

**NATIONAL  
STEEL CAR  
CORPORATION  
LIMITED**

**TWENTY-SECOND  
ANNUAL  
REPORT**  
JUNE THIRTIETH  
**1942**

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HAMILTON - ONTARIO - CANADA

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**HAMILTON - ONTARIO - CANADA**



## BOARD *of* DIRECTORS

HUGH N. BAIRD, Chairman

ROBERT S. HART

GLYN OSLER, K.C.

RUSSELL D. BELL

LEO C. McCLOSKEY

A. VAN HASSEL

## OFFICERS

HUGH N. BAIRD . . . . . CHAIRMAN

ROBERT S. HART . . . . . PRESIDENT

A. VAN HASSEL . . . . . VICE-PRESIDENT

O. H. ANDERSON . . . . . VICE-PRESIDENT

CHARLES W. ADAM . . . . . SECRETARY-TREASURER

## BANKERS

THE CANADIAN BANK OF COMMERCE

BARCLAYS BANK LIMITED

## SOLICITORS

BLAKE, LASH, ANGLIN & CASSELS, TORONTO, ONTARIO

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GENERAL OFFICES, HAMILTON, ONTARIO

EXECUTIVE AND SALES OFFICE

437 ST. JAMES ST., MONTREAL, QUEBEC



To the Shareholders:

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It is with profound sorrow that your Directors record the death on July 4th, 1942, of your late President and Chairman of the Board, Mr. Robert James Magor, who was largely instrumental in building up your Company from a comparatively small beginning to one of the largest industries in Canada. His loss is keenly felt, not only by this organization but in every sphere of his widespread and active interests.

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Your Directors also deeply regret to record the death on September 23rd, 1941, of Mr. Frederick E. Meredith, K.C., of Montreal, who served as a Director since August 12th, 1939.

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Your Directors submit herewith Balance Sheet as at June 30th, 1942, and statements of Profit and Loss and Earned Surplus for the year ended on that date.

The operations of the Company for the year have resulted in a profit of \$1,182,688.71, after making provision for all manufacturing and other expenses including depreciation of buildings and equipment and after deducting a reserve of \$820,079.09 for Dominion income and excess profits taxes. The amount of net profit compares with a profit of \$1,061,844.02 for the previous year, an increase of \$120,844.69.

Our Total Current Assets stand at \$10,097,542.21 against last year's figure of \$7,877,179.43, an increase of \$2,220,362.78. Current Liabilities are shown at \$6,730,677.38 against \$4,926,633.80 for last year, an increase of \$1,804,043.58.

The expenditures on the extensive additions to buildings and equipment at your Hamilton and Malton plants, necessitated by the greater volume of business, are reflected in the increase in fixed assets over last year. At June 30th, 1942 there remained about \$1,100,000.00 for expenditure during the current fiscal year. At the date of this report the additions and extensions have been substantially completed.

The facilities at both Hamilton and Malton are of the highest order for efficient operations and the Malton plant is capable of

turning out the largest aircraft designed and in production either in United States or Great Britain. Work has been proceeding for some months on such aircraft.

Mr. A. Van Hassel of New York, President of Magor Car Corporation, was elected to the Board to fill the vacancy caused by the death of Mr. R. J. Magor.

Mr. Hugh N. Baird has been elected Chairman of the Board and Chief Executive Officer, Mr. Robert S. Hart has been elected President and Mr. A. Van Hassel has been elected Vice-President. Mr. O. H. Anderson has also been appointed a Vice-President.

On behalf of the Directors I pay tribute to everyone in our organization for the efforts put forth during the past year, which have obtained such excellent results.

Respectfully submitted on behalf of the Directors.

H. N. BAIRD,  
Chairman.

September 9th, 1942.

# Balance Sheet,

## ASSETS

### CURRENT ASSETS:

Cash on hand and in bank .....	\$ 204,524.90
Investment in Dominion of Canada Victory bonds, at cost and accrued interest.....	503,750.00
Accounts receivable .....	4,735,915.85
Cash surrender value of life insurance policy .....	199,000.00
Inventories of raw materials, supplies, work in process and finished stock, valued on the basis of cost or market prices, whichever were lower—as determined and certified by responsible officials of the Company .....	\$ 16,281,486.76
LESS — Progress payments on contracts .....	11,827,135.30
	<u>4,454,351.46</u>

TOTAL CURRENT ASSETS..... \$ 10,097,542.21

INVESTMENT IN SHARES OF CANADIAN ASSOCIATED AIRCRAFT LIMITED..... 166,700.00

### DEFERRED CHARGES:

Prepaid taxes, insurance, etc..... 80,184.37

PATENTS AND GOODWILL ..... 1.00

### FIXED ASSETS:

Land .....	\$ 486,838.84
Buildings, machinery and equipment .....	12,473,445.44
	<u>12,960,284.28</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.

\$ 23,304,711.86

### AUDITORS' REPORT TO

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 records which we required; we made a general review of the accounting methods and of the operation of tests thereof. Subject to the final determination by the governmental taxing authorities, we believe to be sufficient, we report that, in our opinion based upon such examination, the books properly drawn up so as to exhibit a true and correct view of the state of affairs of the Corporation on that date according to the best of our information and the explanations given to us.

Approved on behalf of the Board:

GLYN OSLER, Director.  
L. C. McCloskey, Director.



June 30, 1942

## LIABILITIES

## CURRENT LIABILITIES:

Bank loans (secured) .....	\$ 1,841,181.27
Accounts payable .....	3,581,210.00
Accrued wages, etc. ....	368,925.57
Reserve for taxes .....	851,610.54
Dividend payable, July 15, 1942 .....	87,750.00

TOTAL CURRENT LIABILITIES	\$ 6,730,677.38
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RESERVE FOR DEPRECIATION OF BUILDINGS, MACHINERY AND EQUIPMENT	7,449,052.43
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## CAPITAL AND SURPLUS:

## Capital Stock:

## Authorized—

250,000 shares without nominal or par value	
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## Issued for cash—

175,500 shares without nominal or par value .....	5,092,500.00
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Earned Surplus, as per statement attached	4,032,482.05
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TOTAL CAPITAL AND SURPLUS, represented by 175,500 shares without nominal or par value .....	9,124,982.05
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\$ 23,304,711.86
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## THE SHAREHOLDERS

in, Limited as at June 30th, 1942, and of the statements of profit and loss and earned surplus records and other supporting evidence and obtained all the information and explanations relating and income accounts for the year but our audit of the detail transactions was confined to the amount of Income and Excess Profit taxes, the Reserve for which however we have above balance sheet and related statements of profit and loss and earned surplus are company as at June 30, 1942, and the results of the Company's operations for the year ending and as shown by the books of the Company.

PRICE, WATERHOUSE & Co.,  
Chartered Accountants.

Toronto, August 24, 1942.

## STATEMENT OF PROFIT AND LOSS ACCOUNT

For the year ending June 30, 1942

PARTICULARS	AMOUNT
Operating profit for the year ending June 30, 1942, before providing for depreciation and income taxes, etc., as under .....	\$ 4,871,567.19
DEDUCT—	
Executive officers' salaries .....	\$ 83,940.00
Directors' fees .....	7,521.00
Legal fees .....	29,484.31
	<hr/> 120,945.31
	\$ 4,750,621.88
ADD—Income from investments .....	5,714.17
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PROFIT FOR THE YEAR BEFORE PROVIDING FOR DEPRECIATION AND INCOME TAXES .....	\$ 4,756,336.05
DEDUCT—	
Provision for depreciation of buildings, plant and machinery .....	\$ 2,356,491.57
Provision for amortization of special equipment .....	442,155.77
	<hr/> 2,798,647.34
PROFIT FOR THE YEAR BEFORE INCOME TAXES .....	\$ 1,957,688.71
DEDUCT—Provision for Dominion income and excess profits taxes for the year ending June 30, 1942 .....	\$ 820,079.09
LESS—Adjustment of Reserve for Ontario Income Taxes .....	45,079.09
	<hr/> 775,000.00
NET PROFIT FOR THE YEAR .....	<hr/> <hr/> \$ 1,182,688.71

## STATEMENT OF EARNED SURPLUS ACCOUNT

For the year ending June 30, 1942

PARTICULARS	AMOUNT
Balance at credit, June 30, 1941 .....	\$ 3,200,793.34
ADD—Net profit for the year ending June 30, 1942.....	1,182,688.71
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	\$ 4,383,482.05
DEDUCT—Dividends declared during the year.....	351,000.00
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BALANCE AT CREDIT OF EARNED SURPLUS, JUNE 30, 1942 .....	<u><u>\$ 4,032,482.05</u></u>















