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Standard Paving & Materials

Limited

AND SUBSIDIARY COMPANIES

*Annual Report*

FOR THE YEAR ENDING  
MARCH 31st, 1952

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# Standard Paving & Materials Limited

## and Subsidiary Companies

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### 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 — Toronto

*Transfer and Registrar Agents*  
CHARTERED TRUST COMPANY — Toronto

*Bankers*  
CANADIAN BANK OF COMMERCE

*Auditors*  
DICK, BOND, HETHERINGTON & O'LOANE

Annual Meeting of Shareholders will be held at Harbour Bldg., Toronto,  
June 26, 1952, at 11 a.m. (Daylight Saving Time)

# STANDARD PAVING & MATERIALS LIMITED

## and Subsidiary Companies

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### REPORT OF THE DIRECTORS

#### TO THE SHAREHOLDERS:

Your Directors submit herewith the Consolidated Statement of Financial Position of your Company and its Subsidiaries as at March 31st, 1952, and the Consolidated Statements of Income and Earned Surplus for the year ending March 31st, 1952, with the preceding year for comparison.

#### Volume of Business

The volume of business for the year was 14% greater than the previous year and the net income after taxes was 23% greater than the year ending March 31st, 1951. Both our Construction and Supply Divisions enjoyed a greater volume of business in the year than at any period in our history.

#### Net Income

The Consolidated Net Income for the year amounted to \$577,044 after provision for depreciation and depletion of \$322,095, and income taxes of \$644,762. Net income for the preceding year amounted to \$468,897 after provision for depreciation and depletion of \$430,986, and taxes on income of \$444,906.

#### Provision for Taxes, Depreciation and Depletion

Provision for depreciation and depletion for the year was \$110,000 less than the previous year. However, this was offset by the provision for income taxes being in excess of last year by \$200,000. No provision for depreciation was provided on our new plant at Paris, Ontario, due to the fact that this plant was not completed for operations.

#### Dividends and Earned Surplus

Dividends declared during the year amounted to \$1.87½ per share on the preferred and \$1.00 per share on the common. These amounts were unchanged from the previous year. Earnings per share on the common stock for the year after providing full dividends for the preferred stock, amounted to \$2.43 per share. This compared with an amount for the previous year of \$1.91 per share. Dividends declared amounted to \$280,409; the balance of net income, namely \$296,635, was added to earned surplus.

#### Plant and Equipment

Plant and equipment in an amount of \$893,898 was acquired during the year, a large part of which was expended for our new sand and gravel aggregate plant at Paris, Ontario. This plant went into production in June of this year and should contribute greatly in meeting the increased demand for construction aggregates.

During the past six years expenditures on plant and equipment have exceeded \$3,000,000. Provision for depreciation and depletion has provided \$2,000,000 of this amount; the balance has been financed from earnings retained in the business.

Technical improvements, changes in contract specifications, and replacement of worn out machines, will continue to demand large yearly expenditures in order to maintain our construction equipment at an efficient level.

### Capital Stock

In the current year 955 preferred shares were converted into 1,910 common shares, leaving 39,062 preferred shares and 207,228 common shares issued as at March 31st, 1952.

### Working Capital

During the year our working capital was reduced by \$290,000 reflecting our large capital expenditures. At the year ending March 31st, 1952, our working capital amounted to \$1,342,840. A summary of the changes during the year is as follows:

Working Capital as at March 31st, 1951 .....		\$1,632,474
ADD:		
Income before Provision for Income Taxes for the year ending March 31st, 1952 .....	\$1,221,806	
Provision for Depreciation and Depletion which did not involve outlay of funds .....	322,095	
Proceeds from sale of Equipment (less profit thereon) .....	11,271	1,555,172
		<u>1,555,172</u>
		\$3,187,646
DEDUCT:		
Provision for Income Taxes for year ending March, 31st, 1952 .....	\$ 644,762	
Dividends declared on Preferred Shares .....	73,425	
Dividends declared on Common Shares .....	206,984	
Purchase of Plant and Equipment .....	893,898	
Increase in deferred charges to Operations, Supplies, etc. ....	24,735	
Sundry .....	1,002	1,844,806
		<u>1,844,806</u>
Working Capital as at March 31st, 1952 .....		\$1,342,840

### Outlook

The volume of business continues at a high level in all divisions of our operations. However, paralleling this situation, operating costs and taxes continue to mount.

### Organization

We consider that one of our most valuable assets is the personnel of our organization. It is a source of pleasure to have such co-operation and able support as we have enjoyed during the year from our entire staff, and we convey to them our sincere appreciation.

On behalf of the Board,

G. G. ROBINSON,  
*President.*

Harbour Building, Toronto 1, Ontario,  
June 2nd, 1952.

# STANDARD PAVING & AND SUBSIDIARIES

Consolidated Statement of Financial Position  
(With Preceding Years)

	March 31, 1951	March 31, 1952
<b>CURRENT ASSETS:</b>		
Cash on Deposit (Net) .....	\$1,012,995	\$1,171,232
Deposits on Tenders .....	216,385	103,100
<b>INVESTMENTS:</b>		
Chartered Trust Company — Call Loan .....	50,000	
Dominion of Canada and other Government Bonds and Accrued Interest thereon (Market Value 1951 — \$304,959; 1952 — \$306,307) .....	310,978	310,978
Stocks and Bonds without Quoted Market Value (Directors' Valua- tion 1951 — \$14,610; 1952 — \$32,815) .....	5	170
Accounts Receivable and Holdbacks (Less Reserve for Doubtful Accounts) .....	833,623	901,902
Deferred Cost on Uncompleted Contracts .....	115,887	23,084
Inventories of Materials at Lower of Cost or Market Value as certified by responsible officials of the Companies .....	291,756	176,599
<b>TOTAL CURRENT ASSETS</b> .....	<b>2,831,629</b>	<b>2,687,065</b>
<b>LESS CURRENT LIABILITIES:</b>		
Advances for Deposits on Tenders .....	216,385	77,050
Accounts Payable and Accrued Charges .....	389,445	555,977
Deferred Revenue on Uncompleted Contracts .....	22,223	—
Dividends Payable — Preferred Stock .....	46,338	44,862
— Common Stock .....	104,452	105,725
Reserve for Taxes on Income .....	314,312	430,611
Reserve for Reconditioning Equipment .....	106,000	130,000
<b>TOTAL CURRENT LIABILITIES</b> .....	<b>1,199,155</b>	<b>1,344,225</b>
<b>NET WORKING CAPITAL</b> .....	<b>1,632,474</b>	<b>1,342,840</b>
<b>OTHER ASSETS:</b>		
Inventories of Supplies, Deferred Charges to Operations, Working Advances, etc. ....	164,855	189,590
Real Estate, Buildings, Plant, Equipment, Boat, Motor Cars and Trucks .....	4,192,482	5,061,379
Less Reserve for Depreciation and Depletion .....	3,248,457	3,556,822
Fixed Assets Less Reserve for Depreciation and Depletion .....	944,025	1,504,557
Goodwill .....	1	1
<b>FORWARD</b> .....	<b>\$2,741,355</b>	<b>\$3,036,988</b>

# MATERIALS LIMITED

## RY COMPANIES

Financial Position as at March 31, 1952

(Year for Comparison)

	March 31, 1951	March 31, 1952
BROUGHT FORWARD .....	\$2,741,355	\$3,036,988
Deduct Minority Shareholders' Interest .....	1,086	—
Shareholders' Equity as Follows .....	<u>\$2,740,269</u>	<u>\$3,036,988</u>

### CAPITAL STOCK:

Preferred, No Par Value, 62½¢ Cumulative, 62½¢ Non-Cumulative, 62½¢ Participating, Convertible, Redeemable			
Authorized (Less Redeemed and Converted)			
March 31, 1951	62,882 shares		
March 31, 1952	61,927 shares		
Issued (Less Converted)			
March 31, 1951	40,017 shares		
March 31, 1952	39,062 shares		
Common, No Par Value			
Authorized	226,210 shares		
Issued March 31, 1951	205,318 shares		
Issued March 31, 1952	207,228 shares		
Capital Surplus			
Earned Surplus .....	1,660,612	1,957,822	
Shareholders' Equity .....	<u>\$2,740,269</u>	<u>\$3,036,988</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, 1952, 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, 1952, according to the best of our information and explanations given to us and as shown by the books of the Companies.

Toronto, May 31, 1952.

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

**STANDARD PAVING & MATERIALS LIMITED**  
and Subsidiary Companies

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**CONSOLIDATED STATEMENT OF EARNED SURPLUS**  
For Year ending March 31, 1952  
(With Preceding Year for Comparison)

	March 31, 1951	March 31, 1952
Earned Surplus at Beginning of Year .....	\$1,471,914	\$1,660,612
ADD: Minority Shareholders' Interest at Beginning of Year .....	406	575
	1,472,320	1,661,187
ADD: Net Income for Year .....	468,897	577,044
	1,941,217	2,238,231
 DEDUCT:		
Dividends on Preferred Stock .....	76,441	73,425
Dividends on Common Stock .....	203,589	206,984
	280,030	280,409
Earned Surplus including Minority Shareholders' Interest .....	1,661,187	1,957,822
DEDUCT: Minority Shareholders' Interest at End of Year .....	575	—
Earned Surplus at End of Year .....	\$1,660,612	\$1,957,822



**STANDARD PAVING & MATERIALS LIMITED**  
and Subsidiary Companies

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**CONSOLIDATED STATEMENT OF INCOME**  
For Year ending March 31, 1952  
(With Preceding Year for Comparison)

	March 31, 1951	March 31, 1952
	<u>          </u>	<u>          </u>
Net Profit from Operations before Providing for Depreciation and Depletion .....	\$1,306,359	\$1,493,307
DEDUCT: Provision for Depreciation and Depletion .....	430,986	322,095
	<u>875,373</u>	<u>1,171,212</u>
ADD:		
Income from Investments and Miscellaneous Income .....	40,196	62,030
Profit on Sale of Fixed Assets and Investments .....	3,152	3,987
	<u>43,348</u>	<u>66,017</u>
	918,721	1,237,229
DEDUCT:		
Provision for Doubtful Accounts .....	4,918	15,423
Net Income before Provision for Taxes on Income .....	913,803	1,221,806
Provision for Taxes on Income .....	444,906	644,762
Net Income for Year .....	<u>\$ 468,897</u>	<u>\$ 577,044</u>





