

NATIONAL STEEL CAR CORPORATION LIMITED

FOURTEENTH
ANNUAL
REPORT
JUNE THIRTIETH
. 1934 .

HAMILTON - ONTARIO - CANADA

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**NATIONAL
STEEL CAR
CORPORATION
LIMITED**

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. 1934 .**

HAMILTON - ONTARIO - CANADA

BOARD *of* DIRECTORS

ROBERT J. MAGOR, Chairman

HUGH N. BAIRD

GLYN OSLER, K.C.

RUSSELL D. BELL

F. E. MEREDITH, K.C.

D. B. DEWAR

W. E. PHIN



OFFICERS

ROBERT J. MAGOR PRESIDENT

HUGH N. BAIRD VICE-PRESIDENT

ROBERT S. HART VICE-PRESIDENT

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 30, 1934

PARTICULARS	AMOUNT
CAPITAL AND SURPLUS at	
June 30, 1933.....	\$4,980,923.74
DEDUCT:—Loss from operations for the year ending June 30, 1934, before providing for depreciation of plant.....	\$ 229,756.37
ADD:—Provision for depreciation of buildings, machinery and equip- ment.....	50,000.00
LOSS FOR THE YEAR	279,756.37
CAPITAL AND SURPLUS at June 30, 1934.....	<u>\$4,701,167.37</u>

Balance Sheet,

ASSETS

CURRENT ASSETS:

Cash on Hand and in Bank.....	\$ 10,171.77
Dominion Government bonds, at cost and accrued interest.....	413,400.00
(Market value as at June 30, 1934, and accrued interest—\$412,425.00).	
Accounts Receivable.....	229,419.61
Cash Surrender Value of Life Insurance Policy..	121,000.00
Sundry Investments.....	3,692.00
Inventories of Raw Materials, Supplies, Work in Process and Finished Stock.....	111,497.87

TOTAL CURRENT ASSETS..... \$ 889,181.25

DEFERRED CHARGES..... 2,807.28

PATENTS AND GOODWILL..... 1.00

FIXED ASSETS:

LAND, at cost.....	\$ 364,589.59
BUILDINGS, MACHINERY and EQUIP- MENT.....	5,730,629.81
	6,095,219.40
	<u>\$6,987,208.93</u>

AUDITOR'S REPORT TO THE SHAREHOLDERS:

We have examined the books and accounts of N ending June 30th, 1934, and have been furnished with a The bank balances and investments have either been taken all reasonable precautions to satisfy ourselves t have been taken up on the books. Following the comp during the year of the materials remaining at the comp the above balance sheet are in accordance with the bo been certified to by responsible officials of the compa wards depreciation accruing during the year.

On this basis we report that, in our opinion, the a forth the true financial position of the company as at tion and the explanations given to us, and as shown by

Approved on behalf of the Board.

D. B. Dewar, Director.

W. E. Phin, Director.

June 30th, 1934

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable.....	\$ 21,707.09
Accrued Wages, Etc.....	3,515.27

TOTAL CURRENT LIABILITIES.....	\$ 25,222.36
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RESERVE:

For Depreciation of Buildings, Machinery, and Equipment.....	2,260,819.20
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CAPITAL AND SURPLUS:

(As per statement attached)

Represented by 130,000 shares of Capital Stock without nominal or par value	4,701,167.37
	<u>\$6,987,208.93</u>

National Steel Car Corporation, Limited for the year
all the information and explanations which we required.
examined or confirmed by certificates, and we have
that all outstanding liabilities as at June 30th, 1934,
any's usual practice, physical inventories were taken
pletion of each order, and the inventories as stated in
book inventory figures as at June 30, 1934, which have
ny. An amount of \$50,000.00 has been provided to
above balance sheet is properly drawn up so as to set
June 30th, 1934, according to the best of our informa-
the books of the company.

PRICE, WATERHOUSE & Co.,
Auditors.
Toronto, July 23rd, 1934.

To the Shareholders:—

Statement of Capital and Surplus reflecting operations for the fiscal year ending June 30th, 1934, and Balance Sheet at June 30th, 1934, are submitted herewith.

For the fiscal year under review, the total production of your Corporation of all products manufactured amounted to \$222,044.47. This is \$91,982.57 less than last year's production, which, up to that time, was the lowest in the Company's history, although it did include, as indicated in the last report, fifty tank cars for an Oil Company. During the year under review, no cars of any description were produced. On the other hand, there was a slight increase in our miscellaneous production.

There was a loss in operations of \$229,756.37, after providing for all expenses of every kind and before deducting a reserve for depreciation on plant of \$50,000.00. With this amount added, it reflects a total loss of \$279,756.37, which was considerably less than last year's total loss of \$375,519.13.

Due to the almost complete cessation of business, the current assets were reduced from \$1,139,943.48 to \$889,181.25. The current liabilities are negligible and were reflected last year at \$47,272.04 against \$25,222.36 this year.

In the Current Assets, Dominion Government Bonds are shown at \$413,400.00, which is the cost basis, with accrued interest. The market value of these at June 30th, 1934, including interest was \$412,425.00 and since that date this value has advanced to a figure greater than the original cost. A comparison with last year's statement covering this item will reflect a very material increase in the market value.

Working capital has been decreased from \$1,092,671.44 to \$863,958.89, a reduction of \$228,712.55.

As there were no earnings and, in order to maintain a strong cash position, your Directors did not declare any dividends on the Capital Stock of the Company, during the year.

Deferred charges, consisting of taxes, insurance, etc., were reduced from \$6,688.44 to \$2,807.28.

The Depreciation Reserve for the year of \$50,000.00, on buildings, machinery and equipment, increased the accumulated total of this account from \$2,210,819.20 to \$2,260,819.20.

The result of the past year's operations decreased the Capital and Surplus Account from \$4,980,923.74 to \$4,701,167.37, the difference representing the loss above indicated of \$279,756.37.

The absence of railroad car buying is wholly responsible for the adverse showing of this report. Every economy has been exercised and it is, at least to some extent, gratifying that the loss was substantially less than the previous year. Your buildings and equipment have been well maintained and an experienced nucleus of the Organization has been retained and can commence functioning the moment that new equipment is purchased.

Since our last report, a very definite effort has been put forth by the United States Government to provide work and replace worn out equipment on a number of the principal railroads in that Country. This resulted in considerable purchase of equipment, which is now being produced by American Plants.

In Canada, car loadings have materially increased. This has placed a greater demand on the available equipment thus creating a material reduction in the number of idle cars. This is particularly noticeable in certain types.

During the depression, industry, as a whole, has been hard hit but no other commercial activity has been so completely devoid of business as the Equipment Companies. It is now over three years since we turned out our last car for the Railways of this Country. The requirements of Canada are mainly dependent on railroad transportation and as thousands of cars have been taken out of service, we sincerely hope that some purchasing will presently take place.

General conditions show a marked improvement and the purchase of railroad rolling stock on an equipment trust basis reflects a sound investment, the security of which is undoubtedly unequalled on this continent. The equipment itself, being the security, represents a tangible asset with a high earning power, it is mobile and interchangeable and can be used on any standard railroad on the continent. In brief, it would appear to be an investment which should be extremely popular in Canada.

Due to the very broad distribution of material orders, the construction of railroad equipment gives much diversified employment in many communities throughout Canada and, in this way, should materially reduce relief demands.

Your Directors again wish 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 7th, 1934.

