

Riley Stoker Corporation

Annual Report

For the Year 1949

Officers

FRED H. DANIELS	<i>Chairman and Vice-president</i>
LOUIS E. GRIFFITH	<i>President and General Manager</i>
DAVID K. BEACH	<i>Vice-president and Treasurer</i>
OLLISON CRAIG	<i>Vice-president</i>
MAX H. KUHNER	<i>Vice-president</i>
DAVID K. BEACH	<i>Secretary</i>

Directors

FRED H. DANIELS, *Chairman*

DAVID K. BEACH	PHILIP R. MATHER
LOUIS E. GRIFFITH	GEORGE N. JEPSON
CHAPIN RILEY	FRANK C. SMITH, JR.

RILEY

STOKER CORPORATION, WORCESTER, MASS.

Boston New York Philadelphia Washington Buffalo Pittsburgh Cleveland Detroit Chicago Cincinnati Atlanta
New Orleans Memphis St. Louis Kansas City St. Paul Tulsa Houston Denver Salt Lake City Los Angeles
Portland Seattle

COMPLETE STEAM GENERATING UNITS

BOILERS PULVERIZERS BURNERS STOKERS SUPERHEATERS AIR-HEATERS ECONOMIZERS
WATER-COOLED FURNACES STEEL-CLAD INSULATED SETTINGS FLUE GAS SCRUBBERS

TO THE STOCKHOLDERS
OF RILEY STOKER CORPORATION:

There is submitted herewith for your consideration the audited Consolidated Balance Sheet as at December 31, 1949, the audited Statements of Consolidated Retained Earnings, Income, and Application of Funds for the year ended December 31, 1949. The net income was \$1,708,621.41 after provision for Federal taxes. After deducting the Preferred Stock dividend, this is equivalent to \$4.87 per share on the Common Stock and compares with similar figures of \$7.33 for 1948, \$2.21 for 1947, \$1.68 for 1946, \$.54 for 1945, and \$.95 for 1944.

The net income for 1949 is exceeded only by that for 1948, which was fifty per cent higher. Production for 1949 was only four per cent lower than the best previous year, which was 1948. The reduction in net income is largely accounted for by the unsettled conditions in the coal industry, the steel strike, and a seventeen-week illegal strike at the Detroit plant of your Corporation where fuel-burning equipment is manufactured.

During 1949 dividends of \$1.50 per share, amounting to \$3,858.00, were paid on the Preferred Stock as of March 30, 1949, and at that time the entire remaining outstanding Preferred Stock was retired at a cost of \$401,232.00. The capital structure of the Corporation now consists only of 350,000 shares of Common Stock having a par value of \$3.00 per share. Dividends of 90 cents per share, \$315,000.00, were paid during 1949 on the Common Stock.

After depreciation of \$114,734.35, the net investment in land, buildings, and equipment increased during 1949 by \$325,671.01, and the net current position improved by \$678,552.05. The details of the absorption of the increase in the net current position are shown on the Consolidated Statement of Application of Funds.

Your Corporation has entered the year 1950 with a good volume of unfilled orders, and the new business taken during the first three months of this year is almost equal to that for the last six months of 1949. It is very pleasing to the Management to observe the large number of repeat orders received from old customers in the industrial and public utility fields.

The outlook for good business in 1950 is very favorable, provided that labor conditions do not adversely affect our operations.

We are glad to acknowledge the effective cooperation of our employees, customers and suppliers during the past year.

Yours very truly,

F. H. DANIELS,
Chairman

L. E. GRIFFITH,
President

Worcester, Massachusetts
March 31, 1950

Consolidated Statement of Application of Funds

For the Year Ended December 31, 1949

FUNDS PROVIDED

Net Income		\$1,708,621.41
Add: Charges against income, requiring no expenditure of cash		
Depreciation	\$114,734.35	
Less: Gain from sale of Fixed Assets	326.66	114,407.69
Proceeds from sale of Fixed Assets		2,453.50
Adjustment of Taxes and Other Charges applicable to prior years		13,238.73
Total Funds Provided		\$1,838,721.33

FUNDS APPLIED

Additions to Fixed Assets	\$440,079.28	
Redemption of Preferred Stock Outstanding	401,232.00	
Dividends on Preferred Stock	3,858.00	
Dividends on Common Stock	315,000.00	1,160,169.28
INCREASE IN WORKING CAPITAL		\$678,552.05

CHANGES IN WORKING CAPITAL FOR THE YEAR

Reduction in Bank Loans	\$660,000.00
Decrease in Accounts Payable	467,600.76
Decrease in Federal Income Tax	540,399.65
Decrease in Other Current Liabilities	76,957.91
Increase in Other Current Assets	263,670.91
	\$2,008,629.23
Less:	
Decrease in Notes and Accounts Receivable	1,330,077.18
INCREASE IN WORKING CAPITAL (As above)	\$678,552.05

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 at December 31, 1949, and the related statements of consolidated income and retained invested earnings for the year ended at that date; 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, 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, 1949 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 20, 1950

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RILEY STOKER CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1949

ASSETS

Current Assets

Cash	\$513,373.67
Notes and Accounts Receivable (Less Reserve \$33,449.39)	5,702,252.41
Inventories (Priced at Cost or Lower)	3,173,108.59
Engineering Work in Process	352,741.53
Advances to Salesmen, Directors and Agents	86,622.97
Prepaid Insurance, Taxes and Other Expenses	219,892.19
Total Current Assets	\$10,047,991.36

EMPLOYEES' CASH—SAVINGS BOND ACCOUNT (See Contra) 3,897.48

Fixed Assets

Land	\$196,022.33
Buildings	1,768,752.57
Machinery and Equipment	1,870,324.54
Buildings and Machinery Under Construction	28,042.80
	<u>\$3,863,142.24</u>
Less: Reserve for Depreciation	2,057,184.83
	1,805,957.41

PATENTS—At cost less reserve 8,254.31

Other Assets

Securities Acquired	4,722.95
	<u>\$11,870,823.51</u>

LIABILITIES

Current Liabilities

Bank Loans	\$1,250,000.00
Accounts Payable—Trade, Etc.	444,467.83
Advance Billing on Contracts	391,144.35
Accrued Items	
Wages	\$61,204.13
Commissions and Fees	207,413.29
Social Security and Withheld Taxes	78,078.89
State and Other Taxes	109,189.35
Federal Income Tax	1,044,709.85
	<u>1,500,595.51</u>
Total Current Liabilities	\$3,586,207.69

EMPLOYEES' SAVINGS BOND COLLECTIONS (See Contra) 3,897.48

RESERVE FOR CONTINGENCIES 150,000.00

STOCKHOLDERS' INVESTMENT

Capital Stock, Par Value, \$3.00 per share	
Authorized and Issued, 350,000 shares	1,050,000.00

ACQUIRED PAID IN CAPITAL—Per attached statement 27,933.12

RETAINED INVESTED EARNINGS—Per attached statement 7,052,785.22

	<u>\$11,870,823.51</u>
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Consolidated Statement of Paid in Capital and Retained Invested Earnings

For the Year Ended December 31, 1949

ACQUIRED PAID IN CAPITAL

Balance, December 31, 1948 \$75,631.40

DEDUCT:

Portion of the excess of redemption value over par value of preferred stock redeemed;
balance being charged to retained invested earnings 47,698.28

Balance, December 31, 1949 \$27,933.12

RETAINED INVESTED EARNINGS

Balance, December 31, 1948 \$5,746,200.50

DEDUCT:

Portion of the excess of redemption value over par value of preferred
stock redeemed, which exceeds the available balance of additional
paid in capital \$96,333.72

LESS:

Refund of state tax, adjustments of various tax reserves, bad debt
reserve and expenses affecting prior years 13,155.03 83,178.69

\$5,663,021.81

ADD: Net Income for Year 1,708,621.41

\$7,371,643.22

DEDUCT:

Dividends on

Preferred Stock \$3,858.00

Common Stock 315,000.00 318,858.00

Balance, December 31, 1949 \$7,052,785.22

Consolidated Statement of Income

For the Year Ended December 31, 1949

Income from Operations after selling and administrative expenses, but before depreciation \$2,837,094.14

Depreciation 114,734.35

Operating Income \$2,722,359.79

Other Income 82,630.95

\$2,804,990.74

Other Deductions 51,659.48

Income before Federal Income Tax \$2,753,331.26

Provision for Federal Income Tax 1,044,709.85

Net Income for Year \$1,708,621.41

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