

DOMINION
TAR & CHEMICAL COMPANY
LIMITED
AND SUBSIDIARY COMPANIES

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ANNUAL
REPORT
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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, 1944. The Auditors' Report to the Shareholders is attached.

The net operating profit before charging debenture and bond interest, provision for depreciation and provision for income and excess profits taxes amounts to \$2,458,237.39 and compares with \$2,340,992.22 for 1943.

The total sales volume was slightly lower than 1943; the decline in demand for war products continued and it is anticipated this trend will continue into 1945, the extent of which will depend on the progress of the war. It is certain, however, that considerable adjustments in operation will be necessary to change over from war to peacetime products.

After charging interest, and providing for depreciation and taxes, the net profit for the year amounts to \$671,511.85 and compares with \$672,724.05 for 1943. A full year's dividend on the preference shares has been paid or provided for amounting to \$276,925.00. The earnings on the common shares are \$394,586.85 not including any credit for the refundable portion of the excess profits tax, which amounts to \$113,200.00.

An opportunity was taken during the year to refund the debt of the Company at a lower rate of interest. The total amount of the funded debt was reduced by \$310,000.00. Of

this \$200,000.00 would have been paid off in the ordinary course. The annual instalment of serial bonds to be paid off each 1st of August is \$250,000.00. The total expense of this refunding operation has been entirely written off surplus.

No major additions to fixed assets were made but an amount of \$120,257.69 was spent on betterments and replacements. Heavier expenditures on Capital account may be necessary to improve, maintain and in some directions extend operations.

Working capital at the end of the year stood at \$3,195,683.51 compared with \$2,839,652.57 at the end of 1943.

A final appropriation of \$600,000.00 from surplus removes the item of goodwill entirely from the Balance Sheet.

Your Directors wish to acknowledge with appreciation the splendid spirit of co-operation and the excellent work performed by employees during the year.

On behalf of the Board,

LIONEL O. P. WALSH,
President.

DOMINION TAR & CHEMICAL COMPANY AND SUBSIDIARIES

CONSOLIDATED

ASSETS

	As at 31st Dec., 1943	As at 31st Dec., 1944
CURRENT AND WORKING ASSETS:		
Cash.....	\$ 852,949.23	\$ 865,874.16
Accounts receivable—less reserves.....	1,557,144.83	1,558,202.77
Inventory of finished products, raw materials and supplies, as determined from the companies' records, valued at cost—less reserve.....	1,473,702.25	1,110,696.24
Unexpired insurance.....	47,617.38	13,580.55
Dominion of Canada bonds and U.S. Treasury certificates—par value.....	1,020,000.00	1,520,000.00
	\$ 4,951,413.69	\$ 5,068,353.72
INVESTMENTS:		
Shares of other companies at cost and advances to employees.....	25,602.80	24,979.80
REFUNDABLE PORTION OF EXCESS PROFITS TAX—estimated.....		
	185,554.65	315,742.37
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, 1941 and 1943.		
Land.....	991,958.01	991,958.01
Buildings, plant, machinery, equipment and mineral lease.....	8,970,112.05	9,090,369.74
	\$9,962,070.06	\$10,082,327.75
Less: Reserves for depreciation and depletion.....	3,218,466.72	3,688,564.53
	6,743,603.34	6,393,763.22
GOODWILL.....	600,000.00	—

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of Dominion Tar & Chemical Company Limited for the year ended 31st December, 1944, 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 also 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 and attached General Statement of Income and Expenditure and Statement of Earned Surplus are properly drawn up so as to exhibit a true and correct view of the state of the combined companies' affairs and the results of the operations for the year, according to the best of our information and the explanations given to us and as shown by the books of the companies.

McDONALD, CURRIE & CO.,
Chartered Accountants.

Montreal, 14th February, 1945.

Approved on behalf of the Board:

LIONEL O. P. WALSH }
H. CRABTREE } *Directors.*

\$12,506,174.48 \$11,802,839.11

CAL COMPANY LIMITED

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BALANCE SHEET

LIABILITIES

	As at 31st Dec., 1943	As at 31st Dec., 1944
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 1,108,345.87	\$ 756,886.97
Accrued interest on debentures and bonds	19,775.00	47,369.86
Taxes payable other than income taxes	14,086.82	7,574.76
Reserve for income and excess profits taxes	900,322.18	991,607.37
Dividend declared on preference shares	69,231.25	69,231.25
	<u>\$ 2,111,761.12</u>	<u>\$ 1,872,670.21</u>
 SECURED DEBENTURES:		
Redeemed 1st August, 1944.		
Total authorized issue	<u>\$7,500,000.00</u>	
Serial debentures 3½% Series "A"—due 15th November, 1944	200,000.00	—
15 Year debentures 4½% Series "A"— due 15th November, 1951	3,360,000.00	—
 FIRST MORTGAGE BONDS:		
Total authorized issue	<u>\$6,000,000.00</u>	
3½% First mortgage serial bonds Series "A"—due 1st August, 1945-1957, is- sued 1st August 1944	—	3,250,000.00
 CAPITAL STOCK AND SURPLUS:		
<i>Capital Stock—</i>		
5½% Cumulative preference stock—		
Authorized—		
75,000 shares of \$100.00 each	<u>\$7,500,000.00</u>	
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)		
Common Stock—		
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> including refundable portion of excess profits tax—as per attached statement		
	1,088,160.36	933,915.90
	<u>6,834,413.36</u>	<u>6,680,168.90</u>
	<u>\$12,506,174.48</u>	<u>\$11,802,839.11</u>

DOMINION TAR & CHEMICAL COMPANY LIMITED AND SUBSIDIARY COMPANIES

Consolidated General Statement of Income and Expenditure For the Year ended 31st December, 1944

Net Operating Profit—before making the following deductions		\$2,458,237.39
Interest on debentures and bonds	\$ 140,437.24	
Provision for depreciation and depletion	470,097.81	
Provision for income and excess profits taxes	1,176,190.49	
		1,786,725.54
<i>Net Profit</i> for the year		\$ 671,511.85

Note: There has been deducted from the Net Operating Profit for the year 1944: Salaries and fees paid to executive officers—\$101,847.08; fees paid to other directors—\$4,790.00; legal fees—\$357.50; loss on investments—\$3,248.00; and there has been included net investment income—\$8,810.26.

Consolidated Statement of Earned Surplus For the Year Ended 31st December, 1944

Balance as at 31st December, 1943		\$ 902,605.71
<i>Add:</i>		
Net Profit for the year		671,511.85
		\$1,574,117.56
<i>Deduct:</i>		
Dividends on preference stock		276,925.00
		\$1,297,192.56
<i>Add:</i>		
Refundable portion of excess profits tax—		
Balance at 31st December, 1943	\$ 185,554.65	
Adjustments applicable thereto	16,987.72	
Estimate for 1944	113,200.00	
		315,742.37
		\$1,612,934.93
<i>Deduct:</i>		
Amount written off goodwill	\$ 600,000.00	
Premium on redemption of debentures and other refunding expenses	79,019.03	
		679,019.03
<i>Balance</i> as at 31st December, 1944		\$ 933,915.90

TAR AND CHEMICAL DIVISION

Crude Tar	Phenol	Phthalic Anhydride
Refined Tar	Cresol	Dibutyl Phthalate
Special Tars	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 containers.

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 distribution

CORNWALL STANDARD Fibre Conduit and NOCRETE Conduit for UNDERGROUND electrical distribution

NO-CO-RODE Fibre Pipe for Drainage and Sewage Disposal

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

Twenty-second Floor
Sun Life Building
Montreal, Quebec
Research Laboratory, Ville LaSalle, P.Q.

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
Tar Acid 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

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

U.S.A.

Tar Distilling Plant at Duluth, Minn.
Warehouse and Sales Office at Minneapolis, Minn.

