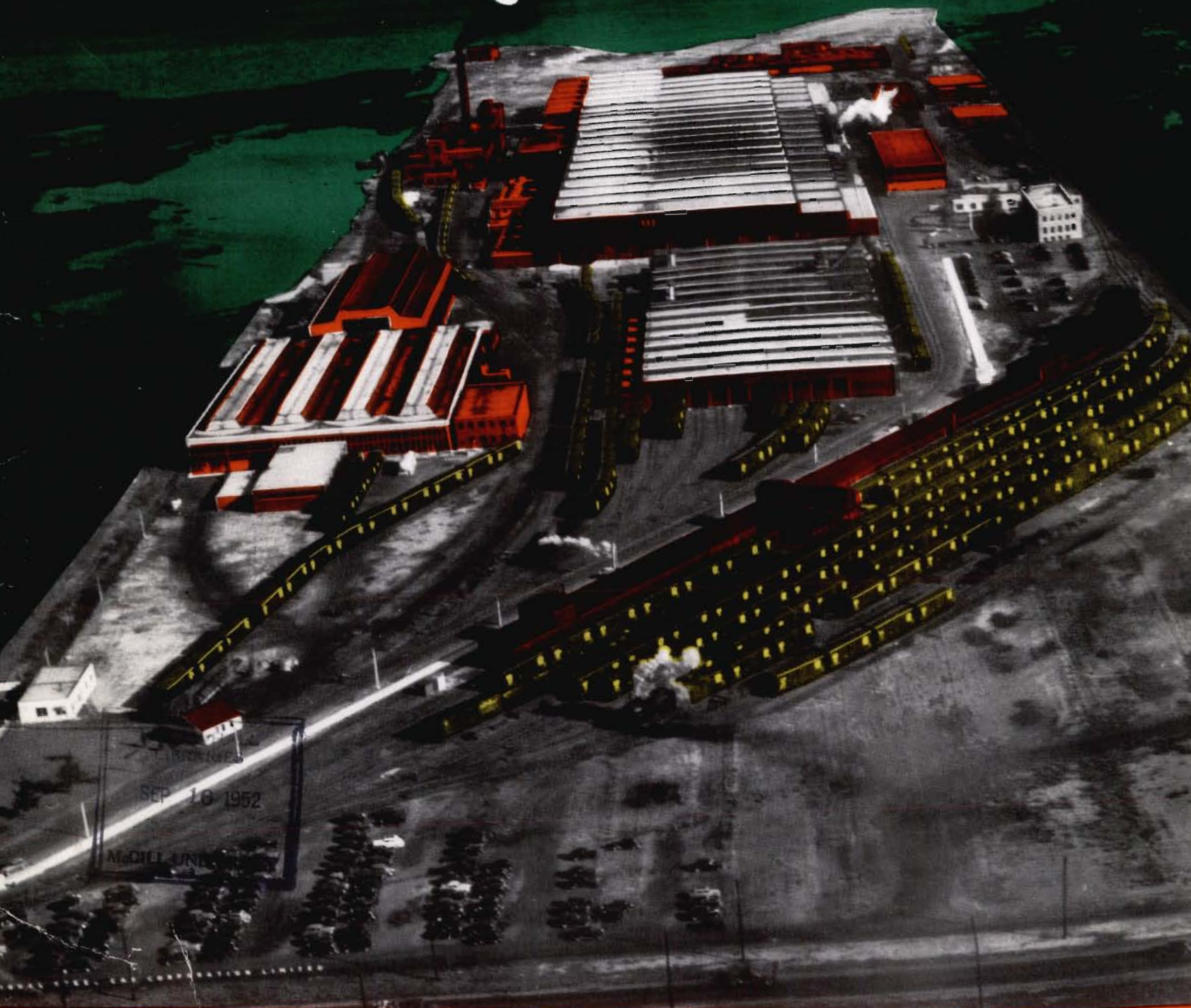


32nd

Annual Report

JUNE 30, 1952



National Steel Car Corporation Limited, Hamilton

**NATIONAL STEEL CAR
CORPORATION
LIMITED**

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32nd Annual Report

JUNE 30, 1952

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HAMILTON - ONTARIO - CANADA

NATIONAL STEEL CAR CORPORATION, LIMITED

BOARD OF DIRECTORS

A. VAN HASSEL, President

RUSSELL D. BELL

LEO C. McCLOSKEY

O. H. ANDERSON

LOUIS L. LANG

HUGH N. BAIRD

B. B. OSLER, Q.C.

OFFICERS

A. VAN HASSEL	-	-	-	-	-	-	-	-	-	President
O. H. ANDERSON	-	-	-	-	-	-	-	-	-	Vice-President and Managing Director
A. W. FRASER	-	-	-	-	-	-	-	-	-	Vice-President
A. P. SHEARWOOD	-	-	-	-	-	-	-	-	-	Vice-President
H. J. LANG	-	-	-	-	-	-	-	-	-	Vice-President
H. J. FARNAN	-	-	-	-	-	-	-	-	-	Secretary-Treasurer
J. A. KENDALL	-	-	-	-	-	-	-	-	-	Asst. Secy.-Treas.

BANKERS

THE CANADIAN BANK OF COMMERCE
BANK OF MONTREAL

TRANSFER AGENTS

NATIONAL TRUST COMPANY, LIMITED
Toronto Montreal Vancouver
BANKERS TRUST COMPANY
New York

SOLICITORS

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

HEAD OFFICE

HAMILTON - ONTARIO - CANADA

SALES OFFICE

437 ST. JAMES ST., MONTREAL, QUEBEC

NATIONAL STEEL CAR CORPORATION, LIMITED

To the Shareholders:

It is with regret that the Directors have to report the retirement of Mr. H. N. Baird as Chairman of the Board of Directors of the Company, which took effect on May 1, 1952, after twenty-eight years' service to the Company, for the last approximately ten years of which he occupied the position of Chairman of the Board of Directors and Chief Executive Officer. It is with pleasure that we are able to inform the Shareholders that Mr. Baird has consented to continue as a Director of the Company for the time being, so that the Company will continue to have the benefit of his advice and broad experience.

There is also recorded with profound sorrow the death, on October 20, 1951, of your late President, Mr. Robert S. Hart. Mr. Hart served with the Company since 1922 and was President from 1942 to the time of his death.

Following Mr. Hart's death, a number of executive changes took place in the Company. Mr. A. Van Hassel, associated with the Company since 1926 and Vice-President since 1942, was elected President. Mr. O. H. Anderson, with the Company since 1920 and a Vice-President since 1942, was elected a Director and appointed to the position of Managing-Director, and Mr. H. J. Lang, connected with the Company since 1945, was appointed a Vice-President.

Your Directors submit herewith Balance Sheet for fiscal year ended June 30, 1952, and Statements of Profit and Loss and Surplus for the year ended on that date covering the operations of the Company.

The operating profit and investment income for the year, before providing for Income Taxes, amounted to \$3,746,861.81 as against \$2,650,184.72 last year. The net profit for the year was \$1,702,861.81 equivalent to \$2.43 per share, as compared with \$1,335,184.72 equivalent to \$1.90 per share, for the year ended June 30, 1951.

Current assets at June 30, 1952, amounted to \$16,379,948.14. Current liabilities were \$7,304,289.76, leaving net current assets of \$9,075,658.38, down \$1,284,960.78 as compared with the net current assets of \$10,360,619.16 at June 30, 1951, because of the establishment of the Employees' Pension Plan, to which I refer later on.

Inventories of raw materials, supplies, work in process and finished stock amounted to \$6,508,196.19, as compared with \$5,882,756.04 for the previous year. The inventories are accumulated against firm orders on the books of the Company.

Dividends per share paid during the fiscal year were:

Regular dividends - - - - -	July 14, 1951	\$.375
	October 15, 1951375
	January 15, 1952375
	April 15, 1952375
Total regular dividends		\$ 1.50
Special dividend - - - - -	October 15, 195150
Total dividends		\$ 2.00

The Company expects to complete all orders now on the books about the end of the first quarter of 1953.

During the past year the winding up of the Company's Subsidiary, Valdes Lumber Company, Limited, which was referred to in last year's Report to the Shareholders, was

NATIONAL STEEL CAR CORPORATION, LIMITED

completed. Also during the year an opportunity arose to dispose of the Company's timber limits and related property and plant in the District of Haliburton, Ontario, on favourable terms. For some time the Company had not used lumber from these limits in its operations and the Directors, therefore, authorized the sale of the above mentioned limits, property and plant, which has now been carried through and for which the Company has received payment.

At the Special General Meeting of the Shareholders of the Company, held on June 10, two By-laws enacted by the Directors during the year were approved. These were:

By-law No. 12 for revising and amending the General By-laws of the Company in order to bring them up-to-date and into conformity with current corporate practice; and

By-law No. 13 authorizing the Directors to provide for pensions for employees of the Company. Because some shareholders had indicated by their proxies or otherwise that they were opposed to this By-law, a poll vote was taken and the By-law was carried by 284,222 votes in favour of it to 478 votes against it.

Following the Special General Meeting of Shareholders, the Directors of the Company established Pension Plans for the benefit of the officers and employees of the Company in terms which they consider in the best interests of the Company as well as of its employees. The Plans have been generally approved by the employees; the great majority of eligible employees having applied for membership and the benefits obtainable thereunder.

The Company's properties and plant are in excellent condition, well maintained and capable of a very good rate of production with high efficiency.

During the year work was started on an extension to the passenger car plant. When completed, it will make the passenger car department virtually independent of the freight car plant, thus improving the efficient operation of both.

Your Directors once again express their high appreciation of the loyal and efficient service rendered by the officers and employees throughout the year.

Respectfully submitted on behalf of the Board of Directors.

A. VAN HASSEL,
President.

September 12, 1952.

NATIONAL STEEL CAR

BALANCE SHEET,

ASSETS

CURRENT ASSETS:

Cash in bank and on hand	\$	36,677.91	
Government of Canada and other marketable securities, at par value plus accrued interest (Quoted market value \$5,819,812)		6,092,000.00	
Accounts receivable		3,743,074.04	
Inventories of raw materials and 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		6,508,196.19	
TOTAL CURRENT ASSETS			\$ 16,379,948.14

DEFERRED CHARGES:

Employees' Pension Plan—initial cost, less amount written off	\$ 1,575,000.00	
Prepaid insurance, taxes, etc.	113,255.29	
		1,688,255.29

PATENTS AND GOODWILL		1.00
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FIXED ASSETS (at approximate cost):

Land	\$	431,579.28	
Buildings, machinery and equipment	\$ 9,135,799.04		
Less—Reserve for depreciation	7,018,501.84		
		2,117,297.20	
			2,548,876.48
			<u>\$ 20,617,080.91</u>

SIGNED ON BEHALF OF THE BOARD: { A. VAN HASSEL, Director.
B. B. OSLER, Director.

CORPORATION, LIMITED

JUNE 30, 1952

LIABILITIES

CURRENT LIABILITIES:

Bank advances (secured)	\$ 1,464,470.22	
Accounts payable and accruals	2,934,319.55	
Federal and Provincial income taxes	781,402.22	
Other taxes payable or accrued	310,847.77	
Dividend payable July 15, 1952	263,250.00	
Employees' Pension Plan obligation	1,550,000.00	
 TOTAL CURRENT LIABILITIES	 —————	 \$ 7,304,289.76

CAPITAL AND SURPLUS:

Capital stock—		
Authorized—		
1,000,000 shares without nominal or par value		
Issued and outstanding—		
702,000 shares	\$ 5,092,500.00	
Surplus	8,220,291.15	
		13,312,791.15
		<u>\$ 20,617,080.91</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of National Steel Car Corporation, Limited, as at June 30, 1952, and the related statements of profit and loss and surplus for the year ended on that date and have obtained all the information and explanations which we 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 above balance sheet and related statements of profit and loss and 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 June 30, 1952, and the results of 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 company.

Hamilton, September 5, 1952.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

NATIONAL STEEL CAR CORPORATION, LIMITED

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED JUNE 30, 1952

Operating profit before deducting the undernoted items		\$ 4,086,567.62
Deduct—		
Provision for depreciation	\$ 183,674.20	
Provision for 1952 portion of past service cost of employees' pension plan	175,000.00	
Remuneration of executive officers	148,393.22	
Legal fees	11,251.12	
Directors' fees	9,800.00	
		<hr/> 528,118.54
		<hr/> \$ 3,558,449.08
Add— Income from investments		188,412.73
		<hr/>
Profit before providing for income taxes		\$ 3,746,861.81
Provision for income taxes		2,044,000.00
		<hr/>
NET PROFIT FOR THE YEAR		<hr/> \$ 1,702,861.81 <hr/>

NATIONAL STEEL CAR CORPORATION, LIMITED

STATEMENT OF SURPLUS

FOR THE YEAR ENDED JUNE 30, 1952

Balance as at June 30, 1951		\$ 7,901,483.05
Add—		
Net profit for the year	\$ 1,702,861.81	
Other net credits	19,946.29	
		<u>1,722,808.10</u>
		\$ 9,624,291.15
Deduct—		
Regular dividends declared during the year—total \$1.50 per share	\$ 1,053,000.00	
Special dividend paid on October 15, 1951—50c per share	351,000.00	
		<u>1,404,000.00</u>
BALANCE AS AT JUNE 30, 1952		<u>\$ 8,220,291.15</u>

