

NATIONAL STEEL CAR CORPORATION LIMITED

EIGHTH
ANNUAL
REPORT
JUNE THIRTIETH
- 1928 -

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HAMILTON - ONTARIO - CANADA

**NATIONAL
STEEL CAR
CORPORATION
LIMITED**

**EIGHTH
ANNUAL
REPORT**
JUNE THIRTIETH
- 1928 -

HAMILTON - ONTARIO - CANADA

BOARD *of* DIRECTORS

ROBERT J. MAGOR, Chairman

RUSSELL D. BELL

ROBERT GOWANS

D. B. DEWAR

W. E. PHIN

SIR JOHN M. GIBSON

HENRY H. PIERCE



OFFICERS

ROBERT J. MAGOR - - - - - PRESIDENT

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

ROBERT S. HART - - - HAMILTON MANAGER

DANIEL T. MAIN - - - MONTREAL MANAGER

CHARLES W. ADAM - - SECRETARY-TREASURER

ABRAM VAN HASSEL - - ASSISTANT SECY.-TREAS.



DEPOSITARIES

THE CANADIAN BANK OF COMMERCE, HAMILTON, ONTARIO, CANADA

THE CANADIAN BANK OF COMMERCE

NEW YORK CITY

CAPITAL AND SURPLUS

June 30th, 1928

PARTICULARS	AMOUNT
CAPITAL AND SURPLUS at June 30th, 1927.....	\$2,164,731.79
ADD:—Profit from operations for the year ending June 30th, 1928, after providing for Dominion income tax, but before deducting interest on mortgage bonds and provision for depreciation of plant	\$534,849.55
DEDUCT:—Interest on Mortgage bonds.....	54,969.90
	<u>\$479,879.65</u>
DEDUCT:—Provision for depreciation of plant.....	\$211,110.78
	<u>268,768.87</u>
NET PROFIT FOR THE YEAR	<u>\$2,433,500.66</u>
DEDUCT— French Republic and Paris Lyons and Mediterranean Railway Company claims written off.....	263,477.84
CAPITAL AND SURPLUS June 30th, 1928.....	<u><u>\$2,170,022.82</u></u>

Balance Sheet,

ASSETS

CURRENT ASSETS:

Cash on hand and in bank.....	\$195,221.04
Call loans (secured).....	400,000.00
Accounts and bills receivable, less reserve	189,184.35
Cash surrender value of life insurance policy....	63,000.00
Sundry investments.....	5,101.00
Inventory of raw materials and supplies, work in process and finished stock.....	696,258.44
	<hr/>
	\$1,548,764.83

DEFERRED CHARGES..... 10,995.47

PATENTS AND GOOD WILL..... 1.00

LAND, BUILDINGS, PLANT AND EQUIPMENT.....	3,385,708.84
	<hr/>
	\$4,945,470.14

We have examined the books and accounts of the National Steel Car Corporation as at June 30th, 1928. The cash and bank balances have been verified with the depositaries, and we have taken all reasonable precautions to ensure that the balances as at June 30th, 1928, have been taken up on the books. The inventory of raw materials remaining at the close of the year has been taken during the year of the materials remaining at the close of the year. The above balance sheet in accordance with the book inventory of the company.

On this basis, we certify that, in our opinion, the balance sheet of the company as at June 30th, 1928, according to the best of our knowledge and belief, as shown by the books of the company.

TORONTO, Aug. 7th, 1928

Approved on behalf of the Board:

J. M. GIBSON, Director.

D. B. DEWAR, Director.

:: NATIONAL STEEL CAR CORPORATION, LIMITED ::

June 30th, 1928

LIABILITIES

CURRENT LIABILITIES:

Accounts payable.....	\$419,489.31	
Accrued wages, etc.....	49,317.42	
		\$ 468,806.73

FIRST MORTGAGE SIX PER CENT. GOLD BONDS:

Authorized.....	\$3,000,000.00	
Issued.....	\$2,000,000.00	
LESS—Repayments.....	1,140,000.00	
		860,000.00

RESERVES:

For depreciation of plant.....	\$1,426,640.59	
For contingencies.....	20,000.00	
		1,446,640.59

CAPITAL AND SURPLUS:

(As per statement attached).

Represented by 100,000 shares of Capital Stock without nominal or par value.....		2,170,022.82
		<u>\$4,945,470.14</u>

ational Steel Car Corporation, Limited for the year ending
confirmed either by actual count or by certificates from
utions to satisfy ourselves that all outstanding liabilities

Following the usual practice, physical inventories were
completion of each order, and the inventories are stated in
entory figures which have been certified to by responsible

ove balance sheet sets forth the true financial position of
of our information and the explanations given to us, and

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, 1928, and Balance Sheet at June 30th, 1928, are submitted herewith.

The volume of business produced during the year was approximately 27% in excess of last year's production, about 10% of this was accounted for by increased equipment orders, which included not only standard equipment for the railroads, but also street cars and rolling stock of special design. The balance of the increased production of approximately 17% was derived from the manufacture of materials other than rolling stock.

An operating profit of \$534,849.55 was made after charging full maintenance expenses to operations, as compared with an operating profit of \$288,765.55 for the fiscal period ending June 30th, 1927.

Due to the profits realized and the more prompt delivery of the Railroad orders received early in 1928, it has been possible to liquidate all bank loans at an earlier date than last year; so in place of total bank bills payable as of June 30th, 1927, of \$916,169.27, at the close of the fiscal year under review all bank loans were paid off, and in their place the statement shows cash or the equivalent to the extent of \$658,221.04.

There is shown a substantial reduction from last year in the current assets from \$2,732,086.41 to \$1,548,764.83. The reduction in the current liabilities is even greater, having been reduced from \$1,715,681.02 to \$468,806.73.

The net working capital shows an improvement, having increased from \$1,016,405.39 to \$1,079,958.10. This, after expending \$73,467.36 on improvements and new equipment, and also after redeeming in August, 1927, bonds to the extent of \$350,000.00 thereby reducing the total outstanding issue from \$1,210,000.00, as shown in the Balance Sheet of June 30th, 1927, to \$860,000.00 as shown in the accompanying Balance Sheet.

The \$54,969.90 item of bond interest represents a reduction from last year's figure, which was \$76,520.55. This reduction was due to a saving in interest on bonds redeemed.

Following the same procedure, which was adopted last year, an increased depreciation amounting to \$211,110.78 has been charged against earnings. This has been calculated on the same basis as the \$215,250.34 that was deducted from earnings last year. By adding the above amount reserved for the fiscal period under review to the previous depreciation reserve, the total depreciation item is brought up to \$1,426,640.59, which is equivalent

:: NATIONAL STEEL CAR CORPORATION, LIMITED ::

to over 45% of the total plant value, not including land, which of course, has appreciated in value.

It will be noted that the claim against the French Republic and Paris Lyons and Mediterranean Railway Company, shown in last year's Balance Sheet, amounting to \$263,477.84, has been deducted from earnings and accumulated surplus; and in consequence the Chartered Accountant's Report is relieved of the clause which has been inserted in the past, drawing attention to the fact that the figures as shown are subject to the realization of this claim. In writing this claim off, your Directors are desirous of reporting that during the fiscal period under review official advice was received that no further payments could be counted upon, and as this claim was taken over from the Old Company prior to 1920, it was deemed advisable by your Directors to accept this decision; otherwise there would be heavy expense entailed in still further prosecuting same. It will be seen from the accompanying statement that it is the last item to be cleared off the balance sheet that was inherited from the old Company. It will also be noted that the earnings for the past year, as shown, are sufficient to absorb the amount of this claim without adversely affecting the surplus. In fact, this account shows a slight increase from \$2,164,731.79 to \$2,170,022.82.

Although it has no direct bearing on the operations of the Corporation, your Directors desire to report that during the year the American interest in the original syndicate of the new Corporation which was formed in December, 1919, was bought out, and through the medium of a strong brokerage and distributing house, control of the Company was placed in the hands of the Canadian investing public; the management, however, retaining a very substantial block of stock.

Mr. W. E. Phin of Hamilton, and Mr. Russell D. Bell of Montreal, were added as directors to the Board, to fill the vacancies caused by the resignation of Mr. Donald Symington of Baltimore, who represented the American interests, and the late Mr. Lester B. Churchill of New York.

Your property has been fully maintained during the year and is prepared for efficient and economical operation.

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.

August 23rd, 1928.

