

check

Twenty-fifth

Annual Report

STANDARD PAVING & MATERIALS LIMITED

and Subsidiary Companies

FOR THE YEAR ENDING MARCH 31ST, 1954

STANDARD PAVING & MATERIALS LIMITED

AND SUBSIDIARY COMPANIES

Directors

E. BIRDSALL	G. G. ROBINSON
JOHN JENNINGS, Q.C.	HUGH D. SCULLY, L.L.D.
BERT W. LANG	J. A. SCYTHES
FRANK G. LAWSON	J. F. M. STEWART

Officers

J. F. M. STEWART - - - -	<i>Chairman of the Board</i>
G. G. ROBINSON - - - -	<i>President</i>
JOHN JENNINGS, Q.C. - - -	<i>1st Vice-President and General Counsel</i>
E. BIRDSALL, Vice-President -	<i>Paving and Construction</i>
J. T. MOGAN, Vice-President -	<i>Materials, Production and Sales</i>
J. H. REID, Vice-President - -	<i>Finance</i>
J. CARNWATH - - - - -	<i>Secretary</i>

Solicitors

JENNINGS, CLUTE & LOVATT - - - - - Toronto

*Transfer and
Registrar Agents*

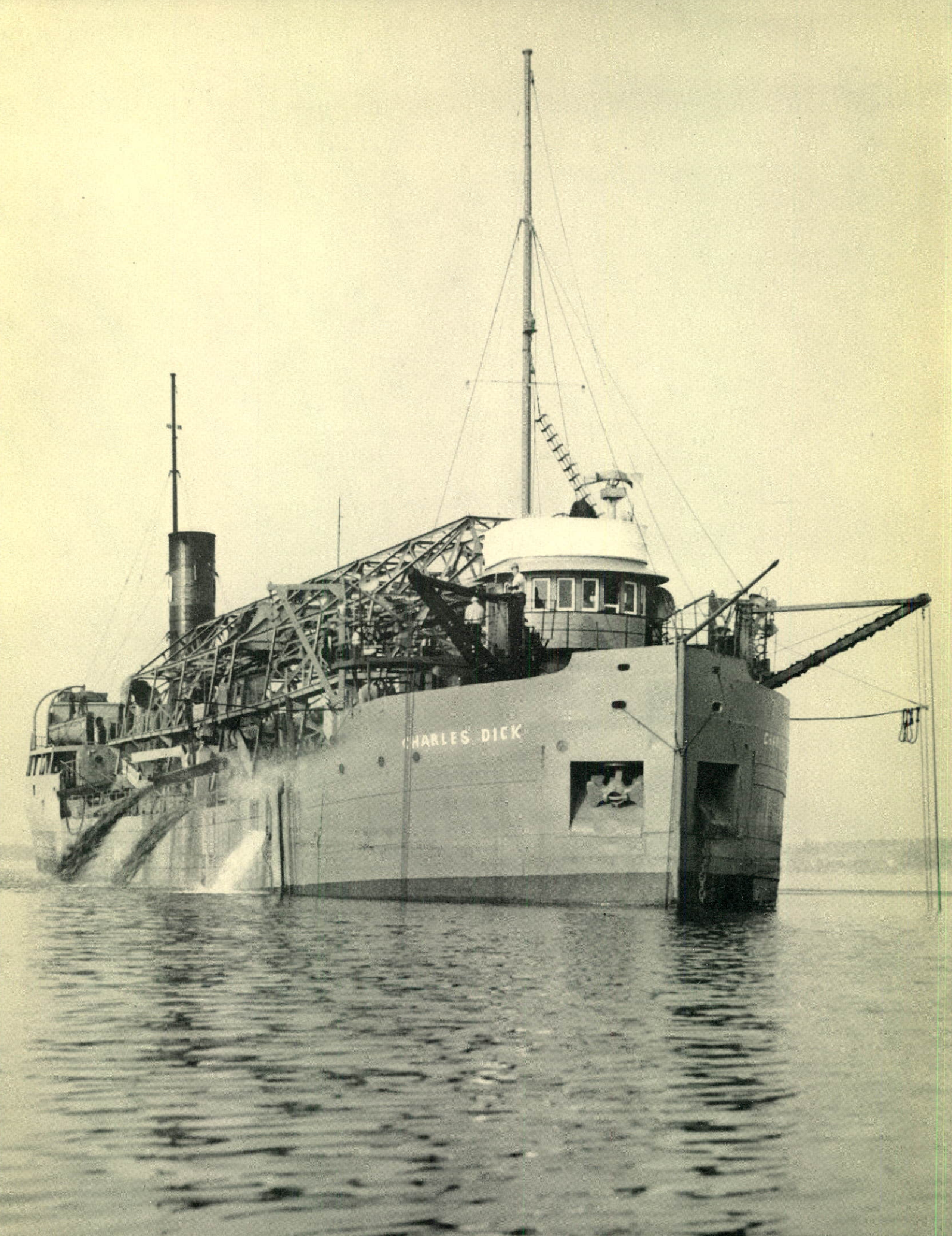
CHARTERED TRUST COMPANY - - - - - Toronto

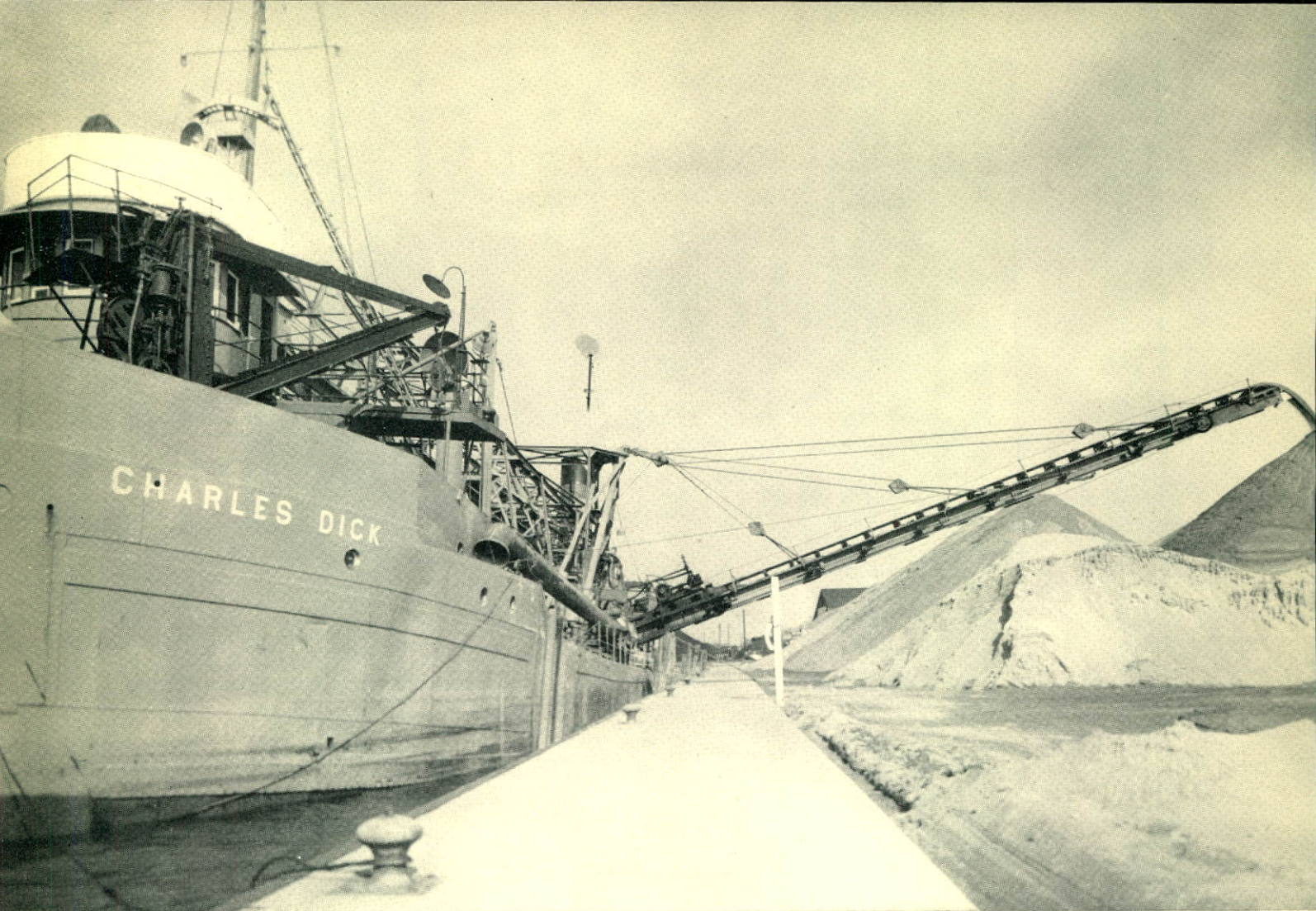
Bankers

CANADIAN BANK OF COMMERCE

Auditors

DICK, BOND, HETHERINGTON & O'LOANE





Right Photo — Unloading a cargo of brick sand at a dock in Toronto Harbour. The conveyor boom is 95' in length and discharges the cargo at the rate of 600 tons per hour.

S.S. CHARLES DICK

Owned and operated by your subsidiary, National Sand & Material Company Limited, and operating to Canadian and American ports on the Great Lakes. 244 ft. in length — 43 ft. beam — capacity 2,015 gross tons.

Left Photo — Loading a cargo of concrete sand by means of two 18" diameter hydraulic dredge pumps. Material being taken from the bottom of the lake — depth of water 20-40 feet.

STANDARD PAVING & MATERIALS LIMITED
AND SUBSIDIARY COMPANIES

The Past Five Years in Brief

————— IN THOUSANDS OF DOLLARS —————

Year Ending March 31	1954	1953	1952	1951	1950
Net Income after taxes	\$1,002	\$791	\$577	\$469	\$563
Provision for Income Taxes	1,034	816	645	445	386
Provision for Depreciation and Depletion	660	597	322	431	485
Capital Expenditures	728	619	894	282	554
Working Capital	1,990	1,440	1,343	1,632	1,288
—————					
Number of Shares Outstanding	(a) 284,952	208,538	207,228	205,318	190,754
Earnings Per Share	(b) \$3.23	(b) \$3.34	\$2.43	\$1.91	\$2.49
Dividends Declared	\$1.37½	\$1.00	\$1.00	\$1.00	\$1.50

(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 25th Annual Report of your Company. Included and forming a part of this Report are the Financial Statements of Standard Paving & Materials Limited and its subsidiary companies for the year ending March 31, 1954 as certified by your Auditors.

General Remarks

The volume of business was maintained at a high level in all departments, and in total, was the highest in the history of the Company. The fiscal year ending March 31, 1954 is the first in which a full year's operation of Concrete Pipe Limited has been reflected in the balance sheet and income statement.

In the Supply Division, waterborne deliveries of materials to American and Canadian ports reached an all time high; likewise the tonnage of materials delivered by rail and truck in Ontario exceeded all previous records. The latter was partially due to the substantial tonnage of our material consumed in the construction of the new power development at Queenston. Shipments to this project are about completed. The demand for sewer pipe continued active throughout the year; likewise the market for steel buildings. The performance of our new aggregate plant at Paris, Ontario has been fully up to expectations. The Supply Division was accountable for 54% of the dollar volume and contributed 82% of the net income.

The Paving and Construction Division continued to be confronted with keen competition and highly competitive prices. During the year, this division performed 46% of the total dollar volume, contributing 18% of the total net income.

During the year your Company joined in the creation of National Slag Limited at Hamilton to the extent of a third interest. One of the major operations of National Slag Limited is the production of light weight aggregates greatly in demand in the construction industry. It is anticipated that our total investment in this company will eventually approximate \$300,000. Partial operations began in June of this year.

Earnings and Dividends

Net Income for the year amounted to \$1,001,844 compared to the previous year of \$791,469, an increase of \$210,375. This net income is after provision for income taxes of \$1,034,024. The earnings per common share for the current year amounted to \$3.23 after deducting the interest of minority

shareholders in a subsidiary company and giving effect to the redemption and/or conversion of the preferred stock of the Company. This compares with \$3.34 in the previous year. The issued shares, after giving effect to the conversion, amount to 284,952 versus the outstanding as at March 31, 1953 of 208,538 shares.

Dividends declared on the common stock for the year amounted to \$1.37½ per share. The present shares were placed on a quarterly dividend basis of 37½¢ per share commencing April 1, 1954.

Provision for Depreciation and Depletion

The Provision for Depreciation and Depletion for the year amounted to \$660,000 or \$64,000 greater than in the previous year. Income tax regulations as now constituted require that depreciation be calculated on the decreasing balance method. Under this method, depreciation is determined annually on a progressively reducing balance and results in a relatively high provision in the early life of the plant and proportionately smaller amounts in the later years.

Plant and Equipment

Plant and equipment in an amount of \$728,000 was acquired during the year. Expenditures on plant and equipment in the year just ended were the second largest in the history of your companies. During the past 10 years these expenditures have exceeded four and one-half million dollars. Of this amount, provision for depreciation and depletion has provided three and one-half million dollars and the balance has been financed from earnings retained in the business.

Capital Stock

On March 2nd preferred shareholders were notified that their stock was called for redemption. They had the option under the terms of issue of the preferred shares to convert one share of preferred for two shares of common. Two hundred preferred shares were not converted but were redeemed.

The capital of the Company now consists of one class of stock to the number of 284,952 shares.

The Company has no fixed obligations of any kind.

Working Capital

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

Working Capital as at March 31, 1953		\$1,440,437
ADD:		
Income before Provision for Income Taxes for the year ending March 31, 1954	\$2,035,868	
Provision for Depreciation and Depletion which did not involve outlay of funds	659,962	
Proceeds from sale of plant and equipment (less profit thereon)	108,078	
Decrease in Deferred Charges to Operations, Supplies, etc.	7,270	2,811,178
		<hr/>
		4,251,615

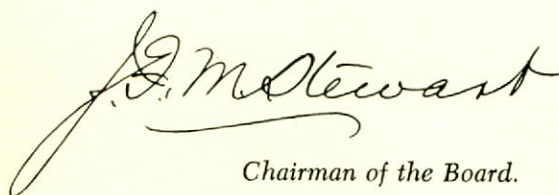
DEDUCT:

Provision for Income Taxes for the year ending March 31, 1954	1,034,024	
Dividends declared on Preferred Shares	48,638	
Dividends declared on Common Shares	316,985	
Purchase of Plant, Equipment and Real Estate	728,192	
Investment in National Slag Limited	78,750	
Dividends Paid to Minority Shareholders of Subsidiary Company	55,000	2,261,589
Working Capital as at March 31, 1954		<u>\$1,990,026</u>

Organization

We would again like to express our appreciation to our entire staff for their loyalty and able support which has contributed so materially to the success of our operations.

On behalf of the Board of Directors,


Chairman of the Board.


President

June 25, 1954,
Toronto, Ontario.

STANDARD PAVING AND MATERIALS

Consolidated Statement

AS AT MARCH
(With Preceding Year)

	March 31, 1953	March 31, 1954
CURRENT ASSETS:		
Cash on Deposit (Net)	\$ 583,255.	\$ 1,844,034.
Deposits on Tenders	292,589.	155,976.
Investments		
Dominion of Canada and Other Government Bonds and Accrued Interest thereon (Market Value 1953 — \$260,454. 1954 — \$266,025.)	266,148.	266,148.
Accounts Receivable and Holdbacks (Less Reserve for Doubtful Accounts)	1,962,422.	839,851.
Deferred Cost on Uncompleted Contracts	11,993.	77,136.
Inventories of Materials at Lower of Cost or Market Value as certified by responsible officials of the Companies	376,966.	418,682.
Total Current Assets	3,493,373.	3,601,827.
LESS CURRENT LIABILITIES:		
Advances for Deposits on Tenders	273,338.	148,423.
Accounts Payable and Accrued Charges	828,572.	545,485.
Deferred Revenue on Uncompleted Contracts	—	18,226.
Dividends Payable — Preferred Stock	44,369.	20,584.
Common Stock	106,271.	91,884.
Reserve for Taxes on Income	659,386.	567,466.
Reserve for Reconditioning Equipment	141,000.	219,733.
Total Current Liabilities	2,052,936.	1,611,801.
Net Working Capital	1,440,437.	1,990,026.
OTHER ASSETS:		
Inventories of Supplies, Deferred Charges to Operations, Working Advances, etc.	193,955.	186,685.
Real Estate, Buildings, Plant, Equipment, Boat, Motor Cars and Trucks	6,230,963.	6,708,279.
Less Reserve for Depreciation and Depletion	4,394,997.	4,912,161.
Fixed Assets Less Reserve for Depreciation and Depletion	1,835,966.	1,796,118.
Miscellaneous Investments	170.	78,920.
Goodwill	248,281.	248,281.
(Forward)	\$ 3,718,809.	\$ 4,300,030.

LIMITED AND SUBSIDIARY COMPANIES

of Financial Position

31st, 1954
for Comparison)

	March 31, 1953	March 31, 1954
(Brought Forward)	\$ 3,718,809.	\$ 4,300,030.
Deduct Minority Shareholders' Interest	194,902.	220,669.
Shareholders' Equity as Follows	<u>\$ 3,523,907.</u>	<u>\$ 4,079,361.</u>
CAPITAL STOCK:		
Preferred No Par Value, 62½¢ Cumulative, 62½¢ Non-Cumulative, 62½¢ Participating, Convertible, Redeemable, Authorized (Less Redeemed and Converted)		
March 31, 1953	61,272 shares	
Authorized (Less Redeemed and Converted) March 31, 1954	28,562 shares	
Issued (Less Converted) March 31, 1953	38,407 shares	
Issued (Less Converted) March 31, 1954	5,697 shares	
	1,079,166.	1,079,166.
Common, No Par Value		
Authorized	369,086 shares	
Issued March 31, 1953	208,538 shares	
Issued March 31, 1954	273,958 shares	
Capital Surplus		
Earned Surplus	2,444,741.	3,000,195.
Shareholders' Equity	<u>\$ 3,523,907.</u>	<u>\$ 4,079,361.</u>

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 1954, 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 above Consolidated Statement of Financial Position is 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, 1954, 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,

Toronto, June 1, 1954.

Chartered Accountants.

STANDARD PAVING & MATERIALS LIMITED
AND SUBSIDIARY COMPANIES

Consolidated Statement of Earned Surplus

FOR YEAR ENDING MARCH 31st, 1954

(With Preceding Year for Comparison)

	March 31, 1953	March 31, 1954
Earned Surplus at Beginning of Year	\$ 1,957,822.	\$ 2,444,741.
ADD: Minority Shareholders' Interest at Beginning of Year	24,081.
	1,957,822.	2,468,822.
ADD: Net Income for Year	791,469.	1,001,844.
	2,749,291.	3,470,666.
DEDUCT:		
Dividends on Preferred Stock	72,668.	48,638
Dividends on Common Stock	207,801.	316,985.
	280,469.	365,623.
Earned Surplus including Minority Shareholders' Interest	2,468,822.	3,105,043.
DEDUCT: Minority Shareholders' Interest at End of Year	24,081.	104,848.
Earned Surplus at End of Year	\$ 2,444,741.	\$ 3,000,195.

Consolidated Statement of Income

	March 31, 1953	March 31, 1954
Net Profit from Operations before Providing for Depreciation and Depletion	\$ 2,175,809.	\$ 2,655,185.
DEDUCT: Provision for Depreciation and Depletion	596,568.	659,962.
	1,579,241.	1,995,223.
ADD:		
Income from Investments and Miscellaneous Income	16,231.	15,111.
Profit on Sale of Fixed Assets and Investments	20,288.	29,308.
	36,519.	44,419.
	1,615,760.	2,039,642.
DEDUCT:		
Provision for Doubtful Accounts	8,125.	3,774.
Net Income before Provision for Taxes on Income	1,607,635.	2,035,868.
Provision for Taxes on Income	816,166.	1,034,024.
Net Income for Year	\$ 791,469.	\$ 1,001,844.

