

**Standard  
Chemical Company  
Limited**

**NINTH  
ANNUAL  
REPORT**



**December 31st  
1919**

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**STANDARD CHEMICAL COMPANY**  
**LIMITED**

MANUFACTURERS OF

**WOOD CHEMICALS - CHARCOAL - LUMBER**

HEAD OFFICE

**TORONTO**

CABLE ADDRESS  
"SCILCO, TORONTO"

CODES A.B.C. 4TH ED.  
W.U. AND LIEBERS

FACTORIES:

LONGFORD MILLS, ONT.  
SOUTH RIVER, ONT.  
SAULT STE. MARIE, ONT.  
THORNBURY, ONT.  
COOKSHIRE, QUE.  
FASSETT, QUE.

REFINERIES:

MONTREAL, QUE.  
LONGFORD, ONT.

SAW MILLS:

LONGFORD, ONT.  
SOUTH RIVER, ONT.

LIME KILNS:

EGANVILLE, ONT.

March 5th, 1920.

Dear Sir:  
Madam:

The Annual General Meeting of the Shareholders of the Standard Chemical Company, Limited, will be held on Friday, April 30th, 1920, at the Head Office of the Company, 1104 Royal Bank Building, Toronto, at the hour of 12 noon, for the usual purposes and for the purpose of confirming by-law number 14 relating to the office of the Chairman of the Board and also by-law number 16 relating to the London

Committee.

The Annual Report and Statement of Accounts for the year ending December 31st, 1919, together with report of your Directors, are enclosed herewith.

By Order of the Board.

A handwritten signature in cursive script, reading "W. M. Grubbe". The signature is written in dark ink and features a long, sweeping flourish at the end.

Secretary.





# Standard Chemical Company Limited

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## ANNUAL STATEMENT

FOR TWELVE MONTHS ENDING DECEMBER 31ST, 1919.

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### DIRECTORS:

L. M. WOOD, Chairman.  
DAVID GILMOUR, President.  
M. L. DAVIES, Vice-President.  
HON. WALLACE NESBITT, K.C.  
MALCOLM H. ROBINSON.  
W. J. SHEPPARD.  
WILLIAM THOMSON.  
J. B. TUDHOPE, M.P.  
W. H. OLIVER.

# Standard Chemical Company Limited

TO THE SHAREHOLDERS:—

We submit herewith the accounts of the Company for the year ending 31st December, 1919, audited and certified by Price, Waterhouse & Company. The gross profits for the year amounted to \$118,607.58. The sum of \$200,000.00 was transferred to Profit and Loss Account from an Inventory Reserve Fund previously provided out of profits, making a total of \$318,607.58, which has been appropriated as follows:—

1. Depreciation of Plants . . . . .	\$150,000.00
2. Interest on debentures and bank loans . . . . .	86,927.16
3. Maintenance and Improvements . . . . .	60,211.98
Leaving a balance of . . . . .	21,468.44
which has been carried to surplus account.	

\$318,607.58

Closely following the termination of the war, the wood distillation industry became badly demoralized. The great demand for wood products, occasioned by the colossal munition programme of the Allies, created large stocks in the hands of Governments, Manufacturers of Explosives and others, which had to be liquidated during a period when normal consumers were endeavouring to re-open their pre-war business. This situation, coupled with the unusual accumulations of charcoal, caused the whole wood distillation industry in America to be shut down to about 30% of its normal capacity during the spring and summer months.

Your Company has emerged from this period with greatly reduced liabilities and with very little loss as a result of the precautions that were taken during the previous three years.

During the year you will observe that the Funded and Deferred Liabilities were reduced \$41,362.73 and the Current Liabilities \$545,823.02, a total reduction of \$587,185.75.

During the year a London Committee was created consisting of:

W. Sandford Poole  
John Cross  
W. W. Boulton

which Committee, representing the English shareholders, will be furnished with full information regarding the progress of the Company and will be available for consultation and advice regarding matters of policy.

The formation of this Committee is a matter of great satisfaction to your Directors, as it simplifies the situation between the Board and the Shareholders in the United Kingdom, who hold about 75% of the share capital of the Company.

Another arrangement effected in July was the election of Mr. David Gilmour as President of the Company, to which reference has been made in circulars already received by the Shareholders.



In view of the fact that in some quarters disappointment has been expressed over the results in the four years prior to 1919, your Directors think it advisable to review briefly the policy of the Company during that period.

The Annual Report of your Directors last year contained the following statement:—

“Whilst the discontinuance of the dividends is naturally disappointing to all interested in the Company, we are glad to be able to report to the Shareholders that the Company will re-enter the post-war competitive era in a substantially improved financial condition. The policy of re-investing the earnings in the betterment of the properties which were in a run-down condition at the commencement of the war, and in strengthening our working capital, reducing funded indebtedness and providing reserves, has placed the Company's assets on a particularly sound basis. Briefly, the Company's position has been improved to the extent of over \$2,000,000 during the past four years.

“This great improvement in the Company's position must obviously find expression in the future of the Company, and in no other condition could the Company re-enter normal competitive conditions with any prospect of success. The experience of the Company during the four years prior to the outbreak of the war will emphasize this point.”

This improvement may be emphasized by stating that the Company entered the current year with \$1,600,000 working capital as compared with approximately \$600,000 at the beginning of 1916. This increase of \$1,000,000 in working capital is equivalent to the amount of the dividend on the preferred stock for the four year period involved.

During the same period the Funded Debt of the Company was reduced by \$500,000—and in addition \$750,000 was spent on the plants and properties of the Company, on maintenance and improvements and charged to operations.

A satisfactory physical and financial position is the goal toward which your Board has been striving for the last five years. Although to accomplish this it was necessary to defer dividends, your Directors feel sure that you will appreciate that no other course could have been prudently adopted.

From now on, after reasonable provision has been made for depreciation and improvements, the profits will be available for dividends instead of having to be devoted to the rehabilitation of the Company, which in 1914 was on the verge of liquidation.

Market conditions affecting the products of the Company have improved during the past six months and steps are now being taken to bring the operations of the factories up to their full capacity. Conditions are now favorable and should continue to be so during the current year, as a result of which substantial profits may be expected.

Respectfully submitted,

L. M. WOOD,

TORONTO, March 5th, 1920.

Chairman of the Board.

# STANDARD CHEMICAL

AND SUBSIDIARY

## CONSOLIDATED BALANCE SHEET

### ASSETS.

LAND, TIMBER LIMITS, PLANT AND EQUIPMENT:	
Balance January 1, 1919.....	\$3,963,027.99
Add—Net additions for year.....	7,793.22
	<hr/>
	\$3,970,821.21
Deduct—Reserve for Depreciation of Plants.....	916,689.82
	<hr/>
	\$3,054,131.39
GOODWILL.....	1,870,724.51
INVESTMENTS.....	94,616.65
SINKING FUND, CASH, ETC., IN HANDS OF TRUSTEES.....	22,313.71
INVESTMENTS IN AND ADVANCES TO AGENCIES in France and Germany, in addition to \$78,461.61 invested in Plants, subject to adjustment.....	85,891.67
CURRENT ASSETS:	
Inventories (as certified to by responsible officials):	
Wood, less reserve.....	\$ 764,822.70
Finished and partly finished products, raw materials, etc., less reserve.....	1,007,203.27
	<hr/>
	\$1,772,025.97
Accounts Receivable.....	203,754.33
Owing by Officers.....	500.00
Working Funds.....	14,819.52
Cash on hand and in Banks.....	16,122.81
	<hr/>
	2,007,222.63
PREPAID INSURANCE PREMIUMS, ETC.....	54,666.19
	<hr/>
	<u>\$7,189,566.75</u>

We have examined the books and accounts of The Standard Chemical Company, Limited, for the year ending December 31st, 1919, and find that the above Balance Sheet is in accordance therewith. We have obtained all the information and explanations which we have required and we certify that, in our opinion, the above Balance Sheet is drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

PRICE, WATERHOUSE & COMPANY,  
Chartered Accountants.

TORONTO, March 2nd, 1920.

APPROVED ON BEHALF OF THE BOARD:

I. M. WOOD, Director.

DAVID GILMOUR, Director.



# COMPANY, LIMITED

COMPANIES

DECEMBER 31st, 1919

## LIABILITIES.

### CAPITAL STOCK:

Authorized—7% Cumulative Preferred.....	\$3,750,000.00	
Common.....	1,250,000.00	
	<u>\$5,000,000.00</u>	
Issued—7% Cumulative Preferred.....	\$3,602,700.00	
Common.....	1,250,000.00	
	<u>\$4,852,700.00</u>	

### FUNDED AND MORTGAGE DEBT:

First Mortgage 5% Debenture Stock, £200,000	\$ 973,333.32	
Less—Purchased and held by Trustee	253,587.37	
	<u>\$ 719,745.95</u>	
First Mortgage 6% Gold Bonds of Laurentian Chemical Co., Ltd. ... \$100,000.00		
Less—Purchased and held by Company ... \$ 3,000.00		
Purchased and held by Trustee..... 18,000.00		
	<u>21,000.00</u>	
		79,000.00
First Mortgage 4% Debentures of Wood Products Company, Ltd. ....	222,500.00	
Mortgage on Parry Sound Properties.....	15,000.00	
	<u>1,036,245.95</u>	

### DEFERRED LIABILITIES:

Canadian Land Immigration Company, payable over three and one-half years.....	\$35,000.00	
Loan from British Government.....	29,487.51	
Victory Loan Bonds payable in instalments to March 9, 1920.....	17,500.00	
	<u>81,987.51</u>	

### CURRENT LIABILITIES:

Loans from Banks (secured by pledge of products):		
Standard Chemical Co., Limited... \$310,000.00		
Wood Products Company, Limited. 115,341.63		
	<u>\$425,341.63</u>	
Accounts Payable, Accrued Interest, etc.....	259,520.71	
Reserve for Government Taxes for 1916 to 1918....	46,843.78	
	<u>731,706.12</u>	

SPECIAL RESERVE FOR FOREIGN INVESTMENTS, ETC..... 181,679.88

SURPLUS, as per Account annexed..... 305,247.29

\$7,189,566.75

NOTE:—There is a Contingent Liability in respect of Bills Under Discount amounting to \$9,239.00.



# Standard Chemical Company Limited

## and Subsidiary Companies

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### STATEMENT OF PROFIT AND LOSS

FOR THE  
YEAR ENDING DECEMBER 31ST, 1919.

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PROFITS FROM OPERATIONS of Standard Chemical Company, Limited, and Subsidiary Companies after adding adjustment of Inventory Reserve but before charging interest, depreciation, etc., as under.....		\$318,607.58
DEDUCT:		
Special Repairs and Replacements.....	\$ 60,211.98	
Depreciation of Buildings, Plants, etc., for 1919....	150,000.00	
Interest on Debentures and Notes.....	50,442.42	
Interest on Bank Loans, etc.:		
Standard Chemical Co., Limited... \$28,541.11		
Wood Products Co., Limited..... 7,943.63		
	36,484.74	
		297,139.14
BALANCE.....		\$ 21,468.44
ADD:		
Surplus as at January 1, 1919.....	\$311,577.75	
Less—Business Profits War Tax 1917.....	27,798.90	
		283,778.85
SURPLUS carried to Balance Sheet.....		\$305,247.29



