

Twenty-Sixth

Annual Report

STANDARD PAVING & MATERIALS LIMITED

AND SUBSIDIARY COMPANIES

FOR THE YEAR ENDING MARCH 31ST, 1955

STANDARD PAVING & MATERIALS LIMITED AND SUBSIDIARY COMPANIES

Directors

B. W. LANG	H. D. SCULLY, L.L.D.
FRANK G. LAWSON	J. A. SCYTHES
E. M. PROCTOR	WM. ZIMMERMAN, Q.C.
G. G. ROBINSON	JAMES CARNWATH

Officers

G. G. ROBINSON	- - - -	<i>Chairman and President</i>
J. H. REID	- - - -	<i>Executive Vice-President and Treasurer</i>
J. T. MOGAN	- - - -	<i>Vice-President, Construction and Supply Operations</i>
JAMES CARNWATH	- - - -	<i>Secretary</i>
C. W. TUGMAN	- - - -	<i>Assistant Secretary</i>

Solicitors

JENNINGS, CLUTE & LOVATT - - - - - Toronto

General Counsel

WM. ZIMMERMAN, Q.C. - - - - - Toronto

*Transfer and
Registrar Agents*

CHARTERED TRUST COMPANY - - - - - Toronto

Bankers

CANADIAN BANK OF COMMERCE

Auditors

DICK, BOND, HETHERINGTON & O'LOANE





NATIONAL SLAG LIMITED, Hamilton, owned jointly by The Buffalo Slag Co., Inc., of Buffalo, New York; Canada Crushed & Cut Stone Limited, Hamilton; and Standard Paving & Materials Limited, Toronto.

STANDARD PAVING & MATERIALS LIMITED
AND SUBSIDIARY COMPANIES



The Past Five Years in Brief

	IN THOUSANDS OF DOLLARS				
Year Ending March 31	1955	1954	1953	1952	1951
Net Income after Taxes	\$1,005	\$1,002	\$791	\$577	\$469
Provision for Income Taxes	999	1,034	816	645	445
Provision for Depreciation and Depletion	493	660	597	322	431
Capital Expenditures	463	728	619	894	282
Expenditures on Investment in Associated Companies	184	79	---	---	---
Working Capital	2,296	1,990	1,440	1,343	1,632
Number of Shares Outstanding	284,952 (a)	284,952	208,538	207,228	205,318
Earnings per Share	(b) \$3.15	(b) \$3.23	(b) \$3.34	\$2.43	\$1.91
Dividends Declared	\$1.50	\$1.37½	\$1.00	\$1.00	\$1.00

(a) After giving effect to redemption and/or conversion of preferred stock.

(b) After providing for the interest of minority shareholders in a subsidiary company.

STANDARD PAVING & MATERIALS LIMITED
AND SUBSIDIARY COMPANIES

Report of the Directors

TO THE SHAREHOLDERS:

Your Directors submit herewith the 26th Annual Report of your Company. Included and forming a part of this Report are the Consolidated Financial Statements of Standard Paving & Materials Limited and its subsidiary companies for the year ending March 31, 1955 as certified by your Auditors.

General Remarks

The operations of your Company have resulted in a very satisfactory year; as a matter of fact one of the best years in its history. The continued activity within the construction industry has been a contributing factor.

During the year emphasis has been given to our operations from the standpoint of efficiency, and cost reduction. One of the major results of this study has been the dismantling of a gravel plant at Waterford which was built in 1927. A small operation will be continued at that site to provide for local consumption. The capacity of our other more efficient plants is more than adequate to meet current requirements. Likewise, the sale of steel buildings has been discontinued because the resultant income was not commensurate with the effort involved, and it was decided that the personnel of the organization could be more profitably employed.

Negotiations of a subsidiary company with the Ontario Government relative to final adjustment of the Upsala contract have progressed to the point that, in the opinion of management, it is not necessary to make any provision in respect thereto in this financial statement.

There is an apparent tendency toward lower prices in all lines of activity in which we are engaged. The dominant factors creating the situation are over production and excess capacity in the industry. Continuous application to efficiency and cost reducing methods is a partial answer. Volume of business offering appears satisfactory at this time.

Our one-third interest in National Slag Limited stands at \$263,000. The result of the first year's operations have been satisfactory and we look forward with confidence as to the success of this venture. A photograph of the slag plant accompanies this report.

Earnings and Dividends

Net Income for the year amounted to \$1,005,409 compared to the previous year of \$1,001,844, an increase of \$3,565. This net income is after provision for income taxes

STANDARD PAVING & MATERIALS LIMITED AND SUBSIDIARY COMPANIES

of \$998,714. Earnings per share for the current year amounted to \$3.15 after deducting the interest of minority shareholders in a subsidiary company. This compares with \$3.23 in the previous year. The capital stock of the Company as at March 31, 1955 consists of 284,952 common shares. These shares are at present on a quarterly dividend basis of 37½¢. During the year \$1.50 per share was paid. This compares with \$1.37½ per share in the previous year.

Provision for Depreciation and Depletion

Provision for depreciation and depletion for the year amounted to \$492,734 or \$167,228 less than in the previous year. For income tax purposes our method of determining depreciation is based on the decreasing balance method and full allowance has been taken as permitted by the Dominion Income Tax Department.

Plant and Equipment

Plant and equipment in an amount of \$462,834 was acquired during the year. This compares with an amount of \$728,000 acquired in the previous year. There are no abnormal expenditures on plant and equipment contemplated at this time for the current year.

Working Capital

A summary of changes during the year is as follows:—

Working Capital as at March 31, 1954		\$1,990,026	
ADD:			
Income before Provision for Income Taxes for the year ending March 31, 1955	\$2,004,123		
Provision for Depreciation which did not involve outlay of funds	492,734		
Proceeds from Sale of plant and equipment (less profit thereon)	20,530		
Sundry Items	165	2,517,552	
			4,507,578
DEDUCT:			
Provision for Income Taxes for the Year ending March 31, 1955	\$ 998,714		
Dividends declared on common shares	427,428		
Purchase of Plant, Equipment and Real Estate	462,834		
Expenditure re Investment in National Slag Limited	183,750		
Redemption of Preferred shares	5,500		
Increase in Deferred Charges to Operations, Supplies, etc.	23,273		
Dividends paid to Minority Shareholders of a Subsidiary Company	110,000	2,211,499	
Working Capital — March 31, 1955			<u>\$2,296,079</u>

STANDARD PAVING & MATERIALS LIMITED AND SUBSIDIARY COMPANIES

Board of Directors — Appointments

Your Directors regret to report the passing during the year of Mr. J. F. M. Stewart, Chairman of the Board, and Mr. John Jennings, Q.C., First Vice-President and General Counsel, of your Company. Their contribution to the success of the Company over the years has been very material. Their knowledge and ever-ready assistance will be greatly missed by the Directors and management. These vacancies on the Board of Directors have been filled by the appointment of Mr. E. M. Proctor, B.A.Sc. of Proctor, Redfern & Laughlin, Consulting Engineers and Mr. William Zimmerman, Q.C. of Zimmerman, Haywood & Turville, Barristers and Solicitors.

Acknowledgment

We wish to express our thanks to all who have contributed to our successful operations, and particularly to our employees for their loyal co-operation.

On behalf of the Board of Directors,


Chairman and President.

June 6, 1955,
Toronto, Ontario.

STANDARD PAVING AND MATERIALS

Consolidated Statement

AS AT MARCH

(With Preceding Year)

	March 31, 1955	March 31, 1954
CURRENT ASSETS:		
Cash on Deposit (Net)	\$ 1,302,399.	\$ 1,844,034.
Deposits on Tenders	165,069.	155,976.
Investments		
Dominion of Canada and Other Government Securities at Book Value and Accrued Interest thereon (Market Value 1954 — \$266,025. 1955 — \$601,316.)	600,281.	266,148.
Accounts Receivable and Holdbacks (Less Reserve for Doubtful Accounts)	1,093,844.	839,851.
Deferred Cost on Uncompleted Contracts	54,129.	77,136.
Inventories of Materials at Lower of Cost or Market Value as certified by responsible officials of the Companies	494,628.	418,682.
Total Current Assets	3,710,350.	3,601,827.
LESS CURRENT LIABILITIES:		
Advances for Deposits on Tenders	163,666.	148,423.
Accounts Payable and Accrued Charges	425,703.	545,485.
Deferred Revenue on Uncompleted Contracts	15,885.	18,226.
Dividends Payable — Preferred Stock	—	20,584.
— Common Stock	106,852.	91,884.
Income Taxes	468,354.	567,466.
Reserve for Reconditioning Equipment	233,811.	219,733.
Total Current Liabilities	1,414,271.	1,611,801.
Net Working Capital	2,296,079.	1,990,026.
OTHER ASSETS:		
Inventories of Supplies, Deferred Charges to Operations, Working Advances, etc.	209,958.	186,685.
Real Estate, Buildings, Plant, Equipment, Boat, Motor Cars and Trucks at Cost	7,103,385.	6,708,279.
Less Reserve for Depreciation and Depletion	5,357,697.	4,912,161.
Fixed Assets less Reserve for Depreciation and Depletion	1,745,688.	1,796,118.
Miscellaneous Investments	262,505.	78,920.
Goodwill	248,281.	248,281.
	4,762,511.	4,300,030.
Deduct Minority Shareholders' Interest	218,904.	220,669.
Shareholders' Equity as Follows	\$ 4,543,607.	\$ 4,079,361.

LIMITED AND SUBSIDIARY COMPANIES

of Financial Position

31st, 1955

for Comparison)

	March 31, 1955	March 31, 1954
CAPITAL STOCK:		
Preferred, No Par Value, 62½¢ Cumulative, 62½¢ Non-Cumulative, 62½¢ Participating, Convertible, Redeemable, Authorized (Less Redeemed and Converted)		
March 31, 1954	28,562 shares	
Authorized (Less Redeemed and Converted)		
March 31, 1955	22,865 shares	
Issued (Less Converted) March 31, 1954	5,697 shares	\$ 1,073,666.
Issued (Less Converted) March 31, 1955	Nil shares	\$ 1,079,166.
Common, No Par Value		
Authorized	369,086 shares	
Issued March 31, 1954	273,958 shares	
Issued March 31, 1955	284,952 shares	
Capital Surplus		
Earned Surplus	3,469,941.	3,000,195.
Shareholders' Equity	<u>\$ 4,543,607.</u>	<u>\$ 4,079,361.</u>

NOTE: The above does not reflect any adjustment re the claim of the Ontario Government or the counter claim of the Company in respect to the Upsala contract.

Signed on behalf of the Board:

G. G. ROBINSON, Director.

FRANK G. LAWSON, Director.

STANDARD PAVING & MATERIALS LIMITED
AND SUBSIDIARY COMPANIES



Consolidated Statement of Income

FOR YEAR ENDING MARCH 31, 1955

(With Preceding Year for Comparison)

	March 31, 1955	March 31, 1954
Net profit from Operations before Providing for Depreciation and Depelction	\$ 2,551,507.	\$ 2,655,185.
DEDUCT: Provision for Depreciation and Depletion	492,734.	659,962.
	2,058,773.	1,995,223.
 ADD:		
Income from Investments and Miscellaneous Income	24,727.	15,111.
Profit on Sale of Fixed Assets and Investments	4,643.	29,308.
	29,370.	44,419.
	2,088,143.	2,039,642.
 DEDUCT:		
Provision for Doubtful Accounts	4,696.	3,774.
Directors' Fees (1954 — \$8,900.)	8,700.
Expenditures re Litigation	70,624.
	84,020.	3,774.
Net Income before Income Taxes	2,004,123.	2,035,868.
Income Taxes	998,714.	1,034,024.
Net Income for Year	\$ 1,005,409.	\$ 1,001,844.

STANDARD PAVING & MATERIALS LIMITED
AND SUBSIDIARY COMPANIES

Consolidated Statement of Earned Surplus

FOR YEAR ENDING MARCH 31, 1955

(With Preceding Year for Comparison)

	March 31, 1955	March 31, 1954
Earned Surplus at Beginning of Year	\$ 3,000,195.	\$ 2,444,741.
ADD: Minority Shareholders' Interest at Beginning of Year	104,848.	24,081.
	3,105,043.	2,468,822.
ADD: Net Income for Year	1,005,409.	1,001,844.
	4,110,452.	3,470,666.
DEDUCT:		
Dividends on Preferred Stock	-----	48,638.
Dividends on Common Stock	427,428.	316,985.
Dividends to Minority Shareholders by Subsidiary	103,767.	-----
	531,195.	365,623.
Earned Surplus including Minority Shareholders' Interest	3,579,257.	3,105,043.
DEDUCT: Minority Shareholders' Interest at End of Year	109,316.	104,848.
Earned Surplus at End of Year	\$ 3,469,941.	\$ 3,000,195.

DICK, BOND, HETHERINGTON & O'LOANE

CHARTERED ACCOUNTANTS

808 STERLING TOWER BUILDING

372 BAY STREET

TORONTO 1, CANADA



To the Shareholders of

STANDARD PAVING AND MATERIALS LIMITED.

We have made an examination of the Consolidated Statement of Financial Position of Standard Paving and Materials Limited and its Subsidiary Companies as at March 31, 1955, and of the accompanying Statements for the year ending on that date. In connection therewith, we examined or tested the records of the Companies and other supporting evidence and tested the recording of the detailed transactions. We report that all our requirements as auditors have been complied with and that, in our opinion, the Consolidated Statement of Financial Position and accompanying Statements are drawn up in conformity with generally accepted accounting principles applied on a basis consistent with the preceding year so as to exhibit a true and correct view of the financial affairs of the Companies as at March 31, 1955, and the results of operations for the year ending on that date, according to the best of our information and explanations given to us and as shown by the books of the Companies.

DICK, BOND, HETHERINGTON & O'LOANE,

Chartered Accountants.

Toronto, June 1, 1955.

