

Standard Paving & Materials Limited

and Subsidiary Companies

REPORT OF THE DIRECTORS FOR THE YEAR ENDING MARCH 31st, 1947

TO THE SHAREHOLDERS:

Your Directors submit herewith Consolidated Balance Sheet of your Company and its subsidiaries as at March 31st, 1947, and the Consolidated Statement of Profit and Loss and Surplus Account for the fiscal year ending that date.

The Board of Referees have rendered decisions in our applications for an increase in the Standard Profits base for this Company and its subsidiaries and the base fixed appears to be reasonable. The effect of these decisions is reflected in additions to the Surplus Account, and in the reduction of Refundable Portion of Excess Profits Tax and Reserve for Income and Excess Profits Tax.

As noted in the last Annual Report, a substantial capital expenditure was forecast and the asphalt plant, machine shop and warehouse have been erected on our new Jane Street property. Machinery purchases were heavy.

The net working capital of the Company is \$714,305.00, a reduction during the year of \$131,041.00. A summary of Statement of Net Working Capital is as follows:

Net Working Capital as at March 31, 1946.....		\$ 845,346.49
ADD:		
Net Income before Provision for Income and Excess Profits Taxes.....	\$321,953.51	
Provision for Depreciation which did not involve outlay of funds.....	218,560.27	
Proceeds from Sale of Real Estate and Equipment (less profit thereon).....	21,753.84	
Decrease in Reserve for Taxes arising out of adjustment of Standard Profits by Board of Referees.....	188,246.56	
		<u>750,514.18</u>
DEDUCT:		\$1,595,860.67
Provision for Income and Excess Profits Taxes for Year ending March 31, 1947.....	\$157,616.14	
Purchases of Equipment, Buildings and Real Estate.....	615,898.02	
Dividends Declared on Preference Shares.....	72,314.08	
Increase in Deferred Charges to Operations.....	21,226.97	
Mortgage Receivable on Real Estate and Buildings sold.....	14,500.00	
		<u>\$ 881,555.21</u>
Net Working Capital as at March 31, 1947.....		\$ 714,305.46

The income, after all charges, is shown as \$164,337.00 (\$92,521.00 in the previous year) and during the year one dividend of 31¼c. and one of 62½c. per share on the preferred shares were declared, amounting to \$72,314.00.

The Company has substantial contracts on hand and the supply business is active.

It is with regret we record the death of Mr. Gordon C. Edwards of Ottawa, who had been a Director and Vice-President of the Company since its organization. The vacancy on the Board has been filled by the appointment of Mr. G. M. Edwards.

If you are not able to attend the Annual Meeting, the Directors would appreciate the return of the enclosed proxy signed by you.

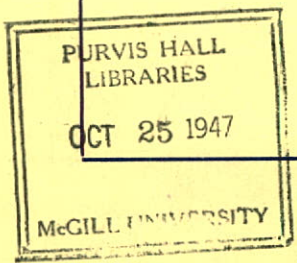
On behalf of the Board,

J. F. M. STEWART,
President.

Toronto June 24, 1947.

DIRECTORS

- | | | | | | |
|---------------------|---|---|---|---|----------------|
| J. F. M. STEWART | - | - | - | - | President |
| G. G. ROBINSON | - | - | - | - | Vice-President |
| E. BIRDSALL | | | | | G. M. EDWARDS |
| JOHN JENNINGS, K.C. | | | | | BERT W. LANG |
| FRANK G. LAWSON | | | | | J. A. SCYTHES |



STANDARD PAVING & AND SUBSIDIARIES

Consolidated Balance Sheet

ASSETS

Cash on Deposit (Net)	\$298,086.31	
Deposits on Tenders (See Contra).....		32,250.00
INVESTMENTS:		
Dominion of Canada Direct and Guaranteed Bonds (Market Value \$629,083.00).....	\$599,693.75	
Other Government Bonds (Market Value \$1,375.00)	962.50	
Stocks and Bonds without quoted Market (Directors' Valuation \$22,770.00).....	18,403.00	
Accrued Interest.....	4,881.37	
	623,940.62	
Accounts Receivable and Holdbacks (Less Reserve for Doubtful Accounts).....		296,633.37
Deferred Cost on uncompleted Contracts and Inventories of Materials	48,825.26	
	\$1,299,735.56	
Deferred Asset—Refundable Portion of Excess Profits Tax.		6,600.00
Inventories of Supplies, Deferred Charges to Operations, Working Advances, etc.....		119,567.95
Mortgage Receivable.....		14,500.00
Real Estate, Buildings, Plant, Equipment, Boat, Motor Cars and Trucks.....	2,980,012.09	
Less Reserve for Depreciation.....	2,010,610.14	
	969,401.95	
Goodwill.....		1.00
		\$2,409,806.46

AUDITORS'

We have audited the accounts of Standard Paving & Materials Limited and its Subsidiaries for the year ended March 31, 1947. In the case of the subsidiary company not audited by us we have accepted for our audit the Surplus Accounts certified by another firm of Chartered Accountants. We certify that, in our opinion, a true and correct view of the affairs of the Companies as at March 31, 1947, in accordance with the auditors have been complied with.

Toronto, June 14, 1947.

MATERIALS LIMITED

RY COMPANIES

et as at March 31, 1947

LIABILITIES

Advances for Deposits on Tenders (See Contra).....	\$ 32,250.00	
Accounts Payable and Accrued Charges.....	360,371.52	
Deferred Revenue on Uncompleted Contracts.....	7,000.00	
Dividends Payable on Preferred Stock.....	48,817.64	
Reserve for Taxes.....	89,600.14	
Reserve for Reconditioning Equipment.....	47,390.80	
	<u>585,430.10</u>	\$ 585,430.10
Minority Shareholders' Interest (1% of Cumulative Preference Shares of one Subsidiary against which arrears of dividends total \$70.75 per share) .		6,503.02
CAPITAL STOCK:		
Preferred, No Par Value, 62½¢ Cumulative, 62½¢ Non-Cumulative, Participating, Convertible, Redeemable: Authorized (less Redeemed) 100,000 shares Issued 77,135 shares	}	1,081,212.15
Common, No Par Value: Authorized 226,210 shares Issued 131,082 shares		
Capital Surplus		
Earned Surplus (Including \$6,600.00 Refundable Portion of Excess Profits Tax).....	736,661.19	
	<u>1,817,873.34</u>	

NOTE:

Renegotiation of the war business conducted by the Companies included in this Consolidation is now proceeding with the Department of Reconstruction and Supply. In the opinion of the Companies' officials, the maximum liability should not be in excess of approximately \$20,000.00.

\$2,409,806.46

CERTIFICATE

idiary Companies, with one exception referred to hereunder, for the year ending March 31, elusion in the consolidated accounts a Balance Sheet with relative Profit and Loss and n our opinion, the above Consolidated Balance Sheet is properly drawn up so as to exhibit nce with the books and the explanations received from officials. All our requirements as

ROBERTSON, ROBINSON, McCANNELL & DICK, Chartered Accountants.

Standard Paving & Materials Limited and Subsidiary Companies

CONSOLIDATED STATEMENT OF EARNED SURPLUS ACCOUNT For Year Ending March 31, 1947

Earned Surplus as at March 31, 1946, (Including \$62,411.25 Refundable Portion of Excess Profits Tax).....		\$513,284.50
ADD:		
Net Income from Consolidated Statement of Profit and Loss Account.....	\$164,337.37	
Adjustment due to increase in Standard Profit as determined by the Board of Referees.....	132,435.31	296,772.68
		810,057.18
DEDUCT:		
Dividends on Preferred Stock		72,314.08
Earned Surplus including Minority Shareholders' Interest....		737,743.10
DEDUCT:		
Minority Shareholders' Interest.....		1,081.91
Earned Surplus carried to Balance Sheet.....		\$736,661.19

CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT For Year Ending March 31, 1947

Net Profit from Operations.....		\$442,181.16
ADD:		
Income from Investments and Miscellaneous Income.....	\$33,466.98	
Profit on Sale of Plant and Equipment and Real Estate	33,910.07	
Profit on Sale of Investments.....	5,131.25	
Settlement to date on Termination of War Contract	27,810.95	100,319.25
Net Profit before undernoted Charges		542,500.41
DEDUCT:		
Interest, Discount and Exchange	1,986.63	
Provision for Depreciation and Depletion	218,560.27	220,546.90
Net Income before provision for Income and Excess Profits Taxes		321,953.51
Provision for Income and Excess Profits Taxes.....		157,616.14
Net Income for Year carried to Statement of Earned Surplus Account.....		\$164,337.37