

NATIONAL STEEL CAR CORPORATION LIMITED

SEVENTH
ANNUAL
REPORT
JUNE THIRTIETH
- 1927 -

HAMILTON - ONTARIO - CANADA

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**NATIONAL
STEEL CAR
CORPORATION
LIMITED**

**SEVENTH
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HAMILTON - ONTARIO - CANADA

BOARD *of* DIRECTORS

ROBERT J. MAGOR, CHAIRMAN

D. B. DEWAR

HENRY H. PIERCE

SIR JOHN M. GIBSON

DONALD SYMINGTON

ROBERT GOWANS



OFFICERS

ROBERT J. MAGOR - - - - - PRESIDENT

DONALD SYMINGTON - - - - - VICE-PRESIDENT

HUGH N. BAIRD - - - - - VICE-PRESIDENT

ROBERT S. HART - - - - - HAMILTON MANAGER

DANIEL T. MAIN - - - - - MONTREAL MANAGER

CHAS. W. ADAM - - - - - ASST. SECY.-TREAS.

ABRAM VAN HASSEL - - - - - ASST. SECY.-TREAS.



DEPOSITARIES

THE CANADIAN BANK OF COMMERCE, HAMILTON, ONTARIO, CANADA

THE CANADIAN BANK OF COMMERCE

NEW YORK CITY

CAPITAL AND SURPLUS

June 30th, 1927

PARTICULARS	AMOUNT
CAPITAL AND SURPLUS at June 30th, 1926.....	\$2,167,737.13
ADD:—Profit from operations for the year ending June 30th, 1927, before providing for depreciation of buildings, machinery and equipment, and interest on mortgage bonds.....	\$288,765.55
LESS:—Provision towards depreciation of buildings, machinery and equipment.....	215,250.34
PROFITS before charging interest on bonds.....	\$ 73,515.21
DEDUCT:—Interest on mortgage bonds.....	76,520.55
NET LOSS FOR THE YEAR'	3,005.34
BALANCE, June 30th, 1927.....	<u><u>\$2,164,731.79</u></u>

Balance Sheet,

ASSETS

CURRENT ASSETS:

Cash on hand and in bank.....	\$ 15,340.51	
Call loan (secured).....	400,000.00	
Accounts and bills receivable, less reserve.....	648,410.01	
Cash surrender value of life insurance policy..	53,500.00	
Sundry investments.....	6,976.00	
Inventories of raw materials, supplies, work in process and finished cars	1,607,859.89	
		\$2,732,086.41

FRENCH REPUBLIC AND PARIS LYONS AND MEDITERRANEAN RAILWAY COMPANY CLAIMS:

263,477.84

DEFERRED CHARGES.....

16,212.02

PATENTS AND GOODWILL.....

1.00

LAND, BUILDINGS, PLANT AND EQUIPMENT.....

3,312,241.48

\$6,324,018.75

We have examined the books and accounts of the ending June 30th, 1927. The cash and bank balances have been taken from the depositaries, and we have taken all reasonable liabilities as at June 30th, 1927, have been taken up on the inventories were taken during the year of the materials received. The inventories are stated in the above balance sheet in accordance with the report given to by responsible officials of the Company. An amount is accruing depreciation of buildings, plant and equipment.

On this basis, and subject to the realization of the French Republic and Paris Lyons and Mediterranean Railway Company claims, we certify that, in our opinion, the financial position of the company as at June 30th, 1927, according to the report given to us, and as shown by the books of the Company.

TORONTO, August 3rd, 1927

Approved on behalf of the Board:

J. M. GIBSON, Director

D. B. DEWAR, Director

June 30th, 1927

LIABILITIES

CURRENT LIABILITIES:

Accounts payable.....	\$ 740,564.55	
Bank loan (secured).....	863,500.00	
Bank overdraft.....	52,669.27	
Accrued wages, etc.....	58,947.20	
		<u>\$1,715,681.02</u>

FIRST MORTGAGE SIX PER CENT GOLD BONDS:

Authorized.....	\$3,000,000.00	
Issued.....	\$2,000,000.00	
LESS—Repayments.....	790,000.00	
		<u>1,210,000.00</u>

RESERVE FOR DEPRECIATION..... 1,233,605.94

CAPITAL AND SURPLUS:

(As per statement attached)

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).....		<u>2,164,731.79</u>
		<u>\$6,324,018.75</u>

National Steel Car Corporation, Limited, for the year have been confirmed either by actual count or by certificates and precautions to satisfy ourselves that all outstanding are in the books. Following the usual practice, physical inventories are taken at the completion of each order, and the inventory figures which have been certified to the best of our information and the explanations

French Republic and the Paris, Lyons and Mediterranean Railway Company, the above balance sheet sets forth the true financial position of the company to the best of our information and the explanations

PRICE, WATERHOUSE & Co.,

Chartered Accountants

:: NATIONAL STEEL CAR CORPORATION, LIMITED ::

TO THE SHAREHOLDERS:

Statement of Capital and Surplus reflecting operations for the fiscal year ended June 30th, 1927, and Balance Sheet at June 30th, 1927, are submitted herewith.

Although the volume of business received during the year from the larger Canadian Roads was again disappointingly small, being even less than in the previous year, the total net value of business produced for the period under review was slightly greater than for the preceding fiscal period. This was due to the fact that your management negotiated for and was successful in obtaining a contract from the Pere Marquette Railway for the building of 350 large Automobile Box Cars, and also a contract from the Dominion Power & Transmission Company of Hamilton for 24 Street Cars.

An operating profit of \$288,765.55 was made after charging full maintenance expenses to operations, as compared with an operating profit of \$151,102.68 for the fiscal period ended June 30th, 1926.

There is shown a slight reduction from last year in the current assets from \$2,829,264.78 to \$2,732,086.41. The reduction in the current liabilities is somewhat greater, having been reduced from \$1,914,813.91 to \$1,715,681.02.

The net working capital shows an improved position, having increased from \$914,450.87 to \$1,016,405.39. This, after redeeming on December 8th, 1926, bonds to the extent of \$150,000.00, thereby reducing the total outstanding issue from \$1,360,000.00, as shown in the Balance Sheet of June 30th, 1926, to \$1,210,000.00, as shown in the accompanying Balance Sheet.

There have been no special developments to particularly warrant a substantial increase in the amount reserved for depreciation, but simply from the viewpoint of conservative operations, your Directors and management decided, at least for the fiscal year under review, to increase depreciation reserve from \$55,003.26 to \$215,250.34, thus bringing the total amount of reserve for depreciation to \$1,233,605.94, which is equivalent to approximately 40% of the total plant value, not including land which, of course, has appreciated in value.

:: NATIONAL STEEL CAR CORPORATION, LIMITED ::

The \$76,520.55 item of bond interest represents a reduction from last year's figure, which was \$81,600.00. This reduction was due to a saving in interest on bonds redeemed.

Your property has been fully maintained during the year and is prepared for efficient and economical operation, and in view of the general improved trade conditions in Canada, particularly the promising reports in connection with the grain crops, it is to be hoped that the railroads will, in the near future, enter the market for additional car equipment.

For the two months subsequent to the fiscal period under review, your works have been operating at fair capacity and during that time have completed all the railroad contracts let during the first quarter of 1927. There is no new business of any magnitude in sight at the present time. Although this is an unfortunate condition, it brings your Corporation into a highly liquid position. All bank loans have been paid off, and there still remains substantial cash in hand.

Your Directors again desire to express their appreciation of the loyal services of the officers and employees during the year.

Respectfully submitted on behalf of the Directors,

ROBERT J. MAGOR,
Chairman and President.

September 22nd, 1927.

