

DOMINION
TAR & CHEMICAL COMPANY
LIMITED
AND SUBSIDIARY COMPANIES

8

ANNUAL
REPORT
1-9-3-9

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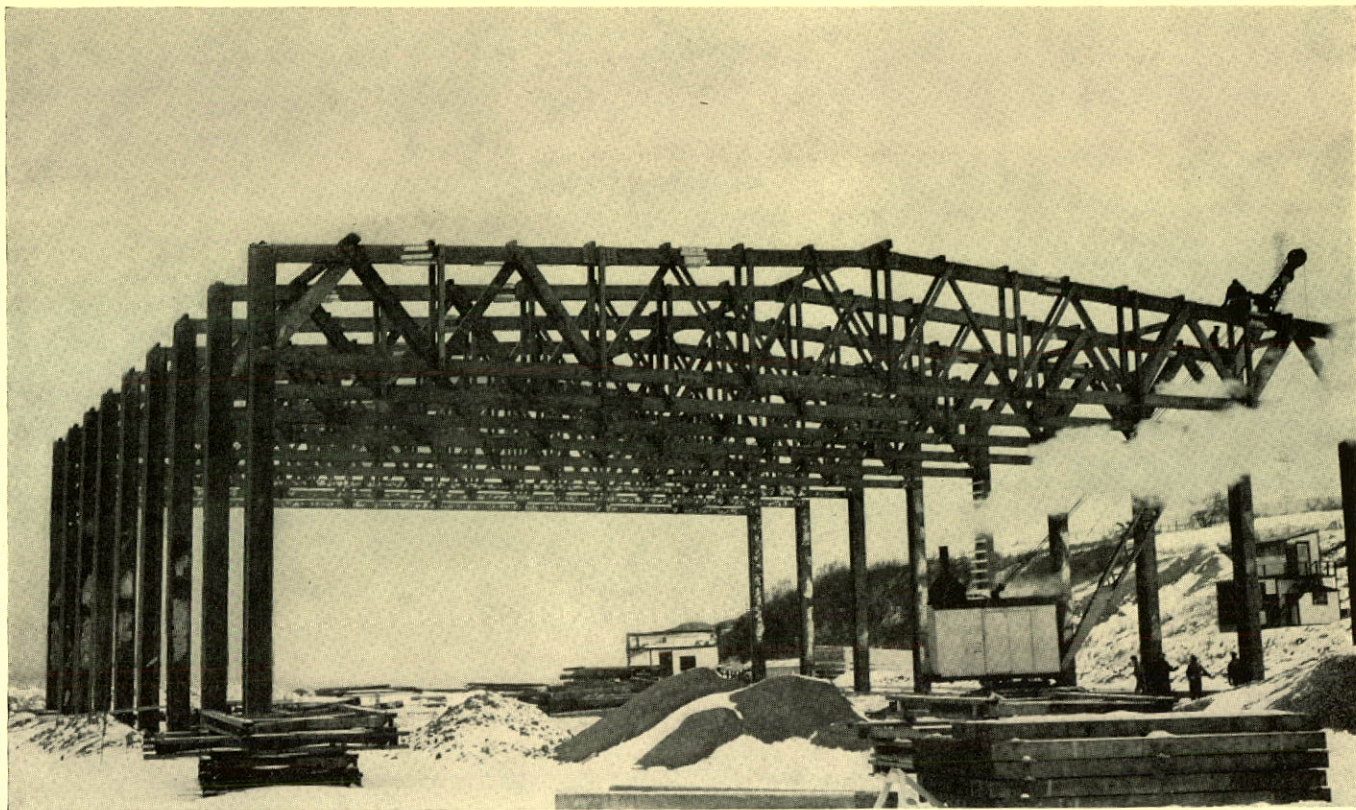
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McGILL UNIVERSITY

DOMINION
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Framework for industrial building fabricated prior to being treated under pressure and utilizing the highly efficient modern timber connectors.
The CANADA CREOSOTING COMPANY LIMITED has recently supplied more than twenty-five such structures.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Shareholders:

Your directors submit herewith a consolidated statement, duly audited, of the affairs of your company and its subsidiaries for the fiscal year ended the 31st of December, 1939.

The net profit for the year at \$629,594.46 compares with \$503,695.97 for the previous year, reflecting the increased business that was obtained in practically all departments, particularly so during the second half of the year.

Expenditures on capital account have been larger than in past years amounting to \$452,591.08, which included extensions and improvements to our plants in Nova Scotia, Ontario, Saskatchewan and Alberta, increasing capacity and resulting in more economical operation.

During the year \$200,000.00 serial debentures and \$42,600.00 serial notes were paid off and \$2,900.00 par value of the preference stock of Alberta Wood Preserving Company, Limited, and \$8,100.00 par value of the preference stock of Industrial Minerals Limited were purchased.

The working capital at \$2,956,565.67 has increased slightly since our last report.

Capital changes resulting from purchase and redemption of subsidiary companies' preference stock purchased in former years released sinking fund and other reserves and it was decided to carry these to profit and loss and increase the amount written off goodwill.

Subject to any unforeseen conditions arising from the progress of the war, your directors are hopeful of maintaining the volume of business enjoyed during the past year.

Your directors desire to record their appreciation of the continued loyalty and excellent work of the officers and staff.

On behalf of the board,

LIONEL O. P. WALSH,
President.

DOMINION TAR & CHEMICAL AND SUBSIDIARIES CONSOLIDATED

ASSETS

	<u>As at 31st Dec., 1938</u>	<u>As at 31st Dec., 1939</u>
CURRENT AND WORKING ASSETS:		
Cash	\$ 695,087.48	\$ 524,105.46
Accounts and bills receivable—less reserves	1,145,338.26	1,407,432.57
Inventory of finished products, raw materials and supplies, as determined from the companies' records, valued at or below cost and as certified to by officials of the companies	1,607,590.52	1,845,821.26
Unexpired insurance	20,498.79	17,754.61
Marketable securities—at less than market value	57,004.27	43,040.47
Cash surrender value of life insurance policies	47,430.00	55,800.00
	\$3,572,949.32	\$3,893,954.37
INVESTMENTS:		
Secured loans, shares of other companies and advances to employees—at book value	46,215.07	42,327.00
FIXED ASSETS:		
Valued at cost, except in the case of the value of those subsidiary companies' properties which were appraised by Ford Bacon & Davis, Inc., as at 31st December, 1927.		
Land	845,199.54	836,810.30
Buildings, plant, machinery, equipment and mineral lease	7,930,186.18	8,391,166.50
	\$8,775,385.72	\$9,227,976.80
<i>Less:</i> Reserves for depreciation set aside since the acquisition of the above properties	3,563,719.14	3,929,000.81
	\$5,211,666.58	\$5,298,975.99
GOODWILL:		
Represented by the amount paid for shares of subsidiary companies in excess of the book value of the net tangible assets applicable thereto, less amounts written off	3,696,087.34	3,250,000.00

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of Dominion Tar & Chemical Company Limited and subsidiary companies, for the year ended 31st December, 1939, and we have obtained all the information and explanations which we have required.

We report that, in our opinion, the above consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the combined companies' affairs, according to the best of our information and the explanations given to us and as shown by the books of the companies.

(Signed) McDONALD, CURRIE & CO.,

Montreal, 13th February, 1940.

Chartered Accountants.

APPROVED ON BEHALF OF THE BOARD:

RUSSELL D. BELL }
LIONEL O. P. WALSH } *Directors*

\$12,526,918.31

\$12,485,257.36

CAL COMPANY LIMITED
 Y COMPANIES
 BALANCE SHEET

LIABILITIES

	As at 31st Dec., 1938	As at 31st Dec., 1939
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 316,721.95	\$ 524,949.22
Accrued interest on debentures	24,150.00	23,275.00
Provision for income and other taxes	203,164.04	316,090.23
Dividends declared on preference stocks—		
Alberta Wood Preserving Company Limited	3,893.75	3,843.00
Dominion Tar & Chemical Company Limited	69,231.25	69,231.25
	<u>\$ 617,160.99</u>	<u>\$ 937,388.70</u>
SERIAL NOTES PAYABLE	42,600.00	—
DEBENTURES:		
Total authorized issue	\$7,500,000.00	
Serial debentures 3½% Series "A" due 15th November, 1940 to 1944	1,200,000.00	1,000,000.00
15 Year debentures 4½% Series "A" due 15th Novem- ber, 1951	3,360,000.00	3,360,000.00
PREFERENCE STOCK SINKING FUND RESERVES OF SUBSIDIARY COMPANIES	113,846.16	—
GENERAL AND CONTINGENT RESERVES	53,604.97	—
CAPITAL AND SURPLUS:		
<i>Preference Stocks—</i>		
Dominion Tar & Chemical Company Limited—		
5½% Cumulative preference stock:		
Authorized—		
75,000 shares of \$100.00 each	\$7,500,000.00	
Issued and fully paid—		
50,350 shares	5,035,000.00	5,035,000.00
(Redeemable upon sixty days' notice at 110% and accrued dividends).		
Alberta Wood Preserving Company Limited—		
7% Cumulative redeemable preferred stock:		
Authorized and issued—		
3,455 shares of \$100.00 each	\$345,500.00	
Outstanding in the hands of the public	222,500.00	219,600.00
(Redeemable upon sixty days' notice at 105% and accrued dividends).		
Industrial Minerals Limited—		
Authorized and issued—		
11,039 5% First preference non- cumulative shares of \$10.00 each	\$110,390.00	
122,892 4% Second preference non- cumulative shares of \$1.00 each	\$122,892.00	
Outstanding in the hands of the public—		
5,158 First preference shares	56,080.00	51,580.00
55,537 Second preference shares	59,137.00	55,537.00
<i>Common Stock—without nominal or par value—</i>		
Authorized—450,000 shares		
Issued and fully paid—373,884 shares	711,253.00	711,253.00
<i>Earned Surplus—</i> as per attached statement	1,055,736.19	1,114,898.66
TOTAL CAPITAL AND SURPLUS	<u>7,139,706.19</u>	<u>7,187,868.66</u>
	<u>\$12,526,918.31</u>	<u>\$12,485,257.36</u>

DOMINION
TAR & CHEMICAL COMPANY
LIMITED
AND SUBSIDIARY COMPANIES

*Consolidated General Statement of Income and Expenditure
For the Year ended 31st December, 1939*

<i>Net Operating Profit</i> —before making the following deductions		\$1,550,504.17
Legal expenses	\$ 5,938.19	
Salaries and fees paid to executive officers	57,626.92	
Fees paid to other directors	4,390.00	
Interest on debentures	192,325.00	
Provision for depreciation	365,281.67	
Income taxes paid and provided for	295,347.93	
		920,909.71
<i>Net Profit</i> for the year		\$629,594.46

*Consolidated Statement of Earned Surplus
For the Year Ended 31st December, 1939*

<i>Balance at Credit</i> of profit and loss account as at 31st December, 1938		\$1,055,736.19
<i>Add:</i> Net profit for the year		629,594.46
		\$1,685,330.65
<i>Deduct:</i> Dividends on preference stocks— Alberta Wood Preserving Company Limited	\$ 15,410.50	
Dominion Tar & Chemical Company Limited	276,925.00	
		292,335.50
		\$1,392,995.15
<i>Add:</i> Amounts transferred from— Preference stock sinking fund reserves	\$113,846.16	
General reserves	53,604.97	
		167,451.13
		\$1,560,446.28
<i>Deduct:</i> Amount written off goodwill account		445,547.62
		\$1,114,898.66
<i>Balance at Credit</i> of profit and loss account as at 31st December, 1939		\$1,114,898.66



WHERE PERMANENCE COUNTS..

The choice is **MURRAY** *Built-Up* **PITCH & GRAVEL ROOFS**

Among other satisfied users of Murray Built-up Pitch and Gravel Roofs are:

Campbell Soup Co. Ltd., Toronto
Canada Life Asse. Co., Toronto
The T. Eaton Company, Toronto
Canadian Pacific Railway
Federal Government
Bank of Montreal
Bank of Nova Scotia
H. J. Heinz Co.
Canadian Bank of Commerce
Bell Telephone Co. of Canada
Sun Life Asse. Co. of Canada

OTHER PRODUCTS

Donnacona Insulation Products
Tarred Felts
Asphalt Felts
Dry and Tarred Sheathings
Prepared Roofings
Slate Surfaced Roofings
Slate Surfaced Shingles
Asphalt Brick Sidings
Insulated Sidings
Roof Coatings
Roofing Cements
Disinfectants
Creosote Oils and Stains
Coal Tar and Pitches
Plastic Cements



BANK
OF
CANADA

The Bank of Canada is a striking symbol of permanence. For Headquarters Building in Ottawa, a Murray Built-up Pitch and Gravel Roof was chosen.

Alexander **MURRAY** *& Company*
LIMITED

Montreal

Toronto

Halifax

Saint John

Winnipeg

Vancouver

Affiliated with Dominion Tar & Chemical Co. Limited.

Canada Creosoting Company Limited—Fibre Conduits, Canada, Limited.

DOMINION TAR & CHEMICAL CO. LTD.

