

Standard Chemical Company Limited

ELEVENTH
ANNUAL
REPORT



March 31st
1922

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Standard Chemical Company Limited

ANNUAL STATEMENT

(FOR TWELVE MONTHS ENDING MARCH 31ST, 1922).

DIRECTORS:

DAVID GILMOUR, President.

M. L. DAVIES, Vice-President.

L. M. WOOD.

HON. WALLACE NESBITT, K.C.

ROBERT FLEMING.

W. J. SHEPPARD.

WILLIAM THOMSON.

J. B. TUDHOPE.

W. H. OLIVER.

Standard Chemical Company Limited

TO THE SHAREHOLDERS:

The Eleventh Report and Balance Sheet, being for the twelve months ending 31st March, 1922, together with Profit and Loss statement for the same period are herewith submitted by your Directors.

The period has been marked by extreme depression in our line of business, in the course of which prices have again declined. The exchange situation in Europe has enabled alcoholic and acetic products to come into the market at extremely low prices, while in the U.S.A. the large stocks of wood products held a year ago are to-day almost as great. Measures have been taken to meet the conditions likely to prevail for the next year by writing down the value of our inventories of cordwood, finished and partly finished products, coal and stores, bringing them to a level which it is expected they will realize under present market outlook. The total reduction applied to these inventory values amounts to \$521,322.

It is not considered advisable that the adverse circumstances of the past year should interrupt additions to depreciation reserve, and this amount has therefore been increased by \$191,854.08. Bank loans interest and discounts amounted to \$25,627.44 and the interest on debentures to \$44,426.09.

Before allowing for any of the foregoing the operating results over the twelve months showed a working profit amounting to \$20,861.05, which, after providing for the sums specified in the Profit and Loss statement and taking into account the surplus from last year, is transformed into a deficit of \$624,088.81.

During the twelve months the output was in accordance with the requirements of the charcoal demand and 59,278 cords of wood, which is 44% of our rated capacity, were carbonized. The value of the year's sales amounted to \$2,238,128. These figures compare with 86,956 cords (64% of our capacity) and \$3,720,000, sales for the preceding twelve months.

The Tariff Bill now before Washington will shut us out entirely from the U.S.A., where, for the past year, pending the preparation of the Bill, what practically amounted to an embargo against Canadian chemicals has been in effect. The provisions of the Safe-guarding of Industries Bill, which came into force in Great Britain in September last year, have been disappointing. Methyl alcohol, acetone, acetate of lime and commercial acetic acid do not come under the protection given by the Act.

The market in France continues to be very limited, and in Germany the exchange situation continues to go from bad to worse.

Prices in the wood distillation industry are still on the wane but are not now falling at the same rate as formerly and from this it would appear that further declines will be more in proportion to reduction in costs than they have been latterly.

The operating plants have been well maintained, further improvements in practise have been introduced, and the yield of products everywhere has been satisfactory. In addition to the many adverse factors referred to, we have been sustaining now for three years the financial burdens of a number of idle plants, aggregating a considerable percentage of our total capacity. Trade generally is at last showing signs of revival and greater stability, and these features are bound to reflect favourably on our outlook for the coming year.

It remains to record with great regret the death of our colleague on the Board of Directors, Mr. Malcolm H. Robinson, whose services as a director extended over a period of ten years. The vacancy thus created has been filled by the election of Mr. Robert Fleming of Toronto.

DAVID GILMOUR,
President.

Toronto, May 25th, 1922.

STANDARD CHEMICAL

CONSOLIDATED BALANCE SHEET,

ASSETS

LAND, TIMBER LIMITS, PLANT & EQUIPMENT:	
(Book Values)	\$ 3,933,166.58
DEDUCT: Reserve for Depreciation of Plant	1,308,543.90
	\$ 2,624,622.68
GOODWILL	1,870,724.51
INVESTMENTS	68,616.65
SINKING FUND, CASH, ETC.	7,465.02
INVESTMENTS IN AND ADVANCES TO AGENCIES:	
in France and Germany, in addition	
to \$75,219.44 invested in Plants sub-	
ject to adjustment	85,891.67
CURRENT ASSETS:	
Inventories (as certified to by responsible	
Officials):	
Cordwood, less reserve. \$ 585,364.43	
Finished and partly fin-	
ished products, raw	
materials, etc., after	
making provision for	
decline in market va-	
lue.	536,258.02
	1,121,622.45
Accounts Receivable, less reserve	265,252.71
Working Funds	16,589.94
Cash on hand and in Banks	8,194.01
	1,411,659.11
PREPAID INSURANCE PREMIUMS, ETC.	40,601.99
DEFICIT (as per statement attached)	624,088.81
	\$ 6,733,670.44

We have examined the Books and Accounts of the Standard Chemical Company, Limited, and its Subsidiary Companies for the year ending March 31, 1922, and have obtained all the information and explanations which we have required; and we certify that the attached Balance Sheet is properly drawn up so as to exhibit a true and correct view of the financial position of the combined Companies at March 31, 1922, according to the best of our information and the explanations given to us and as shown by the Books of the Companies.

PRICE, WATERHOUSE & COMPANY
Auditors.

Montreal, May 22nd, 1922.

APPROVED ON BEHALF OF THE BOARD:

DAVID GILMOUR, Director.

L. M. WOOD, Director.

COMPANY, LIMITED

MARCH 31ST, 1922

LIABILITIES

CAPITAL STOCK:

Authorised—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	£78,967	384,306.06	
		<u>\$ 589,027.26</u>	
First Mortgage 6% Gold Bonds of Laurentian Chemical Co., Limited	\$ 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, Limited		222,500.00	
Mortgage on Parry Sound Properties		12,000.00	
		<u>902,527.26</u>	

DEFERRED LIABILITY:

Canada Land Immigration Company payable over one and one half years	15,000.00
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CURRENT LIABILITIES:

Loans from Banks (secured under Section 88 of the Bank Act)	\$ 300,000.00	
Accounts Payable, Accrued Interest, etc.	381,185.18	
	<u>681,185.18</u>	

RESERVES:

For Foreign Investments and Contingencies	282,258.00
	<u>\$6,733,670.44</u>

CONTINGENT LIABILITY:

For Bills under Discount ...	\$ 8,985.00
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Standard Chemical Company

Limited

and Subsidiary Companies

STATEMENT OF PROFIT AND LOSS AND SURPLUS

FOR THE

YEAR ENDING MARCH 31ST, 1922

PROFITS FROM OPERATIONS of Standard Chemical Company Limited and Subsidiary Companies before charging Interest, Depreciation, and provision for decline in Inventory values as under.....		\$	20,861.05
DEDUCT:			
Provision for decline in Inventory Values at March 31, 1922	\$	521,322.00	
Reserve for Depreciation.....		191,854.08	
Interest on Outstanding Debentures.....		44,426.09	
Interest on Bank Loans, etc., Standard Chemical Company, Limited,.....		25,627.44	783,229.61
			<hr/>
Loss for the year	\$	762,368.56	
Surplus March 31, 1921.....		138,279.75	
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Deficit March 31, 1922, carried to Balance sheet....	\$	624,088.81	

