

**NATIONAL
STEEL CAR
CORPORATION
LIMITED**

**TWENTY-FIRST
ANNUAL
REPORT**
JUNE THIRTIETH
1941



HAMILTON - ONTARIO - CANADA

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STEEL CAR
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HAMILTON - ONTARIO - CANADA

BOARD *of* DIRECTORS

ROBERT J. MAGOR, Chairman

HUGH N. BAIRD

GLYN OSLER, K.C.

RUSSELL D. BELL

F. E. MEREDITH, K.C.

ROBERT S. HART

LEO C. McCLOSKEY

OFFICERS

ROBERT J. MAGOR PRESIDENT

HUGH N. BAIRD VICE-PRESIDENT

ROBERT S. HART VICE-PRESIDENT

CHARLES W. ADAM SECRETARY-TREASURER

ABRAM VAN HASSEL ASSISTANT SECY.-TREAS.

BANKERS

THE CANADIAN BANK OF COMMERCE

BARCLAYS BANK LIMITED

SOLICITORS

BLAKE, LASH, ANGLIN & CASSELS, TORONTO, ONTARIO

GENERAL OFFICES, HAMILTON, ONTARIO

EXECUTIVE AND SALES OFFICE

437 ST. JAMES ST., MONTREAL, QUEBEC

To the Shareholders:

A Balance Sheet as at June 30th, 1941, together with Statement of Profit and Loss and Surplus Accounts are submitted herewith.

Reference was made in the last Report that the Balance Sheets for the years 1938 and 1939 reflected substantial increases in operations and also Fixed Assets. In 1938 these Fixed Assets stood at \$6,656,758.80; in 1939 \$7,640,497.43; in 1940 \$8,623,557.90 and at June 30th, 1941 \$10,230,733.68, this is an increase over last year of \$1,607,175.78 and since 1938 an increase of \$3,573,974.88.

Most of this increase has been in our Malton Aircraft Plant and, as will be noted by the Balance Sheet, an additional \$1,000,000.00 is provided for work presently under construction. The increased floor area which will result will represent an addition of 390,000 square feet which more than doubles the size at which it stood last June. There will also be added approximately \$1,500,000.00 in machinery and equipment. When these extensions are made and equipment installed, which should be by January or February, 1942, the Malton Plant will stand at something in excess of \$5,000,000.00 and will represent a total of approximately 750,000 square feet of floor space. This increased plant is occasioned by preparing ourselves to produce an order for Bombers which we now have on our books. The plant will also be capable of turning out the largest aircraft designed and in production either in the United States or Great Britain.

Our Depreciation Account for June 30th, 1941 stands at \$5,093,809.61, against \$3,954,825.39 at June 30th, 1940, or an increase of \$1,138,984.22. In addition to this, an amount of \$578,015.82 for amortization of special equipment was written off.

Our Total Current Assets stand at \$7,877,179.43, against last year's figure of \$5,201,500.43, an increase of \$2,675,679.00. Current Liabilities are shown at \$4,926,633.80, against \$2,494,710.18 for last year, an increase of \$2,431,923.62.

Working Capital stands at \$2,950,545.63 and last year \$2,706,790.25, an increase of \$243,755.38, after taking care of Dividends, amounting to \$351,000.00 and \$607,175.78, which went

into Fixed Assets, plus another \$1,000,000.00 reserved for extensions now being made and, as indicated on the Balance Sheet.

After all expenses, including depreciation, Income Taxes and Excess Profits Taxes, a Net Profit of \$1,061,844.02 was realized, this against \$463,459.85 last year, or an increase of \$598,384.17, which resulted from an increased production of \$11,000,000 of business over the previous year. This increased production was made possible by the accumulated effect of large additional investment in buildings, plant and equipment which, as stated above, was \$3,573,974.88 since 1938.

From this improved and enlarged plant operation we were able to materially lower selling prices and, at the same time, pay increased earnings to our employees.

On behalf of the Directors, I congratulate the technical and operating staff, which has conducted the affairs of your Works in such a gratifying manner.

Respectfully submitted on behalf of the Directors.

ROBERT J. MAGOR,
Chairman and President.

September 8th, 1941.

Balance Sheet,

ASSETS

CURRENT ASSETS:

Cash on hand and in bank	\$ 280,322.26
Investment in Dominion of Canada Victory bonds, at cost, and accrued interest	495,416.66
Accounts receivable, less reserve	3,707,791.98
Cash surrender value of life insurance policy	189,500.00
Inventories of raw materials, supplies, work in process and finished stock, valued on the basis of cost or market prices, whichever were lower—as determined and certified by responsible officials of the Company	\$ 4,893,888.10
LESS—Progress payments on contracts	1,689,739.57
	<u>3,204,148.53</u>

TOTAL CURRENT ASSETS \$ 7,877,179.43

INVESTMENT IN SHARES OF CANADIAN
ASSOCIATED AIRCRAFT LIMITED 166,700.00

DEFERRED CHARGES:

Prepaid taxes, insurance, etc. 39,122.64

PATENTS AND GOODWILL 1.00

FIXED ASSETS:

Land	\$ 397,288.09
Buildings, machinery and equipment	8,833,445.59
Estimated additional expenditures to com- plete plant under construction at June 30, 1941	1,000,000.00

10,230,733.68

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

\$ 18,313,736.75

AUDITORS' REPORT TO

We have made an examination of the balance sheet of National Steel Car Corporation, and capital surplus for the year ending on that date. In this connection we have obtained the information and explanations which we required; we made a general review of the accounts and the detail transactions was confined to tests thereof. We report that, in our opinion, the balance sheet, loss, earned surplus, and capital surplus are properly drawn up so as to exhibit a true and correct statement of the results of the Company's operations for the year ending on that date according to the books of the Company.

Approved on behalf of the Board:

GLYN OSLER, Director.

L. C. McCLOSKEY, Director.

June 30, 1941

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	\$ 2,753,688.26
Estimated additional expenditures to complete plant under construction at June 30, 1941	1,000,000.00
Accrued wages, etc.	207,191.58
Reserve for taxes	878,003.96
Dividend payable, July 15, 1941	87,750.00

TOTAL CURRENT LIABILITIES	\$ 4,926,633.80
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RESERVE FOR DEPRECIATION OF BUILDINGS, MACHINERY AND EQUIPMENT....	5,093,809.61
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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
Earned Surplus, as per statement attached....	3,200,793.34

TOTAL CAPITAL AND SURPLUS, represented by 175,500 shares without nominal or par value	8,293,293.34
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\$ 18,313,736.75

THE SHAREHOLDERS

ation, Limited as at June 30, 1941, and of the statements of profit and loss, earned examined or tested accounting records and other supporting evidence and obtained all the counting methods and of the operating and income accounts for the year but our audit of ased upon such examination, the above balance sheet and related statements of profit and and correct view of the state of affairs of the Company as at June 30, 1941, and the best of our information and the explanations given to us and as shown by the books of

PRICE, WATERHOUSE & Co.,
Chartered Accountants.

Toronto, August 26, 1941.

STATEMENT OF PROFIT AND LOSS ACCOUNT

For the year ending June 30, 1941

PARTICULARS	AMOUNT
Operating profit for the year ending June 30, 1941, before providing for depreciation and income taxes, etc., as under	\$ 3,645,073.37
DEDUCT—	
Executive officers' salaries	\$ 83,940.00
Directors' fees	3,735.00
Legal fees	28,933.34
	<u>116,608.34</u>
	\$ 3,528,465.03
ADD—Income from investments	1,953.75
	<u>1,953.75</u>
PROFIT FOR THE YEAR BEFORE PROVIDING FOR DEPRECIATION AND INCOME TAXES	\$ 3,530,418.78
DEDUCT—	
Provision for depreciation of buildings, plant and machinery	\$ 1,140,558.94
Provision for amortization of special equipment	578,015.82
	<u>1,718,574.76</u>
PROFIT FOR THE YEAR BEFORE INCOME TAXES	\$ 1,811,844.02
DEDUCT—Provision for Dominion and Provincial income taxes and for Dominion excess profits taxes for the year ending June 30, 1941	750,000.00
	<u>750,000.00</u>
NET PROFIT FOR THE YEAR	<u><u>\$ 1,061,844.02</u></u>

STATEMENT OF SURPLUS ACCOUNTS

For the year ending June 30, 1941

PARTICULARS	AMOUNT
Earned Surplus:	
Balance at credit, July 1, 1940	\$ 2,472,123.37
ADD—Net profit for the year ending June 30, 1941	1,061,844.02
	<u>\$ 3,533,967.39</u>
DEDUCT—	
Dividends declared during the year	\$351,000.00
LESS—Balance of Capital Surplus as at July 1, 1940, transferred to Earned Surplus and applied against dividends under resolution of Shareholders of September 14, 1938	17,825.95
	<u>333,174.05</u>
BALANCE AT CREDIT OF EARNED SUR- PLUS, JUNE 30, 1941	<u><u>\$ 3,200,793.34</u></u>
Capital Surplus:	
Balance at credit, July 1, 1940	\$ 17,825.95
Transferred to Earned Surplus account and applied against dividends declared during the year under resolution of Shareholders of September 14, 1938....	17,825.95
	<u><u>17,825.95</u></u>

