Riley Stoker Corporation

Annual Report

For the Year 1951

Officers

Fred H. Daniels	*Chairman and Vice-president*
Louis E. Griffith	*President and General Manager*
David K. Beach	*Vice-president and Treasurer*
Ollison Craig	*Vice-president*
Max H. Kuhner	*Vice-president*
David K. Beach	*Secretary*

Directors

Fred H. Daniels, *Chairman*

David K. Beach
Louis E. Griffith
Chapin Riley
Philip R. Mather
George N. Jeppson
Richard J. Rutherford

TO THE STOCKHOLDERS
OF RILEY STOKER CORPORATION:

The Riley Stoker Corporation is a Massachusetts corporation owning all of the common voting stock of Badenhausen Corporation of Cornwells Heights, Pennsylvania, and A. W. Cash Company of Decatur, Illinois. The Head Office of the Corporation is at Worcester, Massachusetts, where the Executive, Sales, Engineering, Erection, and Design Departments are located. The products made consist of apparatus for steam generation and fuel burning. The Steam Generators, which include high pressure boilers, waterwalls, superheaters, economizers, and air preheaters, are made at the plant of Badenhausen at Cornwells Heights, Pennsylvania, and the Fuel Burning Equipment, consisting of all types of stokers, coal pulverizers, and burners for all kinds of fuel, are manufactured at the Riley plant in Detroit, Michigan. A. W. Cash Company manufactures and markets pressure regulation valves and combustion control apparatus at its plant in Decatur, Illinois.

There is submitted herewith for your consideration the audited Consolidated Balance Sheet as at December 31, 1951, the audited Statements of Consolidated Retained Earnings, Income, and Application of Funds for the year ended December 31, 1951. The net income was $1,239,429.70 after provision for Federal taxes which are estimated at $1,283,500. The capital structure of the Corporation consists of 350,000 shares of Common Stock having a par value of $3.00 per share. The net income per share for 1951 was $3.54, and this compares with similar figures of $2.29 per share for 1950, $4.87 per share for 1949, $7.33 for 1948, and $2.21 for 1947. Dividends of $1.30 per share amounting to $455,000.00 were paid during 1951 on the Common Stock.

The increase in net income for 1951 is largely accounted for by increased shipments which were 29 per cent above those for 1950. The dollar volume of shipments during 1951 was almost equal to the two best previous years of 1948 and 1949, and new contract business taken during 1951 was only slightly under the record year of 1950. Unfilled contracts as of December 31, 1951 stood at the highest figure for all time.

During 1951 the net current position improved by $779,020.22, and the net quick value per common share amounted to $21.87 as of December 31, 1951. The details of the absorption of the increase in the net current position are shown on the Consolidated Statement of Application of Funds.

Short-term bank loans in the amount of $3,020,000 for working capital purposes were negotiated during the year and thus far in 1952 an additional $1,000,000 has been borrowed from the same sources. Net quick assets at December 31, 1951 amounted to $7,652,929.49.

Your Corporation still continues to receive a large volume of repeat business from satisfied customers in the public utility and industrial fields and a recent order is for one of the largest steam generators ever built, which is to operate at high pressure and superheat. Our Design Department is now set up as a separate division, and it is our constant aim to improve the quality, efficiency, and long-time service of all our various products, which are so essential to the National Defense Program.

The over-all Excess Profits Credit situation of the Corporation is good in that only the A. W. Cash Company was subject to the Excess Profits Tax in 1951, and it would appear that the same situation will continue through 1952. Under the proposed regulations in connection with the Renegotiation Act of 1951, the Corporation will probably avoid the necessity of making any rebates of profits accrued during 1951.

With the large volume of unfilled contracts on the books and considering the rate at which new business is being currently taken, the outlook for 1952 is satisfactory, in spite of increased corporation taxes, the unsettled wage and price situation in the steel industry, price controls, wage and salary stabilization, limitations on the supply of materials and possible renegotiation.

We again acknowledge with appreciation the effective cooperation of our employees, customers, and suppliers during the past year, and the continued support and interest of our stockholders.

Yours very truly,
F. H. Daniels,
Chairman
L. E. Griffith,
President

Worcester, Massachusetts
March 28, 1952

Consolidated Statement of Application of Funds

For the Year Ended December 31, 1951

Funds Provided		
Net Income		$1,239,429.70
Add: Charges against income which require no cash outlay		
Depreciation	$137,204.32	
Less: Gain from Sale of Fixed Assets	1,411.47	135,792.85
Proceeds from Sale of Assets		2,155.00
Adjustment of Taxes and Miscellaneous Other Items		4,704.09
Total Funds Provided		$1,382,081.64
Funds Applied		
Additions to Fixed Assets	$148,061.42	
Dividends on Common Stock	455,000.00	603,061.42
Increase in Working Capital		$779,020.22
Changes in Working Capital for the Year		
Increase in		
U.S. Treasury Bills		$1,299,643.62
Notes and Accounts Receivable		2,613,468.05
Inventories		1,362,574.58
Other Assets		393,700.28
		$5,669,386.53
Less: Increase in		
Bank Loans	$3,020,000.00	
Other Liabilities	954,639.52	
Federal Income and Excess Profits Taxes	915,726.79	4,890,366.31
Increase in Working Capital (As above)		$779,020.22

To the Board of Directors
Riley Stoker Corporation
Worcester 8, Massachusetts

We have examined the consolidated balance sheet of the Riley Stoker Corporation and its subsidiary companies as at December 31, 1951, and the related statements of consolidated income and retained invested earnings for the year ended at that date. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and retained invested earnings present fairly the financial position of Riley Stoker Corporation and its subsidiary companies at December 31, 1951 and the results of their operations for the year ended at that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

George A. Smith and Company,
Certified Public Accountants

Worcester, Massachusetts
March 18, 1952

RILEY STOKER CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

December 31, 1951

ASSETS

Current Assets		
Cash		$721,269.26
U.S. Treasury Bills		1,299,643.62
Notes and Accounts Receivable (Less Reserve $33,120.90)		6,816,206.66
Inventories (Priced at Cost or Lower)		4,401,551.29
Engineering Work in Process		409,662.04
Advances to Salesmen, Erectors and Agents		146,941.62
Prepaid Insurance, Taxes and Other Expenses		294,025.28
Total Current Assets		$14,089,299.77
Employees' Cash—Savings Bond Account (See Contra)		6,123.05
Fixed Assets		
Land	$218,123.80	
Buildings	1,803,859.53	
Machinery and Equipment	2,001,358.01	
Buildings and Machinery Under Construction	5,974.47	
	$4,029,315.81	
Less: Reserve for Depreciation	2,258,460.38	1,770,855.43
Patents—At cost less reserve		3,623.31
Other Assets		
Securities Acquired		3,622.95
		$15,873,524.51

LIABILITIES

Current Liabilities		
Notes Payable—Banks		$3,020,000.00
Accounts Payable—Trade, Etc.		1,152,698 31
Advance Billing on Contracts		556,042.00
Accrued Items		
Wages	$46,890.05	
Commissions	136,487.64	
State and Other Taxes	240,752.28	424,129.97
Federal Taxes on Income		1,283,500.00
Total Current Liabilities		$6,436,370.28
Employees' Savings Bond Collections (See Contra)		6,123.05
Reserve for Contingencies		150,000.00
Stockholders' Investment		
Common Stock, Par Value $3.00 per share Authorized and Issued, 350,000 shares		1,050,000 00
Acquired Paid in Capital (No change during year)		27,933 12
Retained Invested Earnings—Per Attached Statement		8,203,098.06
		$15,873,524.51

Statement of Consolidated Earnings

For the Year Ended December 31, 1951

RETAINED INVESTED EARNINGS	
Balance, December 31, 1950	$7,413,964.27
Add:	
Prior Years' Federal, State and Miscellaneous Adjustments	4,704.09
Net Income for Year	1,239,429.70
	$8,658,098.06
Deduct:	
Dividends on Common Stock	455,000.00
Balance, December 31, 1951	$8,203,098.06

Consolidated Statement of Income

For the Year Ended December 31, 1951

Income from Operations after selling and administrative expenses, but before depreciation	$2,659,023.65
Depreciation	137,204.32
Operating Income	$2,521,819.33
Other Income	47,018.46
	$2,568,837.79
Other Deductions	45,908.09
Income before Federal Income and Excess Profits Taxes	$2,522,929.70
Provision for Federal Income and Excess Profits Taxes	1,283,500.00
Net Income for Year	$1,239,429.70