Annual Report

Riley Stoker Corporation

December 31, 1945

Officers

Fred H. Daniels	*President*
Louis E. Griffith	*Vice-president and General Manager*
David K. Beach	*Vice-president and Treasurer*
Aldus C. Higgins	*Vice-president*
James W. Armour	*Vice-president*
Chapin Riley	*Secretary*

Directors

Aldus C. Higgins, *Chairman*
Fred H. Daniels
David K. Beach
Louis E. Griffith
Chapin Riley
Frank C. Smith, Jr.
George N. Jeppson
Philip R. Mather

TO THE STOCKHOLDERS
OF RILEY STOKER CORPORATION:

There is submitted, herewith, for your consideration the Audited Consolidated Financial Statement of your Company for the year 1945 including the Consolidated Balance Sheet as of the end of the year. The net income was $210,585.89 after provision for Federal taxes. This is equivalent to $.54 per share on the Common Stock after deduction of the dividend of $6.00 per share on the Preferred Stock. This compares with $.95 per share of Common Stock for 1944. The above figures are after completion of renegotiation for 1945 and all previous years.

During the year dividends of $6.00 per share amounting to $21,600.00 were paid on the Preferred Stock and 40 cents per share, $140,000.00, on the Common Stock.

After depreciation and accelerated amortization of $237,673.08 the net investment in land, buildings and equipment decreased by $288,587.24.

Due chiefly to lack of manpower and difficulties in getting materials, the volume of business transacted during the year was seventy per cent of that done in 1944. Bank indebtedness was reduced by $260,000.00 and the net current position improved by $301,771.01.

Your Company has entered the year 1946 with a large volume of unfilled orders. The prospects for future business are very favorable.

Yours very truly,

F. H. Daniels,
President

April 10, 1946

To The Board of Directors
Riley Stoker Corporation
Worcester 6, Massachusetts

We have examined the consolidated balance sheet of the Riley Stoker Corporation and its subsidiary Companies as of December 31, 1945, and the consolidated statements of income and surplus for the year then ended; have reviewed the system of internal control and accounting procedures of the Companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the Companies and other supporting evidence, by methods and to the extent we deemed appropriate; and have had submitted to us a report of other public accountants on their examination of the subsidiary not examined by us. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and including all procedures which we considered necessary.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of income and surplus present fairly the position of Riley Stoker Corporation and subsidiary Companies at December 31, 1945, and the results of their operations for the year then ended, 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 27, 1946

RILEY STOKER CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

December 31, 1945

ASSETS

Current Assets		
Cash		$710,229.04
United States Obligations (Tax Notes, Bonds and Certificates of Indebtedness and accrued Interest)		1,086,156.25
Notes and Accounts Receivable (Less Reserve, $43,497.92) Including Tax Refund Claim to U.S. Government of $123,721.56 re: amortization of Defense facilities		1,822,945.70
Inventories (Priced at cost or lower)		1,670,132.26
Advances to Salesmen and Erectors		33,019.51
Total Current Assets		$5,322,482.76
Employees' Cash—War Bond Account (See Contra)		5,732.58
Securities Acquired		6,022.95
Fixed Assets		
Land	$192,606.75	
Buildings	1,177,642.73	
Machinery and Equipment	1,417,384.63	
Machinery Under Construction	27,140.20	
	$2,814,774.31	
Less: Reserve for Depreciation	1,835,924.74	978,849.57
Patents—At cost less Reserve		18,208.24
Deferred Charges		
Prepaid Insurance, Interest and Taxes, Supplies and Miscellaneous		75,583.72
		$6,406,879.82

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LIABILITIES

Current Liabilities		
Bank Loans		$1,210,000.00
Accounts Payable—Trade, Etc.		433,390.52
Advance Billing on Contracts		293,295.88
Accrued Liabilities		
Wages	$23,973.24	
Commissions and Fees	44,748.01	
Social Security and Withholding Taxes	65,083.89	
State Taxes	25,024.12	158,829.26
Provision for Federal Income Tax	$268,914.42	
Less: United States Treasury Tax Notes	268,914.42	–
Total Current Liabilities		$2,095,515.66
Employees' War Bond Collections (See Contra)		5,732.58
Minority Interest in Subsidiary Companies		
Preferred Stock		207,400 00
Reserve—Fire Damage to Building		1,016.00
Reserve for Contingencies		150,000.00
Capital Stock		
Preferred, 6% Cumulative, Par Value $100.00 per share		
Redemption Value, $156.00 per share		
Authorized and Outstanding, 3600 shares	$360,000.00	
Common, Par Value $3.00 per share		
Authorized and Outstanding, 350,000 shares	1,050,000.00	1,410,000.00
Capital Surplus (No change in 1945)		110,890.56
Earned Surplus—Per attached statement		2,426,325.02
		$6,406,879 82

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Statement of Consolidated Surplus

For the Year Ended December 31, 1945

EARNED SUPRLUS		
Balance, December 31, 1944		$2,430,572.36
DEDUCT:		
Adjustment of Amortization of war facilities applicable to prior years, Renegotiation refund to U.S. Government for year 1944 and other transactions affecting prior years—Net		53,233.23
Adjusted Balance, December 31, 1944		$2,377,339.13
ADD:		
Net Income for the year		210,585.89
		$2,587,925.02
DEDUCT:		
Dividends on		
Preferred Stock	$21,600.00	
Common Stock	140,000.00	161,600.00
Balance, December 31, 1945 per Consolidated Balance Sheet		$2,426,325.02

Consolidated Statement of Profit and Loss

For the Year Ended December 31, 1945

Profit on Operations after Selling and Administrative Expenses and Provision for Doubtful Accounts, but before Depreciation and Amortization	$669,791.24
Depreciation and Amortization	237,673.08
Operating Profit	$432,118.16
Other Income	30,920.14
	$463,038.30
Other Deductions	29,058.41
Net Income before Federal Income Tax	$433,979.89
Provision for Federal Income Tax	209,700.00
Balance	$224,279.89
Dividends on Preferred Stock to Minority Interest of Subsidiary Companies	13,694.00
Net Income to Surplus	$210,585.89