

**NATIONAL  
STEEL CAR  
CORPORATION  
LIMITED**

**SEVENTEENTH  
ANNUAL  
REPORT  
JUNE THIRTIETH  
1937**

**HAMILTON - ONTARIO - CANADA**

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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



## CAPITAL AND SURPLUS ACCOUNTS

For the year ending June 30, 1937

PARTICULARS	AMOUNT
Operating profit for the year ending June 30, 1937, before providing for depreciation and income taxes, etc., as under .....	\$ 374,451.63
DEDUCT	
Executive officers' salaries .....	\$62,050.80
Directors' fees and expenses .....	3,644.70
Legal fees .....	250.56
Interest charges .....	6,205.56
	<u>72,151.62</u>
	\$ 302,300.01
ADD—	
Income from investments .....	\$ 9,553.85
Interest on notes receivable .....	538.88
	<u>10,092.73</u>
PROFIT FOR THE YEAR, BEFORE PROVIDING FOR DEPRECIATION AND INCOME TAXES .....	\$ 312,392.74
DEDUCT—Provision for depreciation of buildings, plant and machinery .....	<u>111,398.64</u>
PROFIT FOR THE YEAR, before income taxes .....	\$ 200,994.10
DEDUCT—	
Dominion income tax paid for year ending June 30, 1936 .....	\$ 7,510.87
Provision for Dominion income tax for year ending June 30, 1937 .....	32,500.00
	<u>40,010.87</u>
NET PROFIT FOR YEAR .....	\$ 160,983.23
Balance at credit of Earned Surplus, July 1, 1936 .....	<u>25,382.10</u>
BALANCE AT CREDIT OF EARNED SURPLUS, JUNE 30, 1937 .....	\$ 186,365.33
CAPITAL SURPLUS—	
(No change during year) .....	934,325.95
CAPITAL STOCK—	
130,000 shares without nominal or par value .....	<u>3,500,000.00</u>
TOTAL CAPITAL AND SURPLUS, JUNE 30, 1937 .....	<u><u>\$ 4,620,691.28</u></u>

# Balance Sheet,

## ASSETS

### CURRENT ASSETS:

Cash on hand and in Bank .....	\$ 28,275.16
Accounts receivable .....	569,837.85
Cash surrender value of life insurance policy .....	150,500.00
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 .....	1,640,995.55
<b>TOTAL CURRENT ASSETS .....</b>	<b>\$ 2,389,608.56</b>

### DEFERRED CHARGES:

Unexpired insurance, etc. ....	13,516.01
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<b>PATENTS AND GOODWILL .....</b>	<b>1.00</b>
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### FIXED ASSETS:

Land .....	\$ 364,589.59
Buildings, machinery and equipment .....	5,771,387.49
	<u>6,135,977.08</u>

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.

\$ 8,539,102.65

### AUDITORS' REPORT

We have made an examination of the balance sheet of National Steel Car Corporation for the year ending on that date. In this connection we examined or tested accounting which we required; we made a general review of the accounting methods and of the results thereof. In our opinion, based upon such examination and subject to the related statement of capital and surplus accounts are properly drawn up so as to show the results of the company's operations for the year ending on that date, as shown by the books of the company.

Approved on behalf of the Board:

D. B. DEWAR, Director.  
W. E. PHIN, Director.



June 30, 1937

## LIABILITIES

### CURRENT LIABILITIES:

Bank loan (secured) .....	\$ 200,000.00
Accounts payable .....	828,574.53
Accrued wages, etc. ....	19,976.81
Reserve for taxes .....	97,806.02

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TOTAL CURRENT LIABILITIES.....	\$ 1,146,357.36
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### RESERVE:

For depreciation of buildings, machinery and equipment .....	2,772,054.01
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### CAPITAL AND SURPLUS:

Capital Stock—	
Authorized and issued for cash—130,000 shares without nominal or par value .....	\$ 3,500,000.00

Capital Surplus— (No change during the year) .....	934,325.95
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Earned Surplus—	
As per statement attached .....	186,365.33

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TOTAL CAPITAL AND SURPLUS, represented by 130,000 shares with- out nominal or par value .....	4,620,691.28
	<u>\$ 8,539,102.65</u>

### TO SHAREHOLDERS

Limited as at June 30, 1937, and of the statement of the capital and surplus accounts records and other supporting evidence and obtained all the information and explanations operating and income accounts for the year, but our audit of the detail transactions to the adequacy of the provision for depreciation, we report that the above balance sheet exhibit a true and correct view of the state of the affairs of the company as at June 30, ording to the best of our information and the explanations given to us and as shown

PRICE, WATERHOUSE & Co.,  
Chartered Accountants.  
Toronto, September 1, 1937.

To the Shareholders:

Statement of Capital and Surplus reflecting operations for the fiscal year ending June 30th, 1937, and Balance Sheet at June 30th, 1937, are submitted herewith.

Your Directors are pleased to report that during the year orders have been obtained for substantial quantities of "Parts" and "Diversified Products", and certain equipment reconditioning work, in addition to the orders for Railroad Equipment which have already been announced from time to time.

Most of the above orders were closed during the third quarter of the period under review, with the result that only about three and a quarter million dollars of the total were produced prior to June 30th, 1937, leaving by far the greater part to be turned out during the current fiscal period.

The development of the different lines coming under the heading "Diversified Products" has been particularly satisfactory for the reason that most of them have resulted from manufacturing arrangements entered into with foreign and overseas connections.

The results of current operations are well up to expectations and continued improvement is anticipated. This should produce additional earnings for your Corporation, as well as increased labor in your Works and other Works in Canada which produce materials required for fabrication into these finished products. Your Corporation's activities in these lines also mean additional freight to be transported by Canada's Railways.

Although only a relatively small portion of the business secured was produced during the period under review, a cash profit of \$272,381.87 was secured before depreciation, but after all operating charges and all taxes. This compares with \$368,981.58, as shown in last year's report. At the end of the previous fiscal period, however, there were only a few small, uncompleted orders on hand, whereas a substantial production is assured for some months of the current fiscal period.

As a result of the cash profit secured, working capital was built up from \$995,094.20 to \$1,243,251.20, an increase of \$248,157.00.

There has been reserved for depreciation of buildings, plant and machinery, \$111,398.64. This is the maximum figure allowable



as a charge against gross profits under the present ruling of the Income Tax Department. By providing the above amount it brings the total depreciation reserve to \$2,772,054.01 at June 30th, 1937.

Due to greater volume of work going through the plant, current assets were built up from \$1,089,590.97 to \$2,389,608.56, showing an increase of \$1,300,017.59.

Current liabilities were increased from \$94,496.77 to \$1,146,357.36, showing an increase of \$1,051,860.59.

No special references to either the current assets or the current liabilities are necessary. Each item under the former heading represents either cash or the equivalent, and under the latter heading reflects current payables directly connected with shop operations and production.

Deferred charges, consisting of prepaid taxes, insurance, etc., are shown at \$13,516.01, as against \$15,085.84, a decrease of \$1,569.83.

Referring to the Capital and Surplus Account, which is given in considerable detail, it will be seen that as a net result of the year's operations, the total of this account was increased from \$4,459,708.05 to \$4,620,691.28, an improvement of \$160,983.23, which represents the net profit for the year, after deducting all charges.

Reference was made in last year's report to the manner in which the complete personnel of your Corporation put the Plant into production after a long closed down period. This accomplishment has been still further extended by the promptness with which production was commenced on the orders which are now being turned out in considerable volume, notwithstanding delays in securing deliveries of raw material.

Respectfully submitted on behalf of the Directors.

ROBERT J. MAGOR,  
Chairman and President.

September 14, 1937.







