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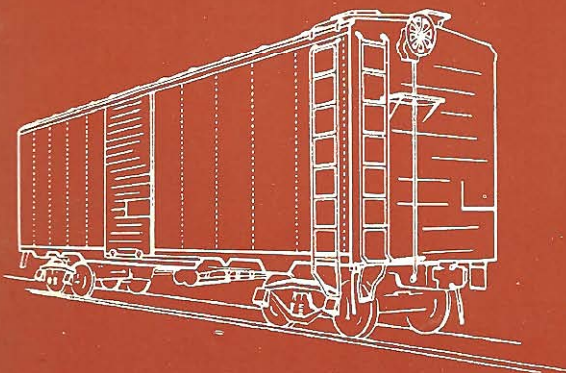
37<sup>th</sup>

# ANNUAL REPORT

**NATIONAL STEEL CAR CORPORATION LIMITED**

**HAMILTON, CANADA**

**MARCH 31, 1957**





# NATIONAL STEEL CAR CORPORATION, LIMITED

## BOARD OF DIRECTORS

H. N. BAIRD      P. A. BEIQUE      R. D. BELL      H. J. LANG  
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 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  
L. G. WREN, Assistant Comptroller

## 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

Rec. P. & P. Keane. May 30 1937



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## To the Shareholders of National Steel Car Corporation, Limited

The Thirty-seventh Annual Report of National Steel Car Corporation, Limited, is presented with the approval of the Board of Directors. The Report covers the fiscal year which ended March 31, 1957, but information on developments since that date is also included.

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### OPERATIONS

During the twelve months ended March 31, 1957, operations resulted in a new high level of production of railway cars. Miscellaneous products and railway car parts contributed considerably to total sales. The supply of steel and other raw material was critical throughout most of the year, but delivery commitments were fulfilled as scheduled by supplementing Canadian sources of supply with imports of steel from the United States.

Accumulated depreciation, calculated on the original cost of plant and equipment at the maximum allowable amount under current tax regulations, is not sufficient to provide for replacement at present-day prices and, therefore, additional funds must be made available from profits. This provides a serious problem as the rate of profit from manufacturing has declined in recent years in spite of a marked increase in efficiency of operations. This trend to lower profit margins was partially offset last year only because of a large volume of business.

The future volume of business that may be expected is still uncertain, but inquiries have been received for a substantial number of cars.

### CANADIAN TRAILMOBILE LIMITED

The Shareholders were advised by letter dated October 18, 1956, that the purchase of a majority ownership and active control of Trailmobile Canada Limited was being negotiated with the intention of diversifying your company's interests and with full confidence of the growth and potential of the truck-trailer industry. Subsequently, Trailmobile Canada Limited issued additional shares of stock which were purchased by National Steel Car Corporation, Limited on November 30, 1956. As a result, 75% ownership was acquired in this company and the name was changed to Canadian Trailmobile Limited.

The remaining 25% ownership was retained by Trailmobile Inc., one of the largest manufacturers of truck-trailers in the United States and a subsidiary of Pullman, Inc. The former owners will continue to contribute the benefit of their experience through two memberships on the Board of Directors of Canadian Trailmobile Limited and arrangements have been made for the use of their trailer designs, patents and advisory services.

Plans have already been announced and work commenced which will double the existing manufacturing capacity and increase the sales and service facilities at the various branches across the country. A satisfactory growth in sales and earnings is indicated.

### INCOME AND DIVIDENDS

Net income for the twelve months ended March 31, 1957, was \$2,242,152 as compared with \$495,742 for the nine months' period covered in the 1956 Financial Statements; \$281,284 for the twelve months reported in 1955, and \$2,752,143 for the year 1954.

Earnings per share were \$3.19, 71¢, 40¢ and \$3.92 respectively for the above periods.

For the eighth consecutive year, dividends totalling \$2.00 per share were distributed, made up of four quarterly payments of 37½¢ each and a special 50¢ per share dividend paid along with the regular October dividend.

### FINANCIAL POSITION

The assets and liabilities and the operating results of Canadian Trailmobile Limited have not been consolidated with those of National Steel Car Corporation, Limited. The investment in this



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subsidiary which was made in November 1956, is carried as a separate asset in the Balance Sheet. Profits of the subsidiary have not been included in the Statement of Income and Retained Earnings. Current Assets, less Current Liabilities, resulted in a Working Capital position of \$6,967,250 at March 31, 1957, as compared with \$9,853,464 at March 31, 1956. The ratio of Current Assets to Current Liabilities changed from 3.68 to 1, to 1.75 to 1 during the year. There was a heavy demand on funds required to finance the large volume of work undertaken during the year and working capital was used for investment in the subsidiary company.

Government of Canada bonds maturing in 1957 more than offset the bank advances and are being held for appreciation to par value at maturity.

The relatively large figures for accounts receivable, inventories, accounts payable and accruals for taxes reflect the high rate of production existing at March 31, 1957. Substantially all of the raw material inventory has been accumulated against definite orders for railway equipment.

Capital expenditures for equipment and other plant facilities amounted to approximately \$345,000 during the year. This conforms with the average for the last ten years. Expenditures authorized but unexpended at year end amounted to a carry-over of \$400,000, being part of a program for modernization of buildings and equipment, as well as provision for diversification in other lines of manufacturing. A good portion of this has been used as at the date of this Report. In addition, considerable expenditures have been made over a period of years to keep the plant facilities in excellent condition.

## RESEARCH AND DEVELOPMENT

Satisfactory progress has been made in the expanded use of existing and new facilities for manufacturing products in addition to our sales of railway equipment.

Active participation in the development and construction of freight cars of improved design has been carried out with the close liaison of the railroads. Two experimental cars have already been put into service and additional cars are now on order.

The acquisition of a majority stock ownership and active management responsibility of Canadian Trailmobile Limited is expected to provide a favourable opportunity for the integration of services and production facilities.

## DIRECTORS

In May 1956, Mr. L. C. McCloskey retired as a Director after sixteen years of valuable service to the company. At the last Annual General Meeting Mr. F. H. Sherman, Executive Vice-President of Dominion Foundries and Steel Limited was elected a Director.


## AUDITORS

The books of your company have been audited and the Report of the Auditors is submitted along with the Financial Statements.

## EMPLOYEES

We are pleased to join with the Board of Directors in acknowledging the splendid co-operation of all members of the organization whose contribution has made possible the results of this year's operations.

  
Chairman.

  
President.

Hamilton, Canada,  
May 24, 1957.



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## BALANCE SHEET

### ASSETS

#### CURRENT ASSETS

Cash .....	\$ 290,618	
Government bonds and other marketable securities at cost and accrued interest (quoted market value \$4,172,250) .....	4,256,875	
Accounts receivable .....	5,751,997	
Inventories of raw materials and supplies, work-in-process and finished stock, valued at the lower of cost or market .....	5,942,551	
Prepaid expenses .....	56,159	
	<hr/>	\$16,298,200

EMPLOYEES' PENSION PLAN—past service cost, less amount amortized 624,750

INVESTMENT IN SUBSIDIARY COMPANY at cost ..... 4,050,000

PROPERTY, PLANT AND EQUIPMENT at cost ..... 11,402,050

Less—Accumulated depreciation ..... 8,833,961

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2,568,089

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\$23,541,039



MARCH 31 1957

LIABILITIES

CURRENT LIABILITIES

Bank advances (secured) .....	\$ 1,500,000
Accounts payable and accruals .....	4,760,357
Income and other taxes payable and accrued .....	2,807,343
Dividend payable April 15 1957 .....	263,250
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	\$ 9,330,950

RESERVE FOR RESEARCH AND CONTINGENCIES .....	127,138
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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 .....	8,990,451
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	14,082,951

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\$23,541,039  

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APPROVED ON BEHALF OF THE BOARD:

A. VAN HASSEL, Director.

H. J. LANG, Director.



# NATIONAL STEEL CAR CORPORATION, LIMITED

## Statement of Income and Retained Earnings

FOR THE YEAR ENDED MARCH 31 1957

Operating profit for the year (see note below) .....	\$ 4,523,903
Income from investments .....	93,249
Total income for the year before providing for income taxes .....	4,617,152
Provision for income taxes .....	2,375,000
NET INCOME FOR THE YEAR .....	2,242,152
Retained earnings in use in the business as at March 31 1956 .....	8,152,299
	10,394,451
Deduct	
Regular dividends declared during the year—total \$1.50 per share .....	\$ 1,053,000
Special dividend paid on October 15 1956—50¢ per share .....	351,000
	1,404,000
RETAINED EARNINGS—In use in the business as at March 31 1957	\$ 8,990,451

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

Provision for depreciation .....	\$ 607,372
Employees' pension cost .....	323,333
Remuneration of executive officers .....	161,621
Directors' fees .....	16,700
Legal fees .....	10,548



PRICE WATERHOUSE & CO.

PIGOTT BUILDING  
HAMILTON  
ONTARIO

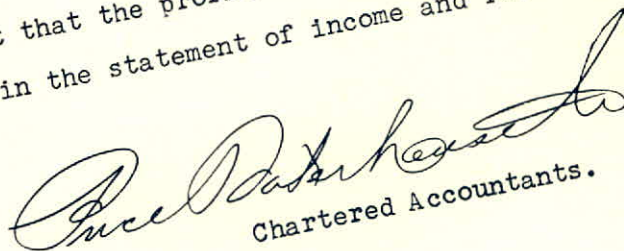
May 24 1957.

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 1957 and the related statement of income and retained earnings 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 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 1957 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.

In accordance with the requirements of Section 118 of The Companies Act, we report that the profits of the subsidiary company have not been included in the statement of income and retained earnings.

  
Chartered Accountants.







