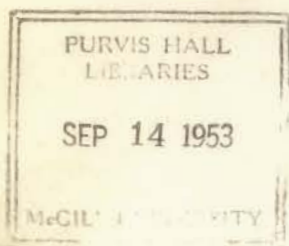


33rd

Annual Report

JUNE 30, 1953

**National Steel Car Corporation
Limited
Hamilton • Canada**



**NATIONAL STEEL CAR
CORPORATION
LIMITED**

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33rd Annual Report

JUNE 30, 1953

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HAMILTON • ONTARIO • CANADA

NATIONAL STEEL CAR CORPORATION, LIMITED

September 11, 1953.

NOTICE RE

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual General Meeting of the Shareholders of the National Steel Car Corporation, Limited, will be held at the office of the Corporation, Hamilton, Canada, on Friday, the twenty-fifth day of September, 1953, at eleven o'clock a.m. daylight saving time, for presentation of the Annual Report, the election of Directors, and for the transaction of such other business as may properly come before the meeting.

We are enclosing herewith form of Proxy, which in the event you are unable to attend this meeting, we shall be glad if you will kindly sign and return at your earliest convenience.

By Order of the Board,

H. J. FARNAN,

Secretary.

NATIONAL STEEL CAR CORPORATION, LIMITED

BOARD OF DIRECTORS

H. N. BAIRD	A. P. SHEARWOOD	B. B. OSLER, Q. C.
P. A. BEIQUE	H. J. LANG	N. A. TIMMINS, JR.
R. D. BELL	L. S. MAGOR	A. VAN HASSEL
	L. C. McCLOSKEY	

OFFICERS

A. P. SHEARWOOD	-	-	-	-	-	-	-	-	-	Chairman
H. J. LANG	-	-	-	-	-	-	-	-	-	President
J. PEARSON	-	-	-	-	-	-	-	-	-	Vice-President—Operations
H. J. FARNAN	-	-	-	-	-	-	-	-	-	Secretary-Treasurer
R. W. STEED	-	-	-	-	-	-	-	-	-	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:

Your Directors present herewith the Thirty-third Annual Report, and the Financial Statements for the fiscal year ended June 30, 1953, together with your Auditors' Report.

The Net Profit, after deducting Income Taxes, amounted to \$2,093,590. equal to \$2.98 per share, which can be compared with a profit of \$1,702,862. or \$2.43 per share for 1952. The total Income Taxes and Municipal Taxes levied during the year was the equivalent of \$3.79 per share. The regular production of freight and passenger cars was considerably augmented by the manufacture of miscellaneous and diversified products, including Government contracts with the Department of Defence Production.

Four quarterly dividends of 37½¢ per share were distributed on July 15 and October 15, 1952 and January 15 and April 15, 1953. A special dividend of 50¢ was also paid on October 15, 1952, resulting in a total payment of \$2.00 per share to the Shareholders. After distribution of dividends, the balance of the net earnings amounting to \$689,590. was retained for use in the business to finance increased cost of raw material inventories and supplies.

The volume of orders on hand as of this date is sufficient to require a capacity output for the next fiscal year ending June 30, 1954 and by that time we hope to obtain additional work.

Current Assets at June 30, 1953, amounted to \$14,970,829. Current Liabilities were \$4,784,643., leaving Net Current Assets of \$10,186,186., as compared with \$9,075,658. on June 30, 1952, an increase of \$1,110,528.

Capital and unusual expenditures authorized but incompleated at June 30, 1953 were approximately \$600,000., which included \$335,000. for Hydro Electric Frequency and Voltage Conversion. The balance was for additions to plant buildings and equipment. The electrical conversion contracts were made and work started last Spring, to be completed early in 1954.

In keeping with Company policy, raw materials were accumulated only as required for firm orders on the books of the Company. Inventories as shown on the Balance Sheet in the aggregate amount of \$6,322,804. included work in process, labour and applicable indirect expense. Materials have been valued on the basis of laid down cost, which was not in excess of market value at June 30, 1953.

NATIONAL STEEL CAR CORPORATION, LIMITED

The past service cost of the Employees' Pension Plan, as shown on last year's Balance Sheet was estimated at \$1,750,000. and calculated on the basis of instalment payments over a ten-year period. This obligation was discharged during the year by a single payment from the proceeds of sale of Government of Canada Bonds, which resulted in a reduction of approximately \$280,000. from the previous figure. The estimated past service cost shown on this year's statement is, therefore, \$1,470,000.

Since 1928 your Company has owned 47 acres of vacant land not adjacent to the main Works. The Directors considered that this property should be sold, as it was not required for future expansion because of the unsuitable location. It was disposed of on favourable terms, thus effecting a transfer of a fixed asset to a current asset, increasing Working Capital.

Expenditures for additions to buildings and replacement of machinery and equipment required for efficient and expanded operations resulted in a net increase of \$558,268. in this class of assets. The plant, machinery and equipment have been maintained in excellent repair and operating condition. Facilities were provided as needed for safe operation at good production rates. A total of \$312,489. was charged against the current year's operations for depreciation.

There were 5,466 Shareholders on record at June 15, 1953 with an average of 128 shares per owner. 92% of the shares issued are owned by residents of Canada. Over 50% of the shares are held in lots of less than 500 shares.

At a meeting of the Board of Directors in September, 1952, Mr. A. Van Hassel who had been an officer of the Company for twenty-six years and a Director since 1942, advised that he would be unable to continue as President of the Company because of the heavy demands on his time in the United States with other business connections. It was with regret that Mr. Van Hassel's resignation as an Executive Officer was accepted. The Company has, however, been fortunate in continuing to benefit from his advice and broad experience as an active member of the Board of Directors.

Following Mr. Van Hassel's resignation, Mr. O. H. Anderson was elected President for the ensuing year. It is with profound regret that your Directors record his sudden and untimely death on June 28, 1953. Mr. Anderson was a most valued Director and Officer of the Company. His appointment as President of the Company in September, 1952, followed a distinguished career of engineering in the railway car building industry and thirty-three years of service with this Company.

There is also recorded with deep sorrow the passing on November 13, 1952 of Mr. A. W. Fraser, a Vice-President of the Company for the last seven years. Mr. Fraser had been with the Company since

NATIONAL STEEL CAR CORPORATION, LIMITED

August 1, 1918 in various engineering capacities. The loss of his services will be keenly felt by his friends and associates.

At a Special Meeting of the Shareholders of the Company on January 28, 1953, approval was given to By-law No. 14, which provided for an increase in the number of directors from seven to ten.

At the Directors' Meeting following this Special Meeting of the Shareholders, Mr. L. L. Lang, owing to the pressure of other business, tendered his resignation. After serving for over ten years as a greatly valued member of the Board, his resignation was regretfully accepted.

The existing vacancies in the Board of Directors were filled for the remainder of the term in accordance with Section 21, By-law No. 12 of the Company, by the election of Messrs. Paul A. Beique, Howard J. Lang, Alex. P. Shearwood and Noah A. Timmins, Jr.

Your Directors met on August 5, 1953 and elected Mr. A. P. Shearwood, Chairman of the Board and Chief Executive Officer and Mr. H. J. Lang, President of the Corporation. At a subsequent meeting of the Board on August 26, 1953, Mr. Lincoln S. Magor was elected a Director and Mr. James Pearson, formerly Works Manager, was appointed Vice-President—Operations.

We are pleased to advise the Shareholders that the personnel of the organization have ably and conscientiously discharged their duties and responsibilities. To all employees we express the sincere thanks of the Board of Directors for their fine record of performance in the year under review.

Respectfully submitted on behalf of the Board of Directors.

H. J. LANG,
President.

September 11, 1953.

NATIONAL STEEL CAR

BALANCE SHEET

ASSETS

CURRENT ASSETS:

Cash in bank and on hand.....	\$ 1,760,395.	
Government of Canada Bonds and other marketable securities, at par value and accrued interest (Quoted market value \$4,082,375).....	4,272,188.	
Accounts receivable.....	2,466,940.	
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.....	6,322,804.	
Prepaid insurance, taxes, etc.....	148,502.	
TOTAL CURRENT ASSETS.....		\$14,970,829.

DEFERRED CHARGES:

Employees' Pension Plan—estimated past service cost.....	\$ 1,470,000.	
Less—amount written off.....	294,000.	
		1,176,000.

FIXED ASSETS (at approximate cost):

Land.....	\$ 277,998.	
Buildings, machinery and equipment.....	\$ 9,694,067.	
Less—Accumulated depreciation.....	7,319,872.	
	2,374,195.	
		2,652,193.

PATENTS AND GOODWILL.....		1.
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\$18,799,023.

CORPORATION, LIMITED

JUNE 30, 1953

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals.....	\$ 2,427,469.
Income and other taxes payable and accrued.....	2,093,924.
Dividend payable July 15, 1953.....	263,250.

TOTAL CURRENT LIABILITIES.....	\$ 4,784,643.
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CAPITAL STOCK:

Authorized—

1,000,000 shares without nominal or par value

Issued and outstanding—

702,000 shares.....	5,092,500.
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SURPLUS.....	8,921,880.
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\$18,799,023.

SIGNED ON BEHALF OF THE BOARD: { PAUL A. BEIQUE, Director.
L. C. McCLOSKEY, Director.

NATIONAL STEEL CAR CORPORATION, LIMITED

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED JUNE 30, 1953

Operating profit before deducting the undernoted items.....		\$ 5,133,252.
Deduct—		
Provision for depreciation.....	\$ 312,489.	
Employees' pension plan cost.....	279,500.	
Remuneration of executive officers.....	129,223.	
Directors' fees.....	15,300.	
Legal fees.....	1,564.	
		<u>738,076.</u>
		\$ 4,395,176.
Add— Income from investments.....		<u>148,414.</u>
		\$ 4,543,590.
Profit before providing for income taxes.....		
Provision for income taxes.....		<u>2,450,000.</u>
NET PROFIT FOR THE YEAR.....		<u><u>\$ 2,093,590.</u></u>

NATIONAL STEEL CAR CORPORATION, LIMITED

STATEMENT OF SURPLUS FOR THE YEAR ENDED JUNE 30, 1953

Balance as at June 30, 1952.....		\$ 8,220,291.
Add—		
Net profit for the year.....	\$ 2,093,590.	
Other net credits.....	11,999.	
		<u>2,105,589.</u>
		\$10,325,880.
Deduct—		
Regular dividends declared during the year—total \$1.50 per share.....	\$ 1,053,000.	
Special dividend paid on October 15, 1952—50c per share.....	351,000.	
		<u>1,404,000.</u>
BALANCE AS AT JUNE 30, 1953.....		<u>\$ 8,921,880.</u>

NATIONAL STEEL CAR CORPORATION, LIMITED

AUDITORS' REPORT

PRICE WATERHOUSE & CO.

PIGOTT BUILDING

HAMILTON

August 28, 1953

To the Shareholders of
NATIONAL STEEL CAR CORPORATION, LIMITED:

We have examined the balance sheet of National Steel Car Corporation, Limited as at June 30, 1953 and the related statements of profit and loss and surplus for the year then ended 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 accompanying 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, 1953 and the result of operations for the year then ended according to the best of our information and the explanations given to us and as shown by the books of the Company.

PRICE WATERHOUSE & CO.,
Chartered Accountants

