

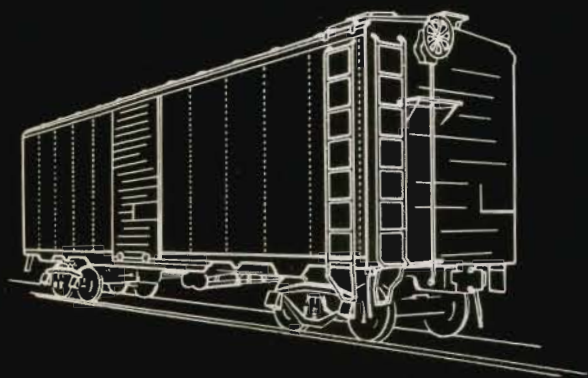
36<sup>th</sup>

# ANNUAL REPORT

*NATIONAL STEEL CAR CORPORATION LIMITED*

*HAMILTON, CANADA*

**MARCH 31, 1956**





# NATIONAL STEEL CAR CORPORATION, LIMITED

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## BOARD OF DIRECTORS

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

## OFFICERS

A. P. SHEARWOOD, Chairman and Chief Executive Officer  
H. J. LANG, President and General Manager  
J. PEARSON, Vice-President—Operations  
O. D. SOUTHWICK, Vice-President—Purchasing  
S. S. HERRING, Vice-President—Engineering  
J. N. BAIRD, Vice-President—Sales  
J. PLUMPTON, Secretary-Treasurer and Comptroller  
R. W. STEED, Assistant Secretary-Treasurer

## HEAD OFFICE

HAMILTON, ONTARIO, CANADA

## SALES OFFICE

437 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

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## Directors' Report to the Shareholders

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The Thirty-sixth Annual Report is presented with statements showing the financial position and the result of operations for the nine months period ended March 31, 1956.

It should be noted that the fiscal year end was changed from June 30 to March 31 in order to facilitate operating procedures and the shareholders were notified accordingly.

### **GENERAL OPERATIONS**

Deferred buying of railway cars throughout 1954 and during the first six months of 1955 was followed by the receipt of substantial orders during the last half of the year and early in 1956. Your Company has a large backlog of orders, sufficient to maintain a high rate of production for at least the next twelve months if raw materials are procurable. Supplies of steel continue to be a major problem. Ability to get this required tonnage will probably be the deciding factor in work schedules and govern the length of time which will be taken to fulfil these orders on a satisfactory and profitable basis. There have been keen competitive conditions in the industry which have had a pronounced effect on the price level of our products. Our continuing effort to offset rising costs by improved manufacturing techniques and modernization of facilities has been largely responsible for our ability to produce a profit during the period.

### **EARNINGS**

Net earnings for the nine months period were \$495,742 as compared to \$281,284 for the previous twelve months. In both cases, depreciation was deducted at rates prescribed by income tax regulations. After taking into consideration the outlook for future business, the Company's financial position and the best interests of the shareholders, your Directors decided to adopt the same dividend policy as last year, even though accumulated earnings from prior years would be reduced by \$645,008. Dividends of 37½¢ per share were paid quarterly and a special dividend of 50¢ per share was paid along with the regular dividend on October 14, 1955.

### **FINANCIAL POSITION**

The greatly improved manufacturing activities at the close of the fiscal period, as compared with the conditions existing at June 30, 1955, are reflected by the changes in current assets and current liabilities as indicated in the respective year end statements. Inventories of raw materials, supplies and work-in-process were accumulated against definite orders for railway equipment and showed an increased value from \$1,562,807 to \$4,515,416. Cash and marketable securities consequently were decreased by \$1,000,743 and accounts payable and accruals increased by \$1,886,893.



# NATIONAL STEEL CAR CORPORATION, LIMITED

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## EMPLOYEES

The variations in the required level of manufacturing activities have been responsible for wide fluctuations in employment. Severe limitations upon steel supplies now being encountered can be expected to have a similar effect upon the stability of employment. Our policy of retaining as many as possible of our trained personnel during slack periods has also been helpful in accomplishing efficient and rapid expansion of production. The Company is persistent in its efforts to reduce occupational hazards to a minimum and, although faced with a high labour turnover, accident frequency rating is better than in any previous period.

## RESEARCH AND DEVELOPMENT

There has been definite success with the manufacture of new products which has added to our sales of railway equipment. Studies and negotiations are progressing which will further increase sales of a more diversified nature and insure greater use of existing facilities as well as determine the most advantageous expenditures for additional plant and equipment.

The Board of Directors take this opportunity to thank all members of the organization for their unqualified co-operation which resulted in an efficient performance of duties.

Submitted on behalf of the Board of Directors.



*Chairman.*



*President.*

May 17, 1956.



# NATIONAL STEEL CAR CORPORATION, LIMITED

## ASSETS

### CURRENT ASSETS

Cash .....		\$ 880,058	
Marketable investments			
Short term notes at cost and accrued interest	\$ 3,006,553		
Government bonds and other marketable securities at cost and accrued interest (quoted market value \$4,204,000) .....	4,281,875		
		7,288,428	
Accounts receivable .....		648,462	
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 .....		4,515,416	
Prepaid insurance, taxes, etc. ....		190,827	
			\$13,523,191

### DEFERRED CHARGES

Employees' pension plan—estimated past service cost .....		1,470,000	
Less—Amount written off .....		698,250	
			771,750

### FIXED ASSETS at approximate cost

Land .....		277,998	
Buildings, machinery and equipment .....	10,819,592		
Less—Accumulated depreciation .....	8,251,729		
		2,567,863	
			2,845,861

### PATENTS AND GOODWILL.....

1
\$17,140,803

# BALANCE SHEET

MARCH 31 1956



## LIABILITIES

### CURRENT LIABILITIES

Accounts payable and accruals .....	\$ 3,084,818	
Income and other taxes payable and accrued .....	321,659	
Dividend payable April 15 1956 .....	263,250	
	<u>          </u>	\$ 3,669,727

RESERVE FOR RESEARCH AND CONTINGENCIES .....	226,277
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### SHAREHOLDERS' EQUITY

Capital stock		
Authorized		
1,000,000 shares without nominal or par value		
Issued and outstanding		
702,000 shares .....	5,092,500	
Retained earnings—in use in the business .....	8,152,299	
	<u>          </u>	13,244,799

APPROVED ON BEHALF OF THE BOARD:

PAUL A. BEIQUE, Director.

L. C. McCLOSKEY, Director.

            
\$17,140,803

# NATIONAL STEEL CAR CORPORATION, LIMITED

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## Statement of Income and Retained Earnings

FOR THE NINE MONTHS ENDED MARCH 31 1956

Operating profit for the period (see note below) .....		\$ 702,284
Income from investments .....		93,458
		<hr/>
Total income for the period before providing for income taxes .....		795,742
Provision for income taxes .....		300,000
		<hr/>
NET INCOME FOR THE PERIOD .....		495,742
Retained earnings in use in the business as at June 30 1955.....		8,797,307
		<hr/>
		9,293,049
Deduct		
Regular dividends declared during the period—total \$1.12½ per share .....	\$ 789,750	
Special dividend paid on October 14 1955—50¢ per share .....	351,000	
	<hr/>	1,140,750
		<hr/>
RETAINED EARNINGS—In use in the business as at March 31 1956 .....		\$ 8,152,299
		<hr/>

NOTE: The following expenses have been deducted in arriving at the operating profit—

Provision for depreciation .....	\$ 204,942
Employees' pension cost .....	213,325
Remuneration of executive officers .....	102,450
Directors' fees .....	12,650
Legal fees .....	1,555



PRICE WATERHOUSE & CO.

PIGOTT BUILDING

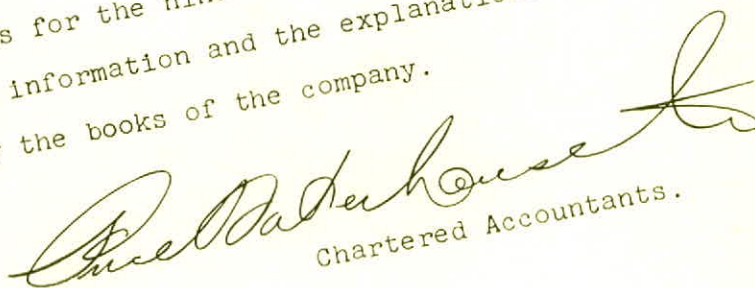
HAMILTON

May 17 1956.

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 1956 and the related statement of income and retained earnings for the nine months 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 statement of income and retained earnings 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 1956 and the result of operations for the nine months then ended according to the best of our information and the explanations given to us and as shown by the books of the company.

  
Chartered Accountants.





