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National
Steel Car Corporation
Limited

Hamilton, Ontario
Canada



Report

January 1, 1920 - June 30, 1921

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Steel Car Corporation
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BOARD of DIRECTORS

R. J. MAGOR, CHAIRMAN	
LESTER B. CHURCHILL	HENRY H. PIERCE
D. B. DEWAR	F. A. SKELTON
ROBERT GOWANS	DONALD SYMINGTON



OFFICERS

R. J. MAGOR	- - - -	PRESIDENT
DONALD SYMINGTON	-	VICE-PRESIDENT
F. A. SKELTON	- - -	VICE-PRESIDENT
LESTER B. CHURCHILL	-	SECRETARY-TREASURER
CHARLES W. ADAM	- -	ASST. SECY.-TREAS.



DEPOSITARIES

CANADIAN BANK OF COMMERCE, HAMILTON, ONTARIO, CANADA
CHASE NATIONAL BANK, NEW YORK CITY

Balance Sheet

ASSETS

CURRENT ASSETS:

Cash on hand and in Bank.....	\$37,190.27	
Accounts and Bills Receivable.....	1,197,682.41	
Sundry Investments.....	7,867.93	
Inventories of Raw Materials and Supplies, Work in Progress and Finished Cars and Trucks.....	3,706,166.05	
		\$4,948,906.66
FRENCH REPUBLIC AND PARIS LYONS AND MEDITERRANEAN RAILWAY COMPANY CLAIMS.....		273,477.84
DEFERRED CHARGES.....		62,657.93
PATENTS AND GOODWILL.....		1.00
LAND, BUILDINGS, PLANT AND EQUIPMENT.....		3,186,727.38

APPROVED ON BEHALF OF THE BOARD:

R. J. Magor, Director

F. A. Skelton, Director

\$8,471,770.81

We have examined the books and accounts of the Corporation for the period of eighteen months from the commencement of business on June 30, 1920, and find that the inventory of truck materials on hand is in accordance with a physical inventory. The figures are stated at book figures which have been certified to by the auditors. Inventories, cost prices have been applied throughout, and a reserve has been provided against a decline in inventory values.

On this basis and subject to the realization of the French Republic and Paris Railway Company Claims, we certify that in our opinion the financial position of the Company as at 30th June, 1921, according to the books of the Company, is as shown by the books of the Company.

June 30th, 1921

LIABILITIES

CURRENT LIABILITIES:

Accounts and Trade Bills Payable and Pay Rolls	\$1,173,776.29
Bank Loans secured	1,827,373.12
	<hr/> \$3,001,149.41

FIRST MORTGAGE SIX PER CENT. GOLD BONDS:

Authorized	\$3,000,000.00
Issued	\$2,000,000.00
Less—Repayments	\$180,000.00
	<hr/> 1,820,000.00

RESERVE FOR DEPRECIATION	680,297.35
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RESERVE AGAINST INVENTORIES	150,000.00
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CAPITAL AND SURPLUS:

Represented by 100,000 shares of Capital Stock without nominal or par value. (Subject to realization of French Republic and Paris Lyons and Mediterranean Railway Company Claims, and before providing for Gov- ernment Taxes)	2,820,324.05
	<hr/> \$8,471,770.81

the National Steel Car Corporation, Limited for the period
n 1st January, 1920 to 30th June, 1921. The stock of motor
nventory taken as of 30th June, 1921, whilst all other stocks
responsible officials of the Company. In valuing the
the reserve of \$150,000.00 which is considered adequate

he French Republic and Paris Lyons and Mediterranean
the above Balance Sheet sets forth the true financial
to the best of our information and the explanations given

PRICE, WATERHOUSE & Co.

Chartered Accountants

Report of the President



TO THE SHAREHOLDERS:

Your Directors submit herewith a balance sheet reflecting the financial position of the Corporation following the operation of the fiscal period of eighteen (18) months from the commencement of business on January 1st, 1920, to June 30th, 1921, duly audited and certified by Messrs. Price, Waterhouse & Co.

The National Steel Car Corporation, Limited, was organized in December, 1919, and took over the assets of the National Steel Car Company, Limited. At the time these negotiations were consummated the works were practically closed on account of lack of orders and your management therefore concentrated efforts to secure business which, by June, 1920, they successfully accomplished to the extent of approximately \$12,500,000.00. The greater part of this new business was obtained from Canadian Railways; the balance for export.

Until the fall of 1920 both labor and material conditions were very severe. For some months it was impossible to secure material in sufficient quantities and proportions with which to commence production. The works also had to be thoroughly reorganized and machinery and equipment put in condition for maximum service. The material situation was particularly acute in the Motor Truck branch of your Company's operations and many orders for trucks, upon the strength of which materials had been ordered, were cancelled when deliveries could not be made as early as had been anticipated.

It, therefore, became necessary to carry a particularly heavy inventory in both car and motor truck departments, and the consequent carrying charges have been heavy.

:: NATIONAL STEEL CAR CORPORATION, LIMITED ::

For the above reasons your works did not commence normal operations until October, 1920, and we therefore give below a summary of the manufacturing results for the nine (9) months ending June 30th, 1921:

Gross manufacturing profit.....		\$602,927.64
Miscellaneous Income.....		40,260.44
		<hr/>
		\$643,188.08
Deduct:		
Depreciation.....	\$135,627.75	
Interest on Mortgage Bonds	84,886.00	
	<hr/>	
		220,513.75
		<hr/>
Net Profit.....		\$422,674.33

In view of the conditions hereinbefore explained the results shown in the above statement cause your directors to take an optimistic view of the future. Notwithstanding the present railroad conditions in Canada, the natural and normal development of the country's potential resources will require a co-ordinate development of railway facilities and equipment, which, with replacements and repairs of old equipment, will insure a reasonable proportion of new business for the railway equipment industry of which your Company should obtain a fair share.

In the balance sheet, herewith presented, the inventory of car department materials, representing the major portion of the inventories, was taken at cost as the materials were purchased for current orders. Similarly, in the case of the Motor Truck Department the raw materials and finished products were valued at cost, but, owing to uncertain and abnormal conditions in the material markets, we have made a special and adequate provision against any reasonable decline in values of both stocks and finished parts by a direct charge against the surplus account.

Your attention is directed to the reduction in the amount of First Mortgage Bonds outstanding by the sum of \$180,000.00.

:: NATIONAL STEEL CAR CORPORATION, LIMITED ::

Your Executive Management has given much attention to the needs and requirements of Foreign railway equipment and has secured a considerable amount of export business. Your directors also believe that substantial orders should be obtained from other parts of the Empire, as no other Dominion within the Empire has as large a car manufacturing capacity as Canada, and, with proper presentation of Canada's facilities and needs, it is felt that good results will be secured with improvement in world conditions.

Your Company manufactures the well known NATIONAL Motor Truck. Our position in the motor truck field is established and we have a long list of satisfied customers. Your directors have authorized the establishment of direct branches in the principal centres of population and although we have experienced a period of great business depression in this department, in common with other truck makers we are confident that the resumption of normal business activity will proportionately increase our sales. We have passed through the expensive experimental stages and have finally developed five models of motor trucks (1, 1½, 2, 3½, 5 ton capacities) of sound design and construction and which equal the best imported models in efficient and economical performance. The shareholders may, with full confidence, recommend the use of NATIONAL trucks to their friends and customers.

It is a matter for gratification that the shareholders of the old company are to become shareholders of your corporation by an exchange of share certificates through the medium of a shareholders committee of the National Steel Car Company, Limited. As there is only one kind of stock outstanding they will share future results proportionately with the original shareholders of the new Corporation.

Your directors desire to take this first opportunity to express their appreciation of the loyal services of the officers and employees.

For the Directors,

R. J. MAGOR,
President.

