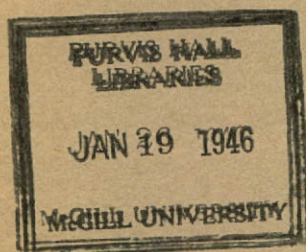


DOMINION
TAR & CHEMICAL COMPANY
LIMITED

AND SUBSIDIARY COMPANIES

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ANNUAL
REPORT
1-9-4-2



DOMINION TAR & CHEMICAL COMPANY LIMITED

CANADA CREOSOTING COMPANY, LIMITED
ALEXANDER MURRAY & COMPANY, LIMITED
CANADA ROOF PRODUCTS, LIMITED
AMERICAN TAR & CHEMICAL COMPANY
ALBERTA WOOD PRESERVING COMPANY, LIMITED
INDUSTRIAL MINERALS, LIMITED
THE DOMINION SALT COMPANY, LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 31st DECEMBER, 1942

Directors

J. H. GUNDY	- - - - -	Toronto
RUSSELL D. BELL	- - - - -	Montreal
LIONEL O. P. WALSH	- - - - -	Montreal
ALBERT E. WHITMORE	- - - - -	Regina
ANDREW HOLT	- - - - -	London, Eng.
J. A. KILPATRICK	- - - - -	Montreal
H. R. MacMILLAN	- - - - -	Vancouver
A. O. PONDER	- - - - -	Montreal
L. L. BROWN	- - - - -	Montreal
HAROLD CRABTREE	- - - - -	Montreal

Officers

<i>President</i>	- - - - -	LIONEL O. P. WALSH
<i>Vice-President</i>	- - - - -	A. O. PONDER
<i>Vice-President</i>	- - - - -	L. L. BROWN
<i>Secretary and Treasurer</i>	- - - - -	D. S. THOMAS

General Offices of the Company

Fourth Floor, Canada Cement Company Building,
Montreal, Que.

DOMINION TAR & CHEMICAL COMPANY LIMITED

ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Shareholders:

Your Directors submit herewith a Consolidated Statement of the affairs of your Company and its Subsidiaries for the fiscal year ended the 31st of December, 1942. The Auditors' Report to the Shareholders is attached.

The net operating profit before charging Debenture Interest, Depreciation and Income Taxes at \$3,018,872.88 compares with \$2,292,999.41 in 1941, an increase of \$725,873.47.

The profit before Income Taxes at \$2,113,067.61 compares with \$1,639,674.41 in 1941, an increase of \$473,393.20. The provision for Income Taxes of \$1,428,790.00 includes an amount of \$86,500.00 estimated to be refundable and compares with \$996,354.52 for 1941. The net profit amounts to \$684,277.61 compared with \$643,319.89 a year ago.

The expenditures on additions to the fixed assets were \$135,046.95 which is less than was anticipated. The provision for Depreciation this year includes special allowances by the Government on properties built for War purposes.

All the Preference Shares of Industrial Minerals Limited outstanding in the hands of the public were purchased or redeemed and further Preference Shares of Alberta Wood Preserving Company Limited were purchased, a total par value of \$130,520.00 being involved.

The balance of the Preference Shares of Alberta Wood Preserving Company Limited, having a redemption value of \$173,040.00, were paid off on the 1st of January, 1943. There are, therefore, now no minority interests and future earnings will be relieved of the appropriation for dividends thereon.

The \$200,000.00 of Serial Debentures falling due in November were paid off in the ordinary course.

After careful consideration your Directors have approved an Employees' Retirement Annuity Plan effective 1st December, 1942, which is on an equal contributory basis in respect of future benefits, the Company paying the cost of past benefits for which \$485,000.00 has been provided. The Life Insurance Policies have been surrendered and the balance of cash value thereof carried to Surplus.

After crediting the year's earnings, and after writing \$250,000.00 off Goodwill and making provision for the Pension Fund already referred to, the Earned Surplus Account stands at \$834,645.51 as compared with \$1,153,171.38 a year ago.

The Working Capital amounts to \$2,603,809.47 which compares with \$2,402,123.02 a year ago.

The volumes of Sales and Services were maintained at a high level. Late in the year, however, shortages of materials and labour became more pronounced. This condition is not expected to improve and, together with anticipated lower volume of construction throughout the country, will reflect on your Company's business.

Once again your Directors wish to acknowledge the loyalty, initiative and excellent work performed by the officers and staff under most trying conditions.

On behalf of the Board,

LIONEL O. P. WALSH,

President.

DOMINION TAR & CHEMICAL COMPANY AND SUBSIDIARIES

CONSOLIDATED

ASSETS

	As at 31st Dec., 1941	As at 31st Dec., 1942
CURRENT AND WORKING ASSETS:		
Cash	\$ 439,331.01	\$ 606,849.62
Accounts and bills receivable—less reserves	2,380,639.83	2,407,122.67
Inventory of finished products, raw materials and supplies, as determined from the companies' records, valued at or below cost and as certified by officials of the companies	1,814,042.42	1,600,858.30
Unexpired insurance	16,201.90	89,209.09
Dominion of Canada Bonds—par value	—	900,000.00
Book value of life insurance policies	55,800.00	—
	\$ 4,706,015.16	\$ 5,604,039.68
INVESTMENTS:		
Shares of other companies at cost and advances to employees	29,126.80	27,827.80
REFUNDABLE PORTION OF EXCESS PROFITS TAXES—estimated		
	—	86,500.00
FIXED ASSETS:		
Valued at cost, except in the case of properties acquired from subsidiary companies which are valued on the basis of appraisals by Canadian Appraisal Company Limited in 1940 and 1941.		
Land	930,197.44	930,707.44
Buildings, plant, machinery, equipment and mineral lease	8,685,769.26	8,820,306.21
	\$ 9,615,966.70	\$ 9,751,013.65
Less; Reserves for depreciation	2,642,472.14	3,376,952.41
	\$ 6,973,494.56	\$ 6,374,061.24
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	\$ 1,750,000.00	\$ 1,500,000.00

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of Dominion Tar & Chemical Company Limited for the year ended 31st December, 1942, and the books and accounts of subsidiary companies, with the exception of three subsidiaries whose accounts, which have been examined and reported upon by other chartered accountants, are included in the above Consolidated Balance Sheet. We have obtained all the information and explanations which we have required.

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.,

Chartered Accountants.

Montreal, 3rd March, 1943.

Approved on behalf of the Board:

LIONEL O. P. WALSH }
J. A. KILPATRICK } *Directors.*

\$13,458,636.52

\$13,592,428.72

CHEMICAL COMPANY LIMITED

AND SUBSIDIARY COMPANIES

BALANCE SHEET

LIABILITIES

	As at 31st Dec., 1941	As at 31st Dec., 1942
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities, including appropriation for capital payment to establish an employees' retirement annuity fund.....	\$ 1,195,860.19	\$ 1,655,612.77
Accrued interest on debentures.....	21,525.00	20,650.00
Reserve for income and excess profits taxes, and other accrued taxes.....	1,013,495.70	1,251,852.19
Dividends declared on preference stocks—		
Alberta Wood Preserving Company Limited.....	3,780.00	2,884.00
Dominion Tar & Chemical Company Limited.....	69,231.25	69,231.25
	<u>\$ 2,303,892.14</u>	<u>\$ 3,000,230.21</u>
SECURED DEBENTURES:		
Total authorized issue.....	\$7,500,000.00	
Serial debentures 3½% Series "A" due 15th November, 1943 to 1944.....	600,000.00	400,000.00
15 Year debentures 4½% Series "A" due 15th November, 1951.....	3,360,000.00	3,360,000.00
CAPITAL STOCK 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.....	216,000.00	164,800.00
(Redeemable upon sixty days' notice at 105% and accrued dividends.)		
Industrial Minerals Limited—		
During the year all the preference shares of Industrial Minerals Limited outstanding in the hands of the public were purchased or redeemed. There were outstanding in the hands of the public, at 31st December, 1941—		
4,008 First preference shares.....	40,080.00	—
39,240 Second preference shares.....	39,240.00	—
<i>Common Stock—</i>		
Authorized—		
450,000 shares without nominal or par value—		
Issued and fully paid—373,884 shares.....	711,253.00	711,253.00
<i>Earned Surplus—</i> as per attached statement.....	1,153,171.38	834,645.51
<i>Deferred Surplus—</i>		
Refundable portion of excess profits taxes—as per contra	—	86,500.00
	<u>\$ 7,194,744.38</u>	<u>\$ 6,832,198.51</u>
	<u>\$13,458,636.52</u>	<u>\$13,592,428.72</u>

DOMINION
TAR & CHEMICAL COMPANY
LIMITED
AND SUBSIDIARY COMPANIES

*Consolidated General Statement of Income and Expenditure
For the Year ended 31st December, 1942*

Net Operating Profit—before making the following deductions.....		\$3,146,213.67
Legal expense.....	\$ 21,001.24	
Salaries and fees paid to executive officers.....	101,623.58	
Fees paid to other directors.....	4,715.97	
		127,340.79
		\$3,018,872.88
Interest on debentures.....	\$ 171,325.00	
Provision for depreciation.....	734,480.27	
Provision for income and excess profits taxes.....	1,428,790.00	
		2,334,595.27
<i>Net Profit</i> for the year.....		\$ 684,277.61

*Consolidated Statement of Earned Surplus
For the Year Ended 31st December, 1942*

Balance as at 31st December, 1941.....		\$1,153,171.38
<i>Add:</i>		
Net profit for the year.....	\$ 684,277.61	
Less: Miscellaneous adjustments.....	3,970.73	
		680,306.88
		\$1,833,478.26
<i>Deduct:</i>		
Dividends on preference stocks— Alberta Wood Preserving Company Limited.....	\$ 13,567.75	
Dominion Tar & Chemical Company Limited.....	276,925.00	
		290,492.75
		\$1,542,985.51
<i>Deduct:</i>		
Appropriation for capital payment to establish an employees' retirement annuity plan.....	485,000.00	
Less: Cash value of life insurance policies to be surrendered.....	\$82,460.00	
Book value of policies.....	55,800.00	
		26,660.00
	\$ 458,340.00	
Amount written off goodwill account.....	250,000.00	
		708,340.00
<i>Balance</i> as at 31st December, 1942.....		\$ 834,645.51

TAR AND CHEMICAL DIVISION

Crude Tar	Phenol	Phthalic Anhydride
Refined Tar	Cresol	Dibutyl Phthalate
Special Tar	Orthocresol	Roofing Pitch
Road Building Tars	Meta Para Cresol	Paving Pitch
Wood Preserving Oils	Xylenols	Briquetting Pitch
Flotation Oils	Cresylic Acid	Electrode Pitch
Disinfectant Oils	High Coefficient Acids	Pitch Coke
Coal Tar Acids	Crude Naphthalene	

SALT DIVISION

Fine and Coarse Salt for all domestic, animal and industrial purposes, in bulk and in every convenient container.

SIFTO FREE RUNNING SALT—Plain and Iodized
McMURRAY FREE RUNNING SALT—Plain and Iodized
PURITY SALT—Plain and Iodized

ALEXANDER MURRAY DIVISION

Murray Registered Pitch and Gravel Roofs
Asphalt Roofing Products
Donnacona Insulation
Donnacousti
Donnacona Hardboard
Modernite (Pre-finished Hardboard)
Insulated Brick Siding
Dry and Saturated Sheathings and Felts
Rotar (for Better Roads)

FIBRE CONDUIT DIVISION

CORNWALL Fibre Conduit for UNDERFLOOR electrical installation
CORNWALL Fibre Conduit for UNDERGROUND electrical installation
CORNWALL Fibre Conduit for DRAIN TILE

THE ACE-TEX LINE

Asphalt Shingles . Roll Roofings . Slate Roofings
Roof Coatings . Roof Paints . Asphalts . Pitch . Coal Tar
Insulation Lumber . Floor Tiles . Building Paper
Sheathings . Felt

CREOSOTING DIVISION

CREOSOTED POLES—Telephone—Telegraph and Power Line
CREOSOTED PILING—Marine and Landwork
CREOSOTED STRUCTURAL TIMBERS
CREOSOTED CULVERTS—Round and Square
CREOSOTED TIMBER BRIDGES
CREOSOTED CROSS AND SWITCH TIES
CREOSOTED WOOD FLOORING BLOCKS
ZINC CHLORIDE LUMBER
PREFABRICATED TRUSSES AND BUILDING FRAMES

HEAD OFFICE

Fourth Floor,
Canada Cement Company Building
Montreal, Quebec

NOVA SCOTIA

Tar Distilling Plant at Sydney
Creosoting Plant at Truro
Murray Products—Warehouse and Sales Office at Halifax

NEW BRUNSWICK

Creosoting Plant at Newcastle
Murray Products—Warehouse and Sales Office at Saint John

QUEBEC

Tar Distilling Plant at Ville LaSalle, Montreal
Creosoting Plant at Delson, near Montreal
Murray Products—Warehouse and Sales Office at Montreal
Storage Tanks and Wharf at Racine Pier, Montreal

ONTARIO

Tar Distilling Plant at Sault Ste. Marie
Tar Distilling Plant at Toronto
Phthalic Anhydride Plant at Toronto
Dibutyl Phthalate Plant at Toronto
Fibre Conduit Manufacturing Plant at Cornwall
Creosoting Plant at Trenton
Creosoting Plant at Sudbury
Creosoting Plant at Sioux Lookout
Creosoting Plant at Fort William
Creosoting—Sales Office at Toronto
Salt Refinery at Sarnia
Salt—Sales Office at Toronto
Murray Products—Warehouse and Sales Office at Toronto

MANITOBA

Tar Distilling Plant at St. Boniface
Creosoting Plant at North Transcona
Murray Products—Warehouse and Sales Office at St. Boniface
Creosoting—Sales Office at Winnipeg

SASKATCHEWAN

Creosoting Plant at Prince Albert
Creosoting—Sales Office at Regina

ALBERTA

Salt Refinery at Waterways
Salt—Sales Office at Calgary
Creosoting Plant at Edmonton
Creosoting Plant at Calgary
Western Regional Office at Calgary
Ace-Tex Products—Warehouse and Sales Office at Calgary

BRITISH COLUMBIA

Creosoting Plant at New Westminster
Creosoting Plant at North Vancouver
Creosoting—Sales Office at North Vancouver
Storage Tanks and Wharf at New Liverpool
Murray Products—Warehouse and Sales Office at Vancouver
Tar Distilling and Ace-Tex Products Manufacturing Plant at Vancouver

