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Annual Report

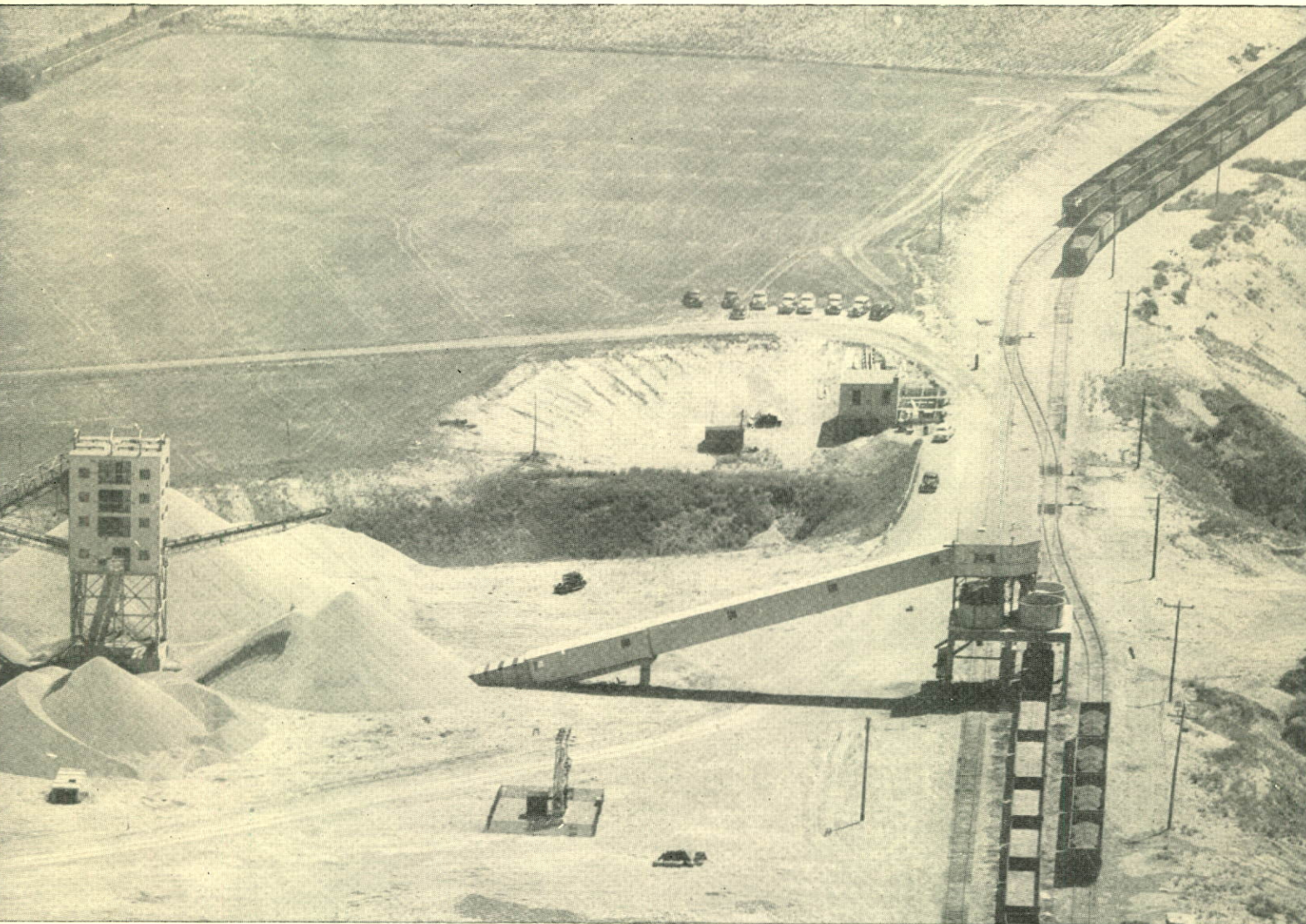
STANDARD PAVING & MATERIALS LIMITED

and Subsidiary Companies

FOR THE YEAR ENDING MARCH 31ST, 1953

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OUR NEWLY CONSTRUCTED AGGREGATE PLANT AT PARIS, ONTARIO

STANDARD PAVING & MATERIALS LIMITED
AND SUBSIDIARY COMPANIES

DIRECTORS

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

OFFICERS

J. F. M. STEWART, *Chairman of the Board*
G. G. ROBINSON, *President*
JOHN JENNINGS, Q.C., *1st Vice-President*

E. BIRDSALL
Vice-President:
Paving & Construction

J. T. MOGAN
Vice-President:
Materials — Production & Sales

J. H. REID
Vice-President:
Finance

Solicitors
JENNINGS, CLUTE & LOVATT — Toronto

Transfer and Registrar Agents
CHARTERED TRUST COMPANY — Toronto

Bankers
CANADIAN BANK OF COMMERCE

Auditors
DICK, BOND, HETHERINGTON & O'LOANE

**STANDARD PAVING & MATERIALS LIMITED
AND SUBSIDIARY COMPANIES**

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

Your Directors take pleasure in submitting herewith the twenty-fourth Annual Report of your Company. The Financial Statements of Standard Paving & Materials Limited and its subsidiary companies for the year ending March 31, 1953, as certified by your auditors, form a part of this report.

General Remarks

Volume of Business and Net Income reached the highest level in the Company's history in the fiscal year just ended. Comparison with the previous year ending March 31, 1952 shows a volume increase of 23% and Net Income increase of 37%. In the year ending March 31, 1953, the Supply Division operations had the most successful year in its history, and the Construction Division the greatest with one exception. In June 1952 our newly-constructed aggregate plant at Paris, Ontario, with an annual capacity of 800,000 tons, went into operation. This plant replaces one at Fuller, Ontario that had been in production since 1926, and provides us with the increased capacity to meet the growing needs of the construction industry.

In October 1952, a majority interest was acquired of Concrete Pipe Limited at a cash paid price of \$945,000. Details of this acquisition were set out in our letter to shareholders of November 1, 1952. Briefly, Concrete Pipe Limited manufactures concrete sewer pipe for the market in the Province of Ontario. Under a sales agency agreement effective for many years, the products of Concrete Pipe Limited have been marketed by your wholly-owned subsidiary, Consolidated Sand and Gravel Limited. Your Board, in acquiring the interest in Concrete Pipe Limited, feels that the integration of the manufacture and sales in our organization will be an effective and successful operation. Inasmuch as the interest in Concrete Pipe Limited was acquired late in October, only the results of operations since the acquisition of the interest have been incorporated in the Financial Statements submitted herewith.

Five Years' Comparison

	<i>In thousands of dollars</i>				
Year ending March 31	1953	1952	1951	1950	1949
Net Income After Taxes	\$ 791	\$ 577	\$ 469	\$ 563	\$ 555
Provision for Income Taxes	816	645	445	386	449
Provision for Depreciation and Depletion	597	322	431	485	318
Capital Expenditures	619	894	282	554	272
Working Capital	1,440	1,343	1,632	1,288	1,201
Number of Common Shares					
Outstanding	208,538	207,228	205,318	190,754	131,082
Earnings Per Share on Common Stock	\$3.34	\$2.43	\$1.91	\$2.36	\$2.93
Dividends Paid on Common Stock	1.00	1.00	1.00	1.50	.50

Provision for Depreciation and Depletion

The provision for depreciation and depletion for the year amounted to \$596,568 or \$274,473 greater than in the previous year. This excess arises almost entirely from the provision taken on our new aggregate plant at Paris, Ontario. 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 has the effect of providing relatively high provision in the early life of the plant and proportionately smaller amounts in the later years.

Dividends

Dividends declared during the year amounted to \$1.87½ per share on the preferred stock and \$1.00 per share on the common, unchanged from the previous year.

Plant and Equipment

Plant and Equipment in an amount of \$619,089 was acquired during the year. Of this amount, \$244,883 was expended to complete our new aggregate plant at Paris, Ontario, the total cost of which amounted to \$875,000. The expenditure on plant and equipment in the year just ended was the second largest in the history of your Company. During the past seven years the expenditures on plant and equipment have exceeded \$3,600,000; of this amount, provision for depreciation and depletion has provided \$2,600,000. The balance has been financed from earnings retained in the business.

Capital Stock

In the current year 655 preferred shares were converted into 1,310 common shares, leaving 38,407 preferred shares and 208,538 common shares issued and outstanding as at March 31, 1953.

Working Capital

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

Working Capital as at March 31, 1952		\$1,342,670
ADD:		
Income before Provision for Income Taxes for the Year ending March 31, 1953	\$1,607,635	
Provision for Depreciation and Depletion which did not involve outlay of funds	596,568	
Proceeds from sale of plant and equipment (less profit thereon)	21,159	
Decrease in deferred charges to Operations, Supplies, etc.	6,751	
Working Capital of Concrete Pipe Limited at date of acquisition	526,658	2,758,771
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		\$4,101,441
DEDUCT:		
Provision for Income Taxes for the Year ending March 31, 1953	\$ 816,166	
Dividends declared on Preferred Shares	72,668	
Dividends declared on Common Shares	207,801	
Purchase of Plant and Equipment	619,089	
Purchase of Majority Interest in Concrete Pipe Limited	945,280	2,661,004
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Working Capital as at March 31, 1953		\$1,440,437

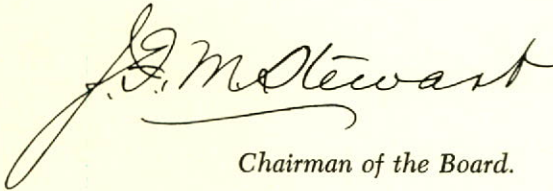
Outlook


The Company's activities to date this year conform fairly closely with those for the same period a year ago.

Organization

We would be very remiss if we did not recognize the most valuable asset of your Company: the loyalty and able support of our whole staff. It is a source of great satisfaction to your management, who wish to convey to all the employees their appreciation for the excellent co-operation rendered in the past year.

On behalf of the Board of Directors,


Chairman of the Board.


President.

June 4th, 1953
Toronto, Ontario.

**STANDARD PAVING & MATERIALS LIMITED
AND SUBSIDIARY COMPANIES**

**Consolidated Statement of
Financial Position**

	°March 31, 1952	March 31, 1953
CURRENT ASSETS:		
Cash on Deposit (Net)	\$1,171,232	\$ 583,255
Deposits on Tenders	103,100	292,589
INVESTMENTS:		
Dominion of Canada and Other Government Bonds and Accrued Interest thereon (Market Value 1952 — \$306,307; 1953 — \$260,454)	310,978	266,148
Accounts Receivable and Holdbacks (Less Reserve for Doubtful Accounts)	901,902	1,962,422
Deferred Cost on Uncompleted Contracts	23,084	11,993
Inventories of Materials at Lower of Cost or Market Value as certified by responsible officials of the Companies	176,599	376,966
TOTAL CURRENT ASSETS	2,686,895	3,493,373
LESS CURRENT LIABILITIES:		
Advances for Deposits on Tenders	77,050	273,338
Accounts Payable and Accrued Charges	555,977	828,572
Dividends Payable — Preferred Stock	44,862	44,369
— Common Stock	105,725	106,271
Reserve for Taxes on Income	430,611	659,386
Reserve for Reconditioning Equipment	130,000	141,000
TOTAL CURRENT LIABILITIES	1,344,225	2,052,936
NET WORKING CAPITAL	1,342,670	1,440,437
OTHER ASSETS:		
Inventories of Supplies, Deferred Charges to Operations, Working Advances, etc.	189,590	193,955
Real Estate, Buildings, Plant, Equipment, Boat, Motor Cars and Trucks	5,061,379	6,230,963
Less Reserve for Depreciation and Depletion	3,556,822	4,394,997
Fixed Assets Less Reserve for Depreciation and Depletion	1,504,557	1,835,966
Miscellaneous Investments	170	170
Goodwill	1	248,281
(Forward)	\$3,036,988	\$3,718,809

AS AT MARCH 31, 1953

*(With Preceding Year for Comparison)

	* March 31, 1952	March 31, 1953
(Brought Forward)	\$3,036,988	\$3,718,809
Deduct Minority Shareholders' Interest	—	194,902
Shareholders' Equity as Follows	<u>\$3,036,988</u>	<u>\$3,523,907</u>
CAPITAL STOCK:		
Preferred, No Par Value, 62½c Cumulative, 62½c Non-Cumulative, 62½c Participating, Convertible, Redeemable, Authorized (Less Redeemed and Converted) March 31, 1952 61,927 shares		
Authorized (Less Redeemed and Converted) March 31, 1953 61,272 shares		
Issued (Less Converted) March 31, 1952 39,062 shares	1,079,166	1,079,166
Issued (Less Converted) March 31, 1953 38,407 shares		
Common, No Par Value Authorized 226,210 shares		
Issued March 31, 1952 207,228 shares		
Issued March 31, 1953 208,538 shares		
Capital Surplus		
Earned Surplus	1,957,822	2,444,741
Shareholders' Equity	<u>\$3,036,988</u>	<u>\$3,523,907</u>

TO THE SHAREHOLDERS OF
STANDARD PAVING & MATERIALS LIMITED

We have made an examination of the Consolidated Statement of Financial Position of Standard Paving & Materials Limited and its Subsidiary Companies as at March 31, 1953, 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. Majority interest in an additional Subsidiary was acquired as of November 1, 1952 and the income of this Subsidiary has been included since date of acquisition only. 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, 1953, according to the best of our information and explanations given to us and as shown by the books of the Companies.

Toronto, May 29, 1953.

DICK, BOND, HETHERINGTON & O'LOANE,
Chartered Accountants.

STANDARD PAVING & MATERIALS LIMITED

and Subsidiary Companies

Consolidated Statement of Earned Surplus

FOR YEAR ENDING MARCH 31, 1953

**(With Preceding Year for Comparison)*

	*March 31, March 31, 1952 1953	
Earned Surplus at Beginning of Year	\$1,660,612	\$1,957,822
ADD: Minority Shareholders' Interest at Beginning of Year	575	—
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	1,661,187	1,957,822
ADD: Net Income for Year	577,044	791,469
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	2,238,231	2,749,291
DEDUCT:		
Dividends on Preferred Stock	73,425	72,668
Dividends on Common Stock	206,984	207,801
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	280,409	280,469
Earned Surplus including Minority Shareholders' Interest	1,957,822	2,468,822
DEDUCT: Minority Shareholders' Interest at End of Year	—	24,081
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Earned Surplus at End of Year	\$1,957,822	\$2,444,741

CONSOLIDATED STATEMENT OF INCOME

	*March 31, March 31, 1952 1953	
Net Profit from Operations before Providing for Depreciation and Depletion	\$1,493,307	\$2,175,809
DEDUCT: Provision for Depreciation and Depletion	322,095	596,568
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	1,171,212	1,579,241
ADD:		
Income from Investments and Miscellaneous Income	62,030	16,231
Profit on Sale of Fixed Assets and Investments	3,987	20,288
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	66,017	36,519
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	1,237,229	1,615,760
DEDUCT:		
Provision for Doubtful Accounts	15,423	8,125
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Net Income before Provision for Taxes on Income	1,221,806	1,607,635
Provision for Taxes on Income	644,762	816,166
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Net Income for Year	\$ 577,044	\$ 791,469

