Riley Stoker Corporation

Annual Report

For the Year 1947

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*	Chapin Riley
Fred H. Daniels	Frank C. Smith, Jr.
David K. Beach	George N. Jeppson
Louis E. Griffith	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 1947, together with the Consolidated Balance Sheet as at December 31, 1947. The net income was $792,751.52 after provision for Federal taxes. After deducting the Preferred Stock dividend, this is equivalent to $2.21 per share on the Common Stock and compares with similar figures of $1.68 for 1946, $.54 for 1945, and $.95 in 1944. The net income for 1947 exceeds that of any previous year.

During 1947 dividends of $6.00 per share amounting to $18,501.00 were paid on the Preferred Stock and 40 cents per share, $140,000.00, on the Common Stock. As of July 1, 1947, your Corporation purchased for the Sinking Fund 613 shares of Riley Preferred Stock, paying an average price of $147.00 per share as compared with the redemption price of $156.00 per share.

After depreciation of $80,806.16, the net investment in land, buildings, and equipment increased during 1947 by $106,932.77 and the net current position improved by $396,782.61.

Production for 1947 was thirty-one per cent above that for the previous year and has been exceeded only by production in the years 1943 and 1942.

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

Your Corporation has entered the year 1948 with the largest volume of unfilled orders in its history, and the prospects for future business, both domestic and export, are very favorable.

Yours very truly,

F. H. Daniels,
President

Worcester, Massachusetts
March 31, 1948

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, 1947, and the consolidated statements of income and surplus for the year then ended; have reviewed the system of internal control and the 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 included all procedures which we considered necessary.

The company, throughout the year 1947, has applied to "Contract Auxiliaries" the same treatment uniformly applied to "Erection Contracts" in this and past years; namely, the accumulation of costs to the date of contract completion, and the determination of profits as at that date.

In our opinion, subject to the explanation in the preceding paragraph, which we approve, 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, 1947, 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 15, 1948

RILEY STOKER CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1947

ASSETS

CURRENT ASSETS		
Cash		$966,601.33
Accounts Receivable (Less Reserve $41,967.94)		3,871,796.99
Inventories (Priced at Cost or Lower)		3,219,186.61
Advances to Salesmen, Erectors and Agents		117,606.48
Total Current Assets		$8,175,191.41
PREFERRED STOCK SINKING FUND		
Cash		31.11
EMPLOYEES' CASH—WAR BOND ACCOUNT (See Contra)		3,975.88
FIXED ASSETS		
Land	$196,119.09	
Buildings	1,186,243.73	
Machinery and Equipment	1,529,902.39	
Buildings and Machinery Under Construction	49,235.85	
	$2,961,501.06	
Less: Reserve for Depreciation	1,912,360.53	1,049,140.53
PATENTS—At cost less reserve		13,172.00
OTHER ASSETS		
Securities Acquired		5,622.95
DEFERRED CHARGES		
Prepaid Insurance, Interest and Taxes	$108,858.42	
Supplies and Miscellaneous	9,565.40	118,423.82
		$9,365,557.70

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LIABILITIES

CURRENT LIABILITIES		
Bank Loans		$2,660,000.00
Accounts Payable—Trade, Etc.		699,185.98
Customers' Advances		49,220.84
Advance Billing on Contracts		191,797.37
Accrued Items		
Wages	$52,758.14	
Commissions and Fees	129,088.91	
Social Security and Withheld Taxes	86,569.51	
State and Other Taxes	77,185.34	
Federal Income Tax	491,293.84	836,895.74
Total Current Liabilities		$4,437,099.93
EMPLOYEES' WAR BOND COLLECTIONS (See Contra)		3,975.88
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: 823 Shares Reacquired and Held in Sinking Fund	82,300.00	
Preferred Stock Outstanding	$277,700.00	
Common Stock, Par Value $3.00 per share		
Authorized and Issued, 350,000 shares	1,050,000.00	1,327,700.00
CAPITAL SURPLUS—Per attached statement		85,326.75
EARNED SURPLUS—Per attached statement		3,361,455.14
		$9,365,557.70

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Statement of Consolidated Surplus

For the Year Ended December 31, 1947

CAPITAL SURPLUS		
Balance, December 31, 1946		$114,140.84
LESS:		
Excess of cost over par value of 613 shares of Riley Stoker Corporation, 6% cumulative preferred stock reacquired and held in sinking fund		28,814.09
Balance, December 31, 1947		$85,326.75
EARNED SURPLUS		
Balance, December 31, 1946		$2,734,271.64
LESS:		
Adjustment of various tax reserves and additional state and federal taxes affecting prior years		7,067.02
		$2,727,204.62
ADD:		
Net Income for Year		792,751.52
		$3,519,956.14
DEDUCT:		
Dividends on		
Preferred Stock	$18,501.00	
Common Stock	140,000.00	158,501.00
Balance, December 31, 1947		$3,361,455.14

Consolidated Statement of Profit and Loss

For the Year Ended December 31, 1947

Profit on Operations after selling and administrative expenses, but before depreciation	$1,374,177.56
Depreciation	80,806.16
Operating Profit	$1,293,371.40
Other Income	32,352.28
	$1,325,723.68
Other Deductions	41,678.32
Net Income before Federal Income Tax	$1,284,045.36
Provision for Federal Income Tax	491,293.84
Net Income to Surplus	$792,751.52