

**Standard Chemical  
Company  
Limited**



**FOURTEENTH  
ANNUAL  
REPORT**

xx

**31st March  
1925**

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# Standard Chemical Company Limited

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## ANNUAL STATEMENT

FOR TWELVE MONTHS ENDING 31st MARCH, 1925

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### DIRECTORS:

M. L. DAVIES, President  
L. M. WOOD, Vice-President  
HON. WALLACE NESBITT, K.C.  
ROBERT FLEMING  
W. J. SHEPPARD  
WILLIAM THOMSON  
J. B. TUDHOPE  
E. JAMES BENNETT

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Secretary-Treasurer, W. M. GRIBBLE

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Head Office: Royal Bank Building, Toronto, Ont.

Executive Office: 524 St. Ambroise St., St. Henri, Montreal

# Standard Chemical Company

## Limited

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To the Shareholders:—

Your Directors beg to submit their fourteenth Annual Report and Balance Sheet for the year ending March 31st., 1925, together with Certificate of the auditors, Messrs. Price, Waterhouse and Company.

The operations during the period show a loss of \$158,333.37 before providing \$37,145.73 for interest on bond and debentures and \$75,000.00 for depreciation reserve, making the loss for the year \$270,479.10.

The sum of \$191,000 per annum was placed to depreciation reserve for the years 1923 and 1924, but as the Reserve amounted to \$1,692,252.06 at March 31st., 1924, your Directors feel that the amount of \$75,000 will be sufficient at this time. The depreciation reserve thus increased stands at \$1,767,252.06.

During the year, 48,326 cords were carbonized as compared with 47,906 during the previous twelve months, while the sales amounted to \$1,941,317.39 as compared with \$2,089,396.40 for the previous year.

The benefits anticipated under the larger carbonization together with a slight reduction in production costs have been far more than counteracted by a drastic decline in values of all the products of your Company in both domestic and foreign markets. With the exception of Charcoal, about 40% of the Company's production has hitherto been sold abroad, but these foreign fields can no longer be relied upon as an outlet. This applies particularly to England, where the larger portion of the Company's foreign business has been transacted. European competition has been so keen that goods have been sold on the English Market at figures which this Company cannot profitably meet. In view of the changed outlook in export business, manufacturing operations have been reduced and the utmost economies effected in all departments.

Apart from Charcoal, all the derivatives from wood distillation manufactured by your Company, namely Alcohol, Formaldehyde and Acetic Acid, are now being made

synthetically on an increasing scale, while Acetone is now produced almost exclusively by the fermentation process introduced during the War. It is reliably reported that plans are completed for the extensive production in the United States of Methyl Alcohol by the Synthetic process. The investment in the Wood Chemical Industry in the United States and Canada, which exceeds \$100,000,000 is, therefore, confronted with domestic and foreign competition of a far more serious character than has hitherto appeared.

You will have come to the realization long before this that the Company was greatly over capitalized at the time of its organization in 1911 and that the amount of money actually invested and the volume of business transacted when the plants were operating at full capacity, were out of line with the large amount of preferred and common stock which had been issued.

In the annual report last year reference was made to the fact that consideration was being given to a plan of reorganization to be presented for your approval. A program was completed, but owing to the developments above referred to, the scheme requires further consideration.

In the meantime, the policy adopted by your Directors is to reduce the Company's chemical activities and to prosecute vigorously every opportunity through which assets of the Company may be profitably used. The financial position of the Company is such as to enable your Directors to take this course without sacrificing any of the Company's liquid or fixed assets. Time will soon show whether or not this policy will lead to a sound basis of reorganization. You will be fully advised whenever a definite conclusion is reached in this regard.

Mr. David Gilmour resigned the Presidency of the Company last September and was succeeded by Mr. M. L. Davies.

At the November meeting of Directors, Mr. E. James Bennett, F.C.A. (Eng.) of the firm of George A. Touche and Company, Chartered Accountants, was elected a member of the Board, representing the London Committee of British Shareholders.

On Behalf of the Board,

M. L. DAVIES,  
President.

Toronto, 14th May, 1925.

# Standard Chemical Company Limited

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## CONSOLIDATED BALANCE SHEET

MARCH 31ST, 1925

ASSETS		
LAND, TIMBER LIMITS, PLANT AND EQUIPMENT:		
(Book Values) .....	\$3,858,163.73	
Deduct: Reserve for Depreciation of Plant .....	1,767,252.06	
		\$2,090,911.67
GOODWILL .....		1,870,724.51
INVESTMENTS .....		98,972.79
SINKING FUND CASH, ETC. ....		38,581.15
CURRENT ASSETS:		
Inventories (as certified to by responsible officials)—		
Wood, less Reserve .....	\$ 553,667.46	
Finished and partly finished products, Raw Materials, etc. ....	517,838.97	
	\$1,071,506.43	
Accounts Receivable, less Reserve..	210,330.54	
Working Funds .....	15,264.59	
Cash on Hand and in Banks.....	26,126.80	
		1,323,228.36
PREPAID INSURANCE PREMIUMS, ETC. ....		35,704.29
		\$5,458,122.77
DEFICIT: As per Statement attached ...		856,904.04
		\$6,315,026.81

MONTREAL, May 12th., 1925.

### AUDITOR'S REPORT TO THE SHAREHOLDERS:

We have examined the books and accounts of the Standard Chemical Company, Limited, and its Subsidiary Companies for the year ending March 31, 1925, and have obtained all the information and explanations which we have required. A provision of \$75,000,000 for Depreciation of Plant and Equipment has been charged against the operations of the past year and subject to the sufficiency thereof, we certify that the above 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, 1925, 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.

APPROVED ON BEHALF OF THE BOARD:

M. L. DAVIES, Director.

W. J. SHEPPARD, Director.

# Standard Chemical Company Limited

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## CONSOLIDATED BALANCE SHEET

MARCH 31st. 1925

CAPITAL STOCK:	LIABILITIES		
Authorized—			
7% Cumulative Preferred.....		\$3,750,000.00	
Common .....		1,250,000.00	
		\$5,000,000.00	
Issued—			
7% Cumulative Preferred.....		\$3,602,700.00	
Common .....		1,250,000.00	
		\$4,852,700.00	
Note:—The dividend on Preferred Stock has been paid to June 30, 1914.			
<b>FUNDED AND MORTGAGE DEBT:</b>			
First Mortgage 5% Debenture Stock.....	£200,000	\$973,333.32	
Less: Purchased and held by Trustee.....	107,207	521,740.70	
		\$451,592.62	
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	21,000.00	
		79,000.00	
First Mortgage 4% Debentures of Wood Products Company, Ltd.....		222,500.00	
Mortgage on Parry Sound Property....		7,500.00	
		760,592.62	
<b>CURRENT LIABILITIES:</b>			
Bank Loans (Secured under Section 88 of the Bank Act) .....		180,000.00	
Accounts Payable, Accrued Interest, etc. ....		196,491.95	
		376,491.95	
<b>RESERVES:</b>			
For Investments and Contingencies....		325,242.24	
		\$6,315,026.81	

# Standard Chemical Company Limited

*And Subsidiary Companies*

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## STATEMENT OF PROFIT AND LOSS AND DEFICIT ACCOUNT

FOR THE  
YEAR ENDING, 31ST MARCH, 1925

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Loss from Operations of Standard Chemical Company, Limited, and Subsidiary Companies before charging Interest and Depreciation as under .....		\$158,333.37
<b>Add:</b>		
Reserve on account of Depreciation.....	\$75,000.00	
Interest on Outstanding Debentures.....	<u>37,145.73</u>	
		<u>112,145.73</u>
Net Loss for the year.....		\$270,479.10
Deficit, March 31, 1924 .....		<u>586,424.94</u>
Deficit, March 31, 1925, carried to Balance Sheet.....		\$856,904.04









