

NATIONAL STEEL CAR CORPORATION LIMITED

FIFTEENTH
ANNUAL
REPORT
JUNE THIRTIETH
. 1935 .

HAMILTON - ONTARIO - CANADA

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**NATIONAL
STEEL CAR
CORPORATION
LIMITED**

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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

EARNED SURPLUS ACCOUNT

For the year ending June 30th, 1935

PARTICULARS	AMOUNT
Operating loss for the year ending June 30, 1935, before providing for depreciation, etc., as under.....	\$ 228,201.09
ADD:—Directors' fees and expenses.....	3,307.50
	<u>\$ 231,508.59</u>
DEDUCT:—	
Profit on sale of government bonds.....	\$ 5,104.00
Income from investments.....	14,119.15
Interest on notes receivable.....	8,991.09
	<u>28,214.24</u>
CASH LOSS FOR THE YEAR, before providing for depreciation	\$ 203,294.35
ADD:—Provision for depreciation of buildings, plant and machinery	50,000.00
	<u>253,294.35</u>
TOTAL LOSS FOR THE YEAR.....	\$ 253,294.35
Balance at credit of Earned Surplus, July 1, 1934.....	266,841.42
BALANCE AT CREDIT, JUNE 30, 1935.....	<u>\$ 13,547.07</u>

NOTE:—The balance of \$266,841.42 in Earned Surplus Account as at July 1, 1934, shown above represents the balance of profits from the commencement of the company's operations in January, 1920 to June 30, 1934, viz.:—

TOTAL PROFITS, before providing for depreciation and interest	\$ 3,807,242.18
DEDUCT:—Provision for depreciation of buildings, plant and machinery.....	1,805,582.82
	<u>\$ 2,001,659.36</u>
DEDUCT:—	
Interest paid to bondholders.....	\$ 811,817.94
Dividends paid to shareholders.....	923,000.00
	<u>1,734,817.94</u>
	<u>\$ 266,841.42</u>

Balance Sheet,

ASSETS

CURRENT ASSETS:

Cash on Hand and in Bank.....	\$ 8,947.38
Dominion Government and other Bonds, at cost and accrued interest.....	294,675.00
(Market value as at June 30, 1935, and accrued interest—\$298,987.50)	
Accounts Receivable.....	145,497.90
Cash Surrender Value of Life Insurance Policy.....	131,000.00
Sundry Investments.....	3,692.00
Inventories of Raw Materials, Supplies, Work in Process and Finished Stock, as determined and certified by responsible officials of the Company, valued on the basis of cost or market prices, whichever were lower.....	97,388.61
TOTAL CURRENT ASSETS.....	\$ 681,200.89

DEFERRED CHARGES:

Unexpired insurance, prepaid taxes, and other expenditures carried forward.....	14,329.41
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PATENTS AND GOODWILL.....	1.00
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FIXED ASSETS:

Land.....	\$ 364,589.59
Buildings, Machinery and Equipment.....	5,730,629.81
	6,095,219.40

NOTE:— The fixed assets are valued on the basis of the book value of the predecessor company from which they were acquired in December, 1919, plus subsequent additions at cost.

\$ 6,790,750.70

AUDITORS' REPORT

We have examined the books and accounts of National Steel Car Corporation, Limited, for the year ended June 30, 1935, and the bank balances and investments have either been examined or confirmed by us. The standing liabilities as at June 30, 1935, have been taken up on the books. Following the completion of each order, and the inventories as stated in the above balance sheet are in accordance with the books of the company. An amount of \$50,000.00 has been provided towards the completion of the company.

On this basis we report that, in our opinion, the above balance sheet is properly drawn up and is in accordance with the best of our information and the explanations given to us, and as shown by the books.

Approved on behalf of the Board:

D. B. DEWAR, Director.

W. E. PHIN, Director.

June 30th, 1935

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable.....	\$ 24,285.52
Accrued Wages, Etc.....	6,359.96
Sales Tax Payable.....	1,413.00

TOTAL CURRENT LIABILITIES....	\$ 32,058.48
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RESERVE:

For Depreciation of Buildings, Machinery and Equipment.....	2,310,819.20
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CAPITAL:

Authorized and Issued for Cash—130,000 Shares without Nominal or Par Value.....	\$ 3,500,000.00
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CAPITAL SURPLUS:

Representing Surplus at date of the Com- pany's organization in 1919, less sub- sequent adjustments to June 30, 1934	934,325.95
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EARNED SURPLUS:

As per Statement Attached.....	13,547.07
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TOTAL CAPITAL AND SURPLUS, represented by 130,000 Shares without Nominal or Par Value.....	4,447,873.02
	<u>\$ 6,790,750.70</u>

TO THE SHAREHOLDERS:

the year ending June 30, 1935, and have been furnished with all the information and explanations by certificates, and we have taken all reasonable precautions to satisfy ourselves that all out-
any's usual practice, physical inventories were taken during the year of the materials remaining
accordance with the book inventory figures as at June 30, 1935, which have been certified
rds depreciation accruing during the year.
as to exhibit a true and correct view of the state of the company's affairs as at June 30, 1935,
books of the company.

PRICE, WATERHOUSE & Co.,
Chartered Accountants.
Toronto, August 16, 1935.

To the Shareholders:—

Statement of Capital and Surplus reflecting operations for the fiscal year ending June 30th, 1935, and Balance Sheet at June 30th, 1935, are submitted herewith.

Due to the requirements of the new Dominion Companies' Act, which took effect during the past year, certain changes have been made in the presentation of the Annual Accounts of your Corporation, the principal being in relation to the segregation of "Capital", "Capital Surplus" and "Earned Surplus". Your Corporation was organized in December, 1919, when it acquired the assets and assumed the liabilities of its predecessor, the National Steel Car Company, Limited, which Company had been in operation since 1912. The surplus of Assets over Liabilities as at the date of purchase, after adjustments made during the period up to June 30th, 1934, is shown on the attached Balance Sheet of June 30th, 1935, at an amount of \$934,325.95.

For your information a note is appended to the "Earned Surplus" Statement summarizing the results of your Corporation's operations and the dividends paid to the Shareholders from the date of its organization up to the present time. Since then, the financial structure has been greatly improved by the retirement of the total issue of Two Million Dollars of First-Mortgage Bonds. The Plant facilities have also been improved and modernized in every respect by the spending on same of an amount in excess of Three Million, Three Hundred Thousand Dollars. The total of the above of over Five Million, Three Hundred Thousand Dollars was secured from operating profits and sale (several years ago) of 30,000 shares of Stock.

The amount reserved for depreciation of Plant and Equipment, shown in the appended note, of \$1,805,582.82, has been accumulated since the commencement of operations January 1st, 1920. Prior to that date, there had been reserved for depreciation \$505,236.38. The sum of these two equals the total on the Balance Sheet of \$2,310,819.20.

Due to the complete absence of Car Orders, the Earned Surplus Account (Profit and Loss) for the year ending June 30th, 1935, reflects a cash loss of \$203,294.35, after providing for all expenses of every kind but before deducting a reserve for Plant depreciation of \$50,000.00. With this amount added, it reflects a loss of \$253,294.35, as against last year's loss of \$279,756.37.

Current Assets were reduced from \$889,181.25 to \$681,200.89. The Current Liabilities stand at \$32,058.48 as against last year's figure of \$25,222.36.

: : NATIONAL STEEL CAR CORPORATION, LIMITED : :

In the Current Assets, Dominion Government Bonds are shown at \$294,675.00 which is cost, with accrued interest. The Market Value of these Securities at June 30th, 1935, including interest is shown at \$298,987.50.

The Working Capital has been reduced from \$863,958.89 to \$649,142.41, a reduction of \$214,816.48.

Deferred charges, consisting of Taxes, Insurance, etc., are shown at \$14,329.41 as against \$2,807.28 as shown in last year's Statement. The result of last year's operations has decreased the Capital Surplus Account from \$4,701,167.37 to \$4,447,873.02, the difference representing the loss, above indicated of \$253,294.35.

No dividends were declared during the year.

The absence of Railroad Car buying is wholly responsible for the adverse showing of this Report. It is, to some extent, gratifying that without having had any more business than last year, the loss is somewhat less.

For the first time in a number of years, your Directors are pleased to be able to report that a joint programme of equipment buying by the two principal Transportation Systems, under the auspices of the Dominion Government, has developed and your Management has been assured of a fair proportion of this business. Materials are now being purchased for the production of this equipment and the experienced Organization, which has been maintained, is now being further developed and all preparations have been completed for the efficient and satisfactory production of this business.

As equipment building is the very backbone of the Heavy Industries, it is expected that the increased employment situation will be further augmented, as the diversified products used are drawn from many parts of the country.

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.

September 13th, 1935

