollar value of inventories—the benefit of which could be felt in future years.

With curtailed customers' spending for inventories, heavier demands have been made on your company's inventories of standard merchandise lines. Dealers were, during the year, leaning on this Corporation's inventory to a greater extent instead of maintaining, as in normal times, their own inventory. This was particularly noticeable in the Dodge Manufacturing Division and has resulted in higher operating costs.

The Structural Divisions, namely, Standard Steel Construction Co. and London Steel Construction Co. Ltd., as well as Toronto Foundry Company, Ltd., all recorded higher sales than in the previous year. Despite this increase, adverse market conditions cut profit margins to the minimum. Corporate-wise sales were less than 1 per cent below the 1959 level.

The newest member of the United Steel family, the Steel Strapping Division, went into operation, and customer acceptance of this product has been most encouraging.

The offer of Bridge and Tank Company of Canada Limited, to acquire, from the holders thereof, all the outstanding common shares of the Capital Stock of United Steel Corporation, Limited, was withdrawn when the terms of the offer were not met.

At this point the year 1961 does not promise any great improvement and persistent and constructive effort will be required in order that sales may be maintained and increased, and costs controlled.

We have the advantage of wide experience and diversification of products and the facilities to produce at the lowest costs and the highest quality. With any improvement in the economic conditions, 1961 can become a good year.

This report is submitted on behalf of the Board of Directors and Executives of the company.

Cordially,

A. G. HOUSE,
President

*Top: Giant ore unloading
bridge at Steel Company of
Canada, Hamilton Plant.*

*Left: Ornamental handrail and
aluminum sunshade by
Gilbert Bros., subsidiary, for
new William Lyon Mackenzie
Building, Toronto.*

*Centre: Structural steel for
bridge near Toronto.*

*Right: Two pulp baling presses
for Celgar Ltd.'s new plant
at Castlegar, B.C.*

UNITED STEEL CORPORATION LIMITED

Consolidated comparative balance

ASSETS	1960	1959
CURRENT ASSETS:		
Cash on hand and in bank	\$ 370,930.33	\$ 223,809.38
Accounts and notes receivable	3,399,444.01	4,362,167.81
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	6,297,592.72	6,864,929.98
Investments in industrial stocks (market value \$29,540.00)	45,400.00	45,400.00
Cash surrender value of life insurance policies	69,157.75	67,512.25
Estimated refund of income taxes	82,343.67	—
Total current assets	<u>\$10,264,868.48</u>	<u>\$11,563,819.42</u>
PROPERTY ACCOUNT:		
Land, buildings and equipment (see note)	\$10,821,106.47	\$10,305,101.62
Less accumulated depreciation	4,375,558.57	4,240,319.40
	<u>\$ 6,445,547.90</u>	<u>\$ 6,064,782.22</u>
DEFERRED CHARGES:		
Prepaid insurance and other expenses	\$ 199,702.40	\$ 119,325.66
GOODWILL	1.00	1.00
	<u>\$ 199,703.40</u>	<u>\$ 119,326.66</u>
	<u>\$16,910,119.78</u>	<u>\$17,747,928.30</u>

The note which is entered overleaf above the Auditors' Report forms an integral part

AND ITS WHOLLY OWNED SUBSIDIARIES

sheet as at 31st December 1960

LIABILITIES	1960	1959
CURRENT LIABILITIES:		
Bank loans	\$ 3,205,000.00	\$ 2,870,000.00
Accounts payable and accrued charges	1,430,794.96	1,763,503.83
Provision for Federal and Provincial income taxes	—	200,117.92
Total Current Liabilities	<u>\$ 4,635,794.96</u>	<u>\$ 4,833,621.75</u>
First Mortgage Serial and Sinking Fund Bonds, Series "A":		
3½% Serial Bonds due 1st May 1961-65	\$ 250,000.00	\$ 300,000.00
4% Sinking Fund Bonds due 1st May 1975	1,850,000.00	1,850,000.00
	<u>2,100,000.00</u>	<u>2,150,000.00</u>
Interest accrued	13,798.34	14,083.34
	<u>\$ 2,113,798.34</u>	<u>\$ 2,164,083.34</u>
CAPITAL:		
6% Class "A" Cumulative redeemable preference shares, par value \$25.00 each:		
Authorized 45,114 shares		
Issued and outstanding, no shares	—	—
Common Shares of no par value,		
Authorized 750,000 shares		
Issued and outstanding 575,430 shares	\$ 3,031,406.61	\$ 3,031,406.61
CAPITAL SURPLUS	1,706,373.72	1,706,373.72
EARNED SURPLUS	5,422,746.15	6,012,442.88
	<u>\$10,160,526.48</u>	<u>\$10,750,223.21</u>
	<u>\$16,910,119.78</u>	<u>\$17,747,928.30</u>

Approved on behalf of the Board of Directors
A. G. HOUSE
SALTER A. HAYDEN

of the above Consolidated Balance Sheet and should be read in conjunction therewith.

UNITED STEEL CORPORATION LIMITED

Consolidated comparative statement of income and expenditure

For the year ended 31st December 1960

	1960	1959
Profit from operations	*\$ 243,990.42	\$ 950,102.39
Revenue from investments	1,047.20	1,022.20
	<u>*\$ 242,943.22</u>	<u>\$ 951,124.59</u>
Deduct:		
Depreciation	\$ 157,570.17	\$ 238,840.86
Remuneration of Executive Officers and Legal Advisers	80,764.00	79,060.03
Bond interest	83,625.00	85,083.34
Directors' fees and expenses	12,900.00	8,150.00
	<u>†\$ 334,859.17</u>	<u>\$ 411,134.23</u>
Net profit for the year	*\$ 577,802.39	\$ 539,990.36
Provision for taxes	—	222,740.83
Estimated taxes recoverable	243,156.74	—
	<u>*\$ 334,645.65</u>	<u>\$ 317,249.53</u>
Deduct:		
Cost of life insurance	† 346.75	622.00
Net Income for the year transferred to Earned Surplus	<u>*\$ 334,992.40</u>	<u>\$ 316,627.53</u>

*Loss

†Add

Consolidated statement of earned surplus

For the year ended 31st December 1960

Balance at 31st December 1959	\$ 6,012,442.88
Deduct: Payments to Employees' Pension Fund	115,000.00
	<u>5,897,442.88</u>
Overestimate of taxes recoverable in previous years	139,704.33
	<u>5,757,738.55</u>
Net income for year as per Statement of Income and Expenditure	* 334,992.40
Balance as per Balance Sheet	<u>\$ 5,422,746.15</u>

*Loss

NOTE RE PROPERTY ACCOUNT:

The Land and Buildings of the Parent Company are valued as appraised by Shorthill & Hodgkins Limited on the basis of commercial value 30th September 1958; Parent Corporation's equipment at Port Robinson and Montreal at cost; Land, Buildings and Equipment of London Steel Construction Co. Limited, London, Ontario, and Equipment of the Parent Corporation at Toronto and Welland as appraised by Canadian Appraisal Company Limited on the basis of commercial value 31st December 1947, 16th January 1929 and 31st May 1929 respectively; Land, Buildings and Equipment of Toronto Foundry Company Limited, Gilbert Bros. Limited and United Steel Sales Limited, at cost; all with subsequent additions at cost.

AUDITOR'S REPORT

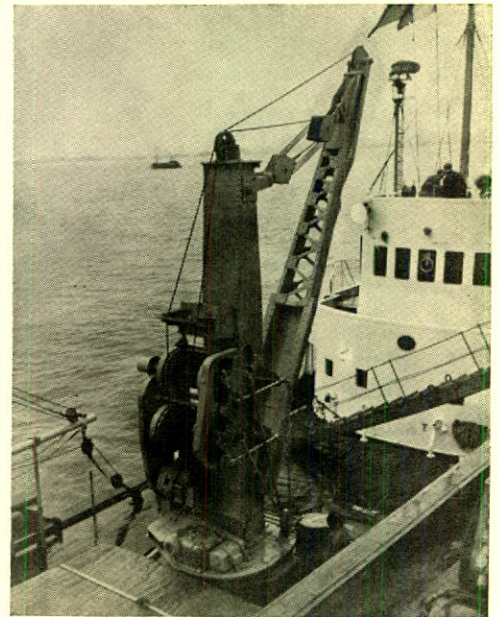
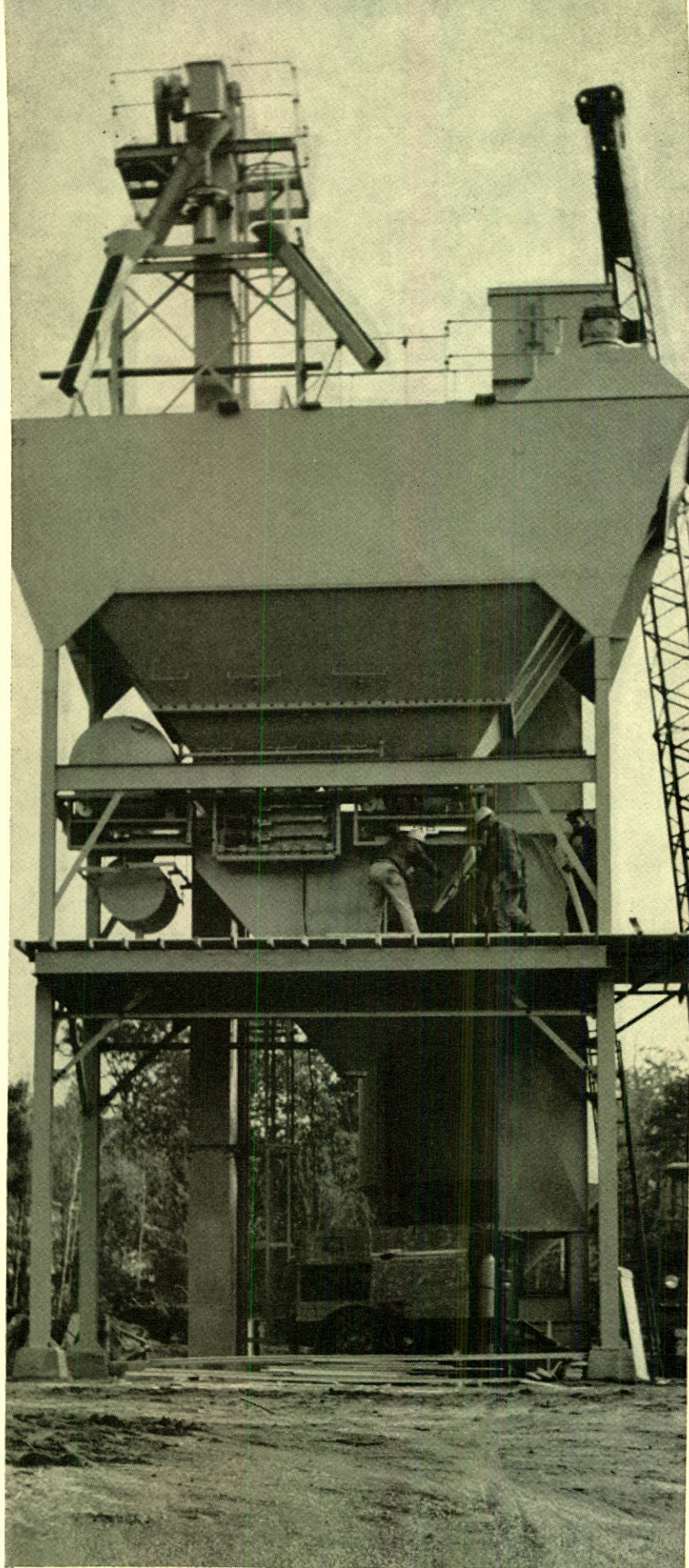
TO THE SHAREHOLDERS, UNITED STEEL CORPORATION LIMITED

We have examined the consolidated balance sheet of United Steel Corporation Limited and its wholly owned subsidiaries as at 31st December 1960, and the consolidated statements of income and expenditure and of earned surplus for the year ended on that date, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

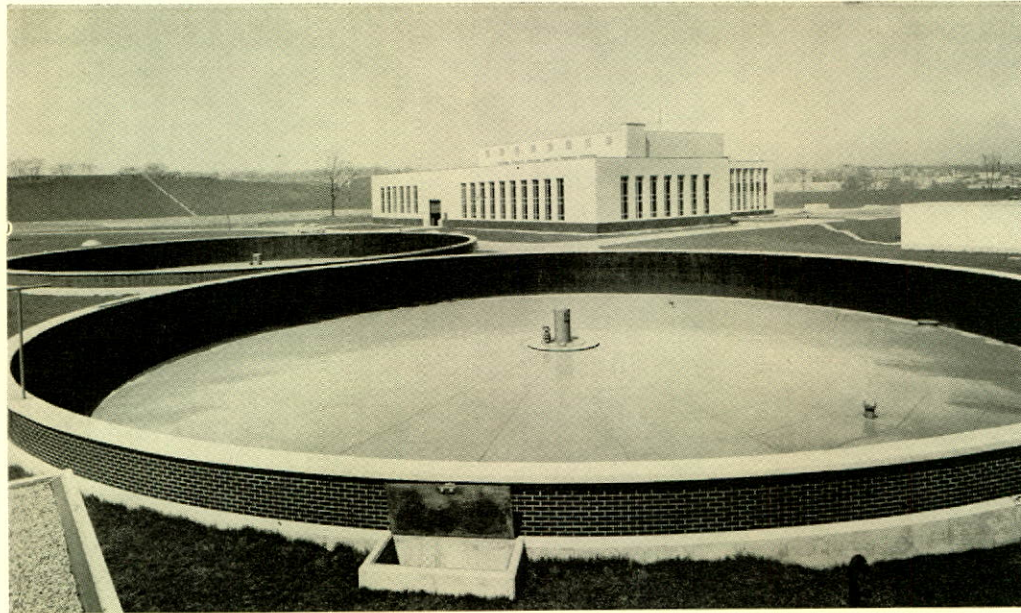
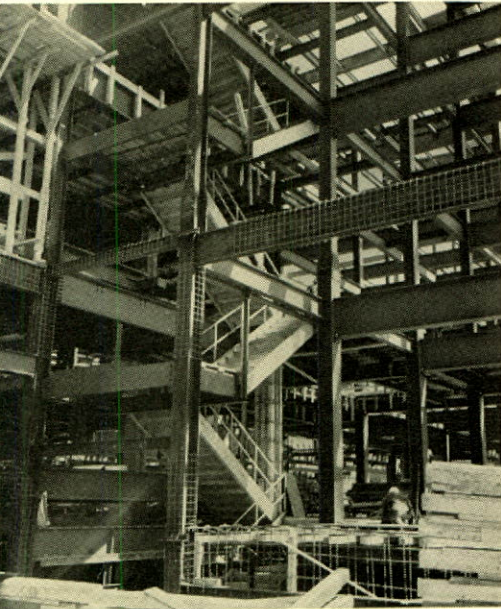
In our opinion the accompanying consolidated balance sheet and consolidated statements of income and expenditure and of earned surplus are properly drawn up so as to exhibit a true and correct view of the state of affairs of the Corporation as at 31st December 1960, and the results of its operations for the year ended on 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, Ontario, 11th April 1961

VIGEON & COMPANY
Chartered Accountants.



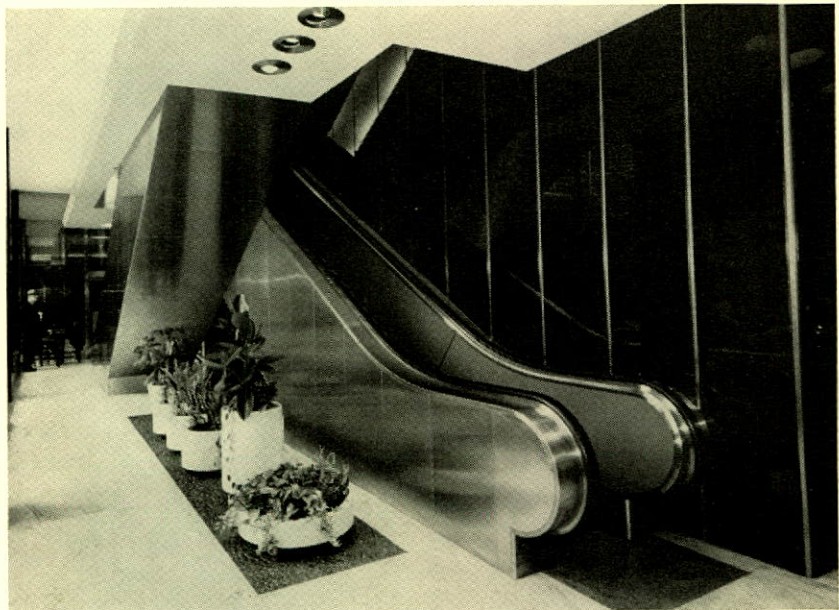
United Steel—where versatility finds a common denominator in quality



Above: Steel stairs for new University of Toronto Engineering Building supplied by Gilbert Bros. Ltd.

Above Right: 110' dia. gas holder covers for sewage digester tanks at new Humber Sewage Treatment Plant, Toronto.

Right: Stainless Steel facing for escalators in new William Lyon Mackenzie Building.



◀ *Extreme Left: Concrete batching plant at Parry Sound supplied to Champlain Ready-Mix.*

Left: Post crane for handling navigational aids for Canadian Dept. of Transport vessel.

United Steel Corporation Limited

Head office

58 Pelham Ave., Toronto, Ontario

Subsidiaries and plants

Canadian Mead-Morrison Division, Welland, Ont.
Dodge Manufacturing Division, Toronto, Ont.
Farand and Delorme Division, Montreal, Que.
Gilbert Bros. Limited, Toronto, Ont.
London Steel Construction Co. Ltd., London, Ont.
Standard Steel Construction Division, Port Robinson, Ont.
Toronto Foundry Company Limited, Toronto, Ont.
United Aluminum Sales Limited, Toronto, Ont.
United Steel Sales Limited, Galt and Toronto, Ont.
United Steel Strapping Limited, Toronto and Montreal

Offices

Toronto, Montreal, Welland,
Port Robinson, London, Galt,
Sudbury, Kirkland Lake,
Quebec City, Thetford Mines.

Products and services

Materials Handling Equipment
Power Transmission Equipment
Steel Fabrication
Contractors' Equipment
Hydraulic Equipment
Sanitation Equipment
Coal and Ore Bridges
Special Industrial Equipment
Steel and Aluminum Warehousing
Mining Machinery
Steel Strapping

