Riley Stoker Corporation

Annual Report

For the Year 1946

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 Statements of Income and Surplus for the year 1946, together with the Consolidated Balance Sheet as at December 31, 1946. The net income was $609,000.04 after provision for Federal taxes. This is equivalent to $1.68 per share on the Common Stock after deduction of the dividend of $6.00 per share on the Preferred Stock. This compares with $.54 per share of Common Stock for 1945 and $.95 for 1944. The above figures are after completion of renegotiation of government contracts for all of the war years.

During 1946 dividends of $6.00 per share amounting to $20,970.00 were paid on the Preferred Stock and 40 cents per share, $140,000.00, on the Common Stock. As of July 1, 1946, your Corporation purchased for the Sinking Fund 210 shares of Riley Preferred Stock, paying an average price of $142.00 per share as compared with the redemption value of $156.00 per share.

After depreciation of $70,900.36, the net investment in land, buildings and equipment decreased by $36,641.81.

In spite of the nation-wide strikes in steel, coal and railroads, production was fifteen per cent above that for 1945. Bank indebtedness was reduced during the year by $910,000.00, and the net current position improved by $114,341.77.

Recent sales to Public Utilities include some of the largest steam generating units ever constructed by your Corporation, and an increasing percentage of the Corporation's total business is being obtained in the public utility field.

Your Corporation has entered the year 1947 with the largest volume of unfilled orders in its history. Thus far this year, each month has seen an increase in the total amount of such orders, and the prospects for future business, both domestic and export, are very favorable.

Yours very truly,
F. H. Daniels,
President

Worcester, Massachusetts
March 31, 1947

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, 1946, 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, 1946, 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 20, 1947

RILEY STOKER CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

December 31, 1946

ASSETS

Current Assets		
Cash		$708,092.37
United States Securities (Certificates of Indebtedness)		165,000.00
Notes and Accounts Receivable (Less Reserve, $42,214.69)		2,560,617.47
Inventories (Priced at cost or lower)		1,912,121.27
Advances to Salesmen, Erectors and Agents		96,880.72
Total Current Assets		$5,442,711.83
Preferred Stock Sinking Fund		
Cash		145.20
Employees' Cash—War Bond Account (See Contra)		3,272.39
Fixed Assets		
Land	$197,606.75	
Buildings	1,120,808.61	
Machinery and Equipment	1,401,785.88	
Buildings and Machinery Under Construction	77,220.44	
	$2,797,421.68	
Less: Reserve for Depreciation	1,855,213.92	942,207.76
Patents—At cost less Reserve		15,643.64
Other Assets		
Securities Acquired	$5,822.95	
Preliminary New Building Cost	8,926.61	14,749.56
Deferred Charges		
Prepaid Insurance, Interest and Taxes	$67,321.12	
Supplies and Miscellaneous	6,036.33	73,357.45
		$6,492,087.83

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LIABILITIES

Current Liabilities		
Bank Loans		$300,000.00
Accounts Payable—Trade, Etc.		493,774.77
Customers' Advances		268,507.00
Advance Billing on Contracts		460,499.27
Accrued Liabilities		
Wages	$38,102.77	
Commissions and Fees	89,197.18	
Social Security and Withholding Taxes	66,687.68	
State Taxes	32,491.89	226,479.52
Provision for Federal Income Taxes	$380,500.00	
Less: United States Treasury Tax Notes	28,357.60	352,142.40
Total Current Liabilities		$2,101,402.96
Employees' War Bond Collections (See Contra)		3,272.39
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 Issued, 3,600 shares	$360,000.00	
Less: 210 Shares Reacquired and Held in Sinking Fund	21,000.00	
Preferred Stock Outstanding	$339,000.00	
Common Stock, Par Value $3.00 per share		
Authorized and Issued, 350,000 shares	1,050,000.00	1,389,000.00
Capital Surplus—Per attached statement		114,140.84
Earned Surplus—Per attached statement		2,734,271.64
		$6,492,087.83

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Statement of Consolidated Surplus

For the Year Ended December 31, 1946

CAPITAL SURPLUS		
Balance, December 31, 1945		$110,890.56
ADD:		
Minority interest in Preferred Stock of Badenhausen Corporation reacquired during year		12,105.08
		$122,995.64
LESS:		
Excess of cost over par value of 210 shares of Riley Stoker Corporation, 6% cumulative preferred stock reacquired and held in sinking fund		8,854.80
Balance, December 31, 1946		$114,140.84
EARNED SURPLUS		
Balance, December 31, 1945		$2,426,325.02
DEDUCT:		
Appreciation of Buildings and Machinery of prior years written off		171,658.67
		$2,254,666.35
ADD:		
Net Income for year		609,000.04
Adjustments of various tax reserves and other transactions affecting prior years		31,575.25
		$2,895,241.64
DEDUCT:		
Dividends on		
Preferred Stock	$20,970.00	
Common Stock	140,000.00	160,970.00
Balance, December 31, 1946		$2,734,271.64

Consolidated Statement of Profit and Loss

For the Year Ended December 31, 1946

Profit on Operations after Selling and Administrative Expenses, but before Depreciation	$1,016,741.05
Depreciation	70,900.36
Operating Profit	$945,840.69
Other Income	61,086.86
	$1,006,927.55
Other Deductions	17,427.51
Net Income before Federal Income Tax	$989,500.04
Provision for Federal Income Tax	380,500.00
Net Income to Surplus	$609,000.04