

Twenty-Third
Annual Report

JUNE 30, 1943

NATIONAL STEEL CAR
CORPORATION, LIMITED

HAMILTON - ONTARIO - CANADA

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Twenty-Third
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NATIONAL STEEL CAR
CORPORATION, LIMITED

HAMILTON - ONTARIO - CANADA

NATIONAL STEEL CAR CORPORATION, LIMITED

BOARD OF DIRECTORS

HUGH N. BAIRD	- - -	Chairman
ROBERT S. HART		GLYN OSLER, K.C.
RUSSELL D. BELL		LEO C. McCLOSKEY
A. VAN HASSEL		LOUIS L. LANG

OFFICERS

HUGH N. BAIRD	- - - - -	Chairman
ROBERT S. HART	- - - - -	President
A. VAN HASSEL	- - - - -	Vice-President
O. H. ANDERSON	- - - - -	Vice-President
GLYN OSLER, K.C.	- - - - -	Executive Director
CHARLES W. ADAM	- - - - -	Secretary-Treasurer

BANKERS

THE CANADIAN BANK OF COMMERCE
BARCLAY'S BANK LIMITED

SOLICITORS

BLAKE, ANGLIN, OSLER & CASSELS - Toronto, Ontario, Canada

HEAD OFFICE

HAMILTON - ONTARIO - CANADA

EXECUTIVE AND SALES OFFICE

437 ST. JAMES ST., MONTREAL, QUEBEC

NATIONAL STEEL CAR CORPORATION, LIMITED

To the Shareholders:

Your Directors submit herewith Balance Sheet as at June 30th, 1943, and statements of Profit and Loss and Surpluses for the year ended on that date.

Net operating profit for the year after depreciation and all expenses amounted to \$2,465,282.13, as against \$1,957,688.71 last year. After deduction of income and excess profit tax, the remaining profits for the year were \$818,973.31, as against \$1,182,688.71 last year.

By reference to the balance sheet it will be seen that the company's current assets at June 30, 1943, amounted to \$9,511,434.81 and that the current liabilities amounted to \$2,377,869.52, leaving net current assets or working capital of \$7,133,565.29; this amount compares with net working capital of \$3,366,864.83 at June 30, 1942, an increase of \$3,766,700.46. This improvement in the company's working capital is due largely to the realization of the company's investments in the aircraft industry, including the property at Malton which was taken over by the government on November 5, 1942.

The additions to the Malton plant which were under construction at the end of our last fiscal year had been substantially completed, entirely at your Company's own expense when the Plant was expropriated. The compensation was subsequently agreed and paid. The settlement effected provided for recovery of the total investment with a moderate return thereon.

For your information a copy of the statement on the subject made by your Directors at the time is accompanying this report.

Your property at Hamilton has been fully maintained and is being economically and efficiently operated.

Mr. Louis L. Lang, of Kitchener, Ontario, President of The Lang Tanning Company, Limited, was elected to the Board on September 24th, 1942, to fill the vacancy caused by the death of the late Mr. F. E. Meredith, K.C.

Your Directors share with me in extending to our organization sincere thanks and appreciation for their splendid collective effort, thus enabling your Company to make an excellent diversified manufacturing contribution to the war effort. Your employees have also subscribed handsomely to various Victory Loan issues for which they deserve great credit.

Respectfully submitted on behalf of the Directors,

H. N. BAIRD,
Chairman.

September 9th, 1943.

NATIONAL STEEL CAR

BALANCE SHEET

ASSETS

CURRENT ASSETS:

Cash on hand and in bank	\$ 1,257,016.67	
Investment in Dominion of Canada bonds at cost and accrued interest (Market value \$5,088,618.58)	5,095,976.33	
Accounts receivable	1,378,785.86	
Inventories of raw materials, supplies, work in process and finished stock, determined from the records in accordance with the Company's usual procedure, valued at the lower of cost or market, as certified to by responsible officials.....	\$ 2,138,655.95	
Less—Advances on contracts	359,000.00	
	<hr/>	1,779,655.95
TOTAL CURRENT ASSETS		\$ 9,511,434.81

REFUNDABLE PORTION OF EXCESS PROFITS TAX	220,000.00
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DEFERRED CHARGES:

Prepaid insurance, taxes, etc.	57,565.78
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PATENTS AND GOODWILL	1.00
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FIXED ASSETS:

Land	\$ 438,319.28	
Buildings, machinery and equipment	7,889,782.73	
	<hr/>	8,328,102.01

NOTE: The fixed assets are valued on the basis of the book value of the predecessor company, from whom they were acquired in December, 1919, plus subsequent additions at cost.

\$18,117,103.60

APPROVED ON BEHALF OF THE BOARD:

GLYN OSLER, Director.

L. C. McCLOSKEY, Director.

We have made an examination of the books and records of the company for the year ending on that date. In this connection required; we made a general review of the accounts and financial statements. Subject to the final determination by the governing body, we report that, in our opinion based upon such examination, the accounts and financial statements present a true and correct view of the state of affairs of the company at the date of the balance sheet, and the explanations given to us are satisfactory.

CORPORATION, LIMITED

, JUNE 30, 1943

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	\$ 934,329.88
Accrued wages, etc.	107,716.67
Reserve for taxes and contingencies (after deducting payments of \$944,098.04 on account of income and excess profits taxes)	1,160,322.97
Dividend payable, July 15, 1943	175,500.00

TOTAL CURRENT LIABILITIES \$ 2,377,869.52

RESERVE FOR DEPRECIATION OF BUILDINGS, MACHINERY AND EQUIPMENT

5,629,708.75

CAPITAL AND SURPLUS:

Capital Stock—

Authorized—

250,000 shares without nominal or par value

Issued for cash—

175,500 shares without nominal or par value..... \$ 5,092,500.00

Surpluses, as per statement attached 4,797,025.33

\$ 9,889,525.33

DEFERRED SURPLUS:

Refundable portion of excess profits tax 220,000.00

TOTAL CAPITAL AND SURPLUS, represented by 175,500 shares without nominal or par value

10,109,525.33

\$18,117,103.60

AUDITORS' REPORT TO THE SHAREHOLDERS

sheet of National Steel Car Corporation Limited as at June 30, 1943, and of the statements of profit and loss and surpluses for examined or tested accounting records and other supporting evidence and obtained all the information and explanations which we methods and of the operating and income accounts for the year but our audit of the detail transactions was confined to tests thereof. taxing authorities of the amount of the income and excess profits taxes, the reserve for which, however, we believe to be sufficient, ation, the above balance sheet and related statements of profit and loss and surpluses are properly drawn up so as to exhibit a true as at June 30, 1943, and the results of the company's operations for the year ending on that date according to the best of our shown by the books of the company.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.
Toronto, Ontario, August 27, 1943.

NATIONAL STEEL CAR CORPORATION, LIMITED

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING JUNE 30, 1943

PARTICULARS	AMOUNT
Operating profit for the year ending June 30, 1943, before providing for depreciation, income and excess profits taxes, etc.	\$ 3,425,821.17
Deduct—	
Executive officers' salaries	\$ 71,993.05
Directors' fees	10,761.96
Legal fees	15,499.61
	<hr/> 98,254.62
	\$ 3,327,566.55
Add—Income from investments	69,761.78
	<hr/>
Operating Profit for the year before providing for depreciation, income and excess profits taxes	\$ 3,397,328.33
Deduct—	
Provision for depreciation of buildings, plant and machinery.....	\$ 854,731.36
Provision for amortization of special equipment	77,314.84
	<hr/> 932,046.20
	<hr/>
Operating Profit for the year before providing for income and excess profits taxes	\$ 2,465,282.13
Deduct—Provision for Dominion income and excess profits taxes for the year ending June 30, 1943	1,646,308.82
	<hr/>
NET PROFIT FROM OPERATIONS FOR THE YEAR.....	<hr/> \$ 818,973.31 <hr/>

NATIONAL STEEL CAR CORPORATION, LIMITED

STATEMENT OF SURPLUSES FOR THE YEAR ENDING JUNE 30, 1943

PARTICULARS	AMOUNT
Balance at credit of Earned Surplus, June 30, 1942.....	\$ 4,032,482.05
Add—	
Net profit from operations for the year ending June 30, 1943.....	\$ 818,973.31
Other credits net (Capital Surplus) less provision for contingencies, including additional income and excess profits taxes arising chiefly from revision of provisions for depreciation in prior periods	559,819.07
	<u>1,378,793.28</u>
	\$ 5,411,275.33
Deduct—Dividends declared during the year	614,250.00
Balance at credit of Surpluses, June 30, 1943	<u>\$ 4,797,025.33</u>

Canadian war production has attracted the admiration of many of the leaders of Allied countries. The contribution of National Steel Car Corporation, Limited is mainly represented by important lines, such as:

● Railway Passenger and Freight Equipment.

Shell and Forgings of various sizes.

Anti-Aircraft Gun Mount Platforms and Legs, and
Miscellaneous Pressings.

Steel Cargo Bodies for Army Trucks.

Steel Stampings and Pressings for Army Universal
Carriers.

Miscellaneous Pressings for 6 Pdr. Guns.

Miscellaneous Pressings for Bofors Gun.

Armour Plate Pressings and Forgings for Tanks.

Light Alloy and Steel Drop Forgings for Aircraft.

Heavy Alloy Steel Drop Forgings for Guns.

Alloy Steel Forgings for the Navy.

Ore Cars for important Mining Industry.

Gun Cotton Cars.

Cordite Cars

Locomotive Cranes for Steel Mills, Harbours and
Railways.

A large volume of miscellaneous parts for various
war production.

