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MARCH 31, 1961



# ANNUAL REPORT

**National Steel Car  
Corporation Limited**

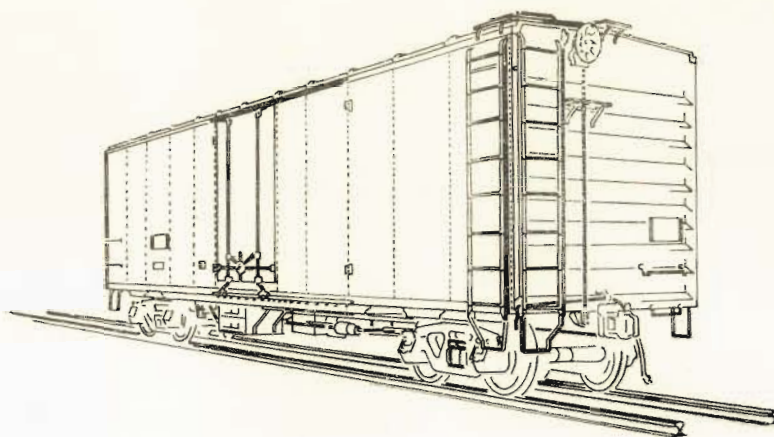
HAMILTON, CANADA

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McGILL UNIVERSITY





#### BOARD OF DIRECTORS

H. N. BAIRD	P. A. BEIQUE	PETER KILBURN
L. S. MAGOR	B. B. OSLER, Q.C.	A. P. SHEARWOOD
F. H. SHERMAN	N. A. TIMMINS, JR.	A. VAN HASSEL

#### OFFICERS

A. P. SHEARWOOD, Chairman and President  
 B. B. OSLER, Q.C., Vice-President  
 J. PEARSON, Vice-President and General Manager  
 S. S. HERRING, Vice-President—Engineering  
 J. N. BAIRD, Vice-President—Sales  
 J. PLUMPTON, Vice-President—Finance and Secretary-Treasurer  
 R. W. COOKE, Comptroller  
 R. W. STEED, Assistant Secretary-Treasurer

#### HEAD OFFICE

HAMILTON, ONTARIO, CANADA

#### SALES OFFICE

620 ST. JAMES STREET WEST  
 MONTREAL, QUEBEC

#### BANKERS

THE CANADIAN BANK OF COMMERCE  
 BANK OF MONTREAL

#### TRANSFER AGENTS

NATIONAL TRUST COMPANY, LIMITED  
 BANKERS TRUST COMPANY, NEW YORK

#### AUDITORS

PRICE WATERHOUSE & CO.

#### SOLICITORS

BLAKE, CASSELS & GRAYDON, TORONTO



# NATIONAL STEEL CAR CORPORATION, LIMITED

## REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED MARCH 31, 1961

### REVIEW OF OPERATIONS

For the third successive year, purchases of railway cars in Canada were at a low level. Total sales by our company of railway cars and parts declined by 43% for the year ending March 31, 1961 as compared with the previous year. No cars for the railways have been built at our Hamilton plant since early October 1960. A serious loss was avoided only by employing the strictest economy in operations and increased earnings from miscellaneous orders, sub-contracts from Stanton Pipes (Canada) Limited and from Canadian Trailmobile Limited. Sales other than railway cars and parts while still a relatively small part of our business showed an increase of 48% as compared with the previous year.

The total number of staff and employees at Hamilton has been reduced to less than 300, however our diversified work has allowed us to retain our key men so that we are in a position to start car building operations again with efficiency.

We have recently received orders for cars which will result in the plant being moderately busy from early June to the end of August. It is too early to assess accurately the general prospects for our company in 1961, but the outlook appears to be better than at this time last year.

### EARNINGS AND DIVIDENDS

Net income for the year amounted to \$24,560.

The balance of the past service pension cost of \$82,430, applicable to the year under review and the current year, has been written off against Earned Surplus in order that the results of actual operations may be more clearly shown. An excess provision for income taxes of \$180,000 for prior years has been credited to Earned Surplus.

Dividends of forty cents per share were declared in the fiscal period ended March 31, 1961.

Income from investments totalled \$243,707, a decrease from the previous year's amount of \$314,642 due to the absence of a dividend from Canadian Trailmobile Limited and lower interest yields which prevailed.

### CANADIAN TRAILMOBILE LIMITED

There was a drop of about 25% in new trailer purchases from the industry in the year of 1960 which accentuated the competitive conditions of the previous year. Operations of Canadian Trailmobile Limited resulted in a loss of \$84,100 after tax adjustments, of which our company's share was \$63,075.

While this was disappointing, there were certain compensating features. Service business held up well and with the opening of a new sales and service branch at Windsor, Ontario, our facilities across the country are adequate for present needs. Furthermore, we have been able to obtain a small increase in our participation in the market for new trailers without increasing our inventory of used trailers, which are conservatively valued.

In 1961 to date, purchases of new trailers have been generally limited to replacement of existing equipment as there has been a continued drop in truck traffic. Severe competition and low price levels are likely to continue until traffic increases.

### STANTON PIPES (CANADA) LIMITED

We have previously reported the acquisition of a substantial minority interest in Stanton Pipes (Canada) Limited. The investment by National Steel Car of \$1,575,000 was obtained by the sale to Stanton Pipes (Canada) of available land and buildings for \$1,383,300 and the balance of \$191,700 was a cash investment.



The buildings had been written down substantially over the years, but a new appraisal was made and a total value of \$1,383,300 was acceptable to both parties.

Since March 31, 1960, sales of cast iron water pipe imported from The Stanton Ironworks Company Limited, England, have continued with satisfactory results. During the year the installation of equipment for the manufacture of cast iron water pipe at Hamilton has been completed and the new plant is now in operation. Our National Steel Car staff has been used extensively in bringing the plant into production to the mutual advantage of both companies.

In looking to the future, studies indicate there are opportunities for entry into allied fields and it is expected that a further small investment will be made in the next few months by National Steel Car in Stanton Pipes (Canada) Limited.

#### **THE FUTURE**

The low level of railway car business for the third successive year has resulted in your directors and management giving continued careful consideration to making the best possible use of the available assets of the company.

The railway car building industry appears clearly to have been over-expanded in Canada. However, we are confident that there will be a greater average yearly demand than the low levels of the past three years. For this reason, railway cars still represent by far our greatest sales potential and we must maintain and strengthen our staff if we are to improve our share of the market and continue as an efficient supplier.

Our diversification program has been an important factor in producing a slightly better than break even year for the company. While the earnings of Canadian Trailmobile Limited have been a disappointment, the company should make reasonable profits when the general level of business improves. The results so far from Stanton Pipes (Canada) Limited have been better than expected. Growth will be slow, but there will be opportunities for expansion into allied fields.

Studies for further diversification are continuing with the aim of introducing additional major products at Hamilton.

Your directors and management consider that it is advisable to maintain substantial liquid assets to protect our position in the railway car and highway trailer building fields; to take advantage of the increasing trend toward financing of sales and to have funds available for development of new products.

#### **DIRECTORS AND OFFICERS**

In July 1960 Mr. A. P. Shearwood, formerly Chairman and Chief Executive Officer was elected Chairman and President and Mr. James Pearson was appointed Vice President and General Manager, following the resignation of Mr. H. J. Lang as President and General Manager, and as a Director. Mr. R. W. Stevens of Toronto has been elected to fill the vacancy on the Board.

In August 1960 Mr. O. D. Southwick, Vice President (Purchasing), retired on pension after 45 years of loyal and valuable service to the company.

In November 1960 Mr. B. B. Osler, Q.C., was elected Vice President.

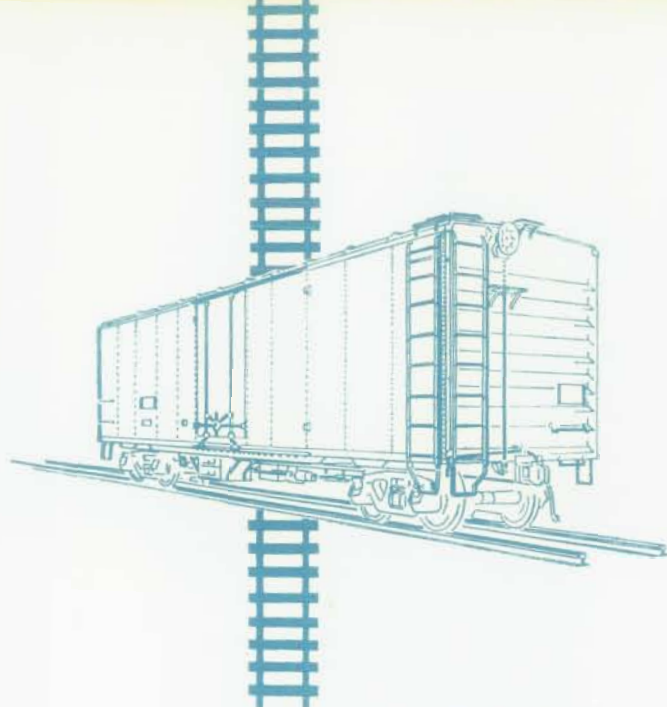
#### **APPRECIATION**

The directors take this opportunity to express appreciation to the shareholders for their interest and encouragement under difficult conditions.

Due to limited business it was necessary to lay off a large number of our employees for several months, but fortunately many will be re-engaged in the next few weeks. For the management and employees whom we were able to retain, the past year was a strenuous one with strict economy in operations, but at all times their duties were carried out with enthusiasm and a high sense of responsibility.

HAMILTON, Canada.  
May 11, 1961.

  
Chairman and President



# NATIONAL STEEL CAR

## BALANCE

### ASSETS

	As At March 31	
	1961	1960
<b>CURRENT ASSETS</b>		
Cash .....	\$ 112,305	\$ 804,957
Marketable securities at cost and accrued interest (quoted market value, 1961 — \$6,865,113; 1960 — \$5,904,093) .....	6,888,863	5,917,406
Accounts receivable .....	596,261	648,251
Inventories of raw materials and supplies, work-in-process and finished stock, valued at the lower of cost or market .....	409,947	2,131,475
Prepaid expenses .....	206,171	225,456
	<u>8,213,547</u>	<u>9,727,545</u>
 EMPLOYEES' PENSION PLAN—portion of past service cost not amortized, less applicable income taxes .....	 —	 82,430
 INVESTMENT IN SHARES OF CANADIAN CORPORATIONS at cost		
Canadian Trailmobile Limited, a subsidiary .....	4,050,000	4,050,000
Stanton Pipes (Canada) Limited, an affiliate .....	1,575,000	—
	<u>5,625,000</u>	<u>4,050,000</u>
 PROPERTY, PLANT AND EQUIPMENT at cost .....	 11,932,328	 12,085,356
Less—Accumulated depreciation .....	9,952,355	9,710,056
	<u>1,979,973</u>	<u>2,375,300</u>
	<u>\$15,818,520</u>	<u>\$16,235,275</u>

# CORPORATION, LIMITED

## S H E E T

### LIABILITIES

CURRENT LIABILITIES	As At March 31	
	1961	1960
Accounts payable and accruals .....	\$ 365,254	\$ 1,027,379
Income and other taxes payable .....	23,918	559,469
Dividend payable .....	—	140,400
	<hr/>	<hr/>
	389,172	1,727,248

### SHAREHOLDERS' EQUITY

Capital stock		
Authorized		
1,000,000 shares without nominal or par value		
Issued and outstanding		
702,000 shares .....	5,092,500	5,092,500
Earned surplus (see statement) .....	10,336,848	9,415,527
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	15,429,348	14,508,027

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\$15,818,520	\$16,235,275
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Approved on behalf of the Board:

A. P. SHEARWOOD, Director.

A. VAN HASSEL, Director.



# NATIONAL STEEL CAR CORPORATION, LIMITED

## STATEMENTS OF INCOME AND EARNED SURPLUS

STATEMENT OF INCOME	For the Year ended March 31	
	1961	1960
Operating profit for the year before the charges shown below	\$ 164,195	\$ 1,261,236
Income from investments	243,707	314,642
	<u>407,902</u>	<u>1,575,878</u>
Provision for depreciation	259,491	293,114
Remuneration of executive officers and legal fees	115,001	115,322
Directors' fees	17,950	17,150
Provision for income taxes	—	550,000
Recovery of income taxes arising from non-taxable items included in income	( 9,100)	—
	<u>383,342</u>	<u>975,586</u>
NET INCOME FOR THE YEAR	<u>24,560</u>	<u>600,292</u>
STATEMENT OF EARNED SURPLUS		
Balance at beginning of year	9,415,527	9,376,835
Net income for the year	24,560	600,292
Gain arising from sale of land and buildings to Stanton Pipes (Canada) Limited	1,079,991	—
Provision for prior years' income taxes no longer required	180,000	—
	<u>10,700,078</u>	<u>9,977,127</u>
Dividends declared	280,800	561,600
Balance of employees' past service pension cost written off	82,430	—
	<u>363,230</u>	<u>561,600</u>
BALANCE AT END OF YEAR	<u>\$10,336,848</u>	<u>\$ 9,415,527</u>

Note: The cost of pensions in respect of employees' past service was determined in 1952 and the Company has been writing off such costs over a ten-year period by charges to income. The unamortized balance of \$82,430 after income tax, of which \$65,944 relates to the 1961 fiscal year, was written off to earned surplus during the year ended March 31, 1961.



PRICE WATERHOUSE & CO.

PIGOTT BUILDING  
HAMILTON, ONT.

May 11, 1961.

Auditors' Report to the Shareholders of  
NATIONAL STEEL CAR CORPORATION, LIMITED:

We have examined the balance sheet of National Steel Car Corporation, Limited as at March 31, 1961 and the related statements of income and 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, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and related statements of income and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at March 31, 1961 and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change, which we approve, in accounting for past service pension costs referred to in the note to the statements of income and earned surplus.

In accordance with the requirements of Section 118 of The Companies Act, we report that accumulated profits of the subsidiary company since acquisition exceed losses and dividends and that no profit or loss of the subsidiary company has been taken up in the statement of income for the year ended March 31, 1961.

PRICE WATERHOUSE & CO.  
Chartered Accountants.



# NATIONAL STEEL CAR CORPORATION LIMITED



*manufacturers to  
transportation and  
affiliated industries*





## National Steel Car Corporation Limited

National Steel Car Company Limited was established in 1912, in Hamilton, Canada and incorporated under its present name in 1919.

The company manufactures all types of rolling stock including passenger cars, diners, box, mine cars, refrigerator, hopper, cabooses and snow plows.

In addition to manufacturing rolling stock the company recently expanded into several diversified fields. Complete heavy industrial fabrication including framing, welding and assembly in steel and aluminum is now a major operation.

Many other services utilizing existing facilities and manpower are also offered to industry. These include: stamping and pressing; pattern and die making; forging; pickling and oiling; grit blasting; kiln drying and woodworking.

National Steel Car Corporation Limited is located on 85 acres of land in Hamilton, Ontario.

The plant which occupies 800,000 square feet of floor space includes steel fabricating and assembly shops, a modern welding department, forging and metal preparation shops, woodworking and kiln drying departments.

When in full production, the plant employs 1,500 to 2,000 workers.



**INGOT CARRIER**



**GABLE BOTTOM ORE CAR**



**STEAM GENERATOR UNIT**



**GRANBY MINE CAR**



**LAKE BOAT HATCH COVERS**



**ANNEALING FURNACE**





## Canadian Trailmobile Limited

In 1957, National Steel Car Corporation Limited purchased a Controlling Interest in Canadian Trailmobile Ltd., situated in Scarborough Toronto.

This now gives the Company an interest in two major factors in the cargo carrying industries. Some 87% of the trailer components are manufactured at the Company's plant or by National Steel Car Corporation Ltd. By the application of production line techniques, the daily output of trailers has been increased with greater efficiency.



LOW BED



DUMP TRAILER



J-RAIL STAKE AND RACK

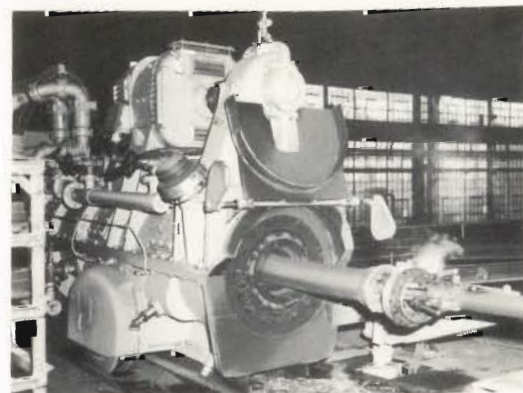


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## Stanton Pipes (Canada) Limited

### Centrifugally Cast Pipe

To further diversify production, National Steel Car Corporation has acquired a substantial minority interest in Stanton Pipes (Canada) Limited. The company was established to serve the growing demand for watermains in this country. It marks a full range of iron pipe and fittings from 4" to 24" diameter. Distribution is through agents and stockyards in centres from coast to coast.



6" Tyton Joint cast iron pipe being extracted from one of the centrifugal spinning machines.



CLASS 22 WORKS TESTED 500 LB. PIPE

## **NATIONAL STEEL CAR CORPORATION, LIMITED**

**KENILWORTH AVENUE NORTH, HAMILTON, ONTARIO, CANADA**

**Sales Office: MONTREAL, QUEBEC**

- Railway Cars — all types of passenger and freight.
- Railway Car Parts including: Roofs in steel and aluminum, Ends, Doors, Centre Plates, Wedges, Journal Box Lids, Floor Stringers, Brake Hangers, Truck Assemblies, Wear Plates, Miscellaneous Pressings and Forgings.
- Railway Car overhaul and repairs.
- Tank Car overhaul and repairs.
- Forgings — steel.
- Fabricating — steel and aluminum.
- Containers — steel and aluminum.
- Welding — steel and aluminum.
- Industrial Furnaces
- Corrugating
- Steel Scows and Marine Railways
- Steel Curbing, Angles and Anchor Bolts for concrete construction.
- Railway Chassis for diesel power units
- Truck Trailer components.
- Patterns and Dies
- Kiln drying, re-sawing of lumber and woodworking.
- Pickling and oiling, shot blasting and painting.
- Structural Steel fabrication
- Medium and heavy ductwork

### **Canadian Distributor for TRAVELIFT**

A division of  
DROTT MANUFACTURING CORPORATION  
OF STURGEON BAY, WISCONSIN, U.S.A.

Manufacturers of heavy duty Straddle Carriers for

Piggy Back, Freight Containers, PreStressed Concrete Industry, Marine, Industrial and Special duty lifting problems

## **CANADIAN TRAILMOBILE LIMITED**

**807 PHARMACY AVENUE, SCARBOROUGH, ONTARIO, CANADA**

**Sales and Service Branches:**

MONCTON - MONTREAL - TORONTO - HAMILTON - WINDSOR  
WINNIPEG - REGINA - CALGARY - EDMONTON - VANCOUVER

- Semi Trailers:  
Dry Freight Vans, Refrigerated Vans, Stake and Rack Trailers, Furniture Vans, Dump Trailers, Low Beds, Tank Trailers, Oil Field Floats, Livestock Trailers, Truck Bodies.
- Semi Trailer Parts:  
Fifth Wheels, Dollies, Tandems (Standard, Spread, Shiftable, Air Suspensions).
- Branches located across Canada for the complete servicing of trailer equipment. This includes fabricating, welding, and painting.

## **STANTON PIPES (CANADA) LIMITED**

**KENILWORTH AVENUE NORTH, HAMILTON, ONTARIO, CANADA**

**Agents and Stockyards:**

HALIFAX - ST. JOHN - QUEBEC CITY  
MONTREAL - VANCOUVER

- Spun Cast Iron Watermains and Fittings
- Cast Iron Flanged Pipe and Fittings
- General Grey Iron Castings





