

**Standard Chemical
Company
Limited**



**SIXTEENTH
ANNUAL
REPORT**



**31st March
1927**

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Standard Chemical Company Limited

ANNUAL STATEMENT

FOR TWELVE MONTHS ENDING 31st MARCH, 1927

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

Secretary-Treasurer, R. M. SEDGEWICK

Head Office: 200 Bay Street, Toronto, Ont.

Standard Chemical Company Limited

To the Shareholders:—

Your Directors beg to present the Sixteenth Annual Report and Balance Sheet for the fiscal year ending March 31st, 1927, together with Certificate of the Company's Auditors, Messrs. Price, Waterhouse and Company.

The Profits from Operations were \$194,979.76 as compared with \$34,835.23 for the year ending March 31st, 1926, an advance of \$160,144.53. After deducting \$30,303.50 for Interest on Bonds and Debentures and \$160,000.00 for Depreciation (as compared with \$75,000.00 for last year) the net profit was \$4,676.26.

The Company has therefore made very satisfactory progress in earnings, as the following summary indicates:

Year Ending March 31st	Profits or Losses before Depreciation	Depre- ciation	Net Profits or Losses
1925	Loss \$195,478	\$ 75,000	Loss \$270,478
1926	Profit 1,420	75,000	Loss 73,580
1927	Profit 164,676	160,000	Profit 4,676

The improvement in earnings in 1927 over 1926 is \$163,256. and over 1925, \$360,154. before making the appropriations for depreciation.

During the year, the Funded and Mortgage Debt was reduced by \$61,846.66 and the current liabilities by \$54,813.90 making a total reduction of \$116,660.56. The current assets show an increase of \$112,872.95.

The total Sales were \$1,634,657.34 and 40182 cords of wood were carbonized, an increase of \$117,262.67 and 428 cords, respectively, over the previous period.

The Company's Lumber Operations have been considerably extended and a ready market found for the manufactured product at profitable prices.

In accordance with the forecast in the last Annual Report, two additional plants have been dismantled, thus reducing heavy carrying charges and bringing the remaining factories more in line with the requirements of the markets available for your products.

With regard to the much considered question of reorganization, which has been referred to in previous reports, your Directors, in consequence of the improved financial position of your Company, coupled with a recent amendment to the Dominion Companies' Act, are now in a position to recommend a scheme of capital readjustment which will shortly be submitted for your approval.

On Behalf of the Board,

M. L. DAVIES,

President.

Toronto, May 19th, 1927.

Standard Chemical Company Limited

And Subsidiary Companies

CONSOLIDATED BALANCE SHEET

MARCH 31st, 1927

ASSETS

LAND, TIMBER LIMITS, PLANT AND EQUIPMENT:		
(Book Values).....	\$3,736,293.59	
Deduct: Reserve for Depreciation of Plant.....	2,002,252.06	
	\$1,734,041.53	
GOODWILL.....		1,870,724.51
INVESTMENTS.....		98,972.79
SINKING FUND CASH, ETC.....		30,010.73
CURRENT ASSETS:		
Inventories (as certified to by responsible officials)—		
Wood, less Reserve.....	\$278,729.65	
Finished and partly finished products, Raw Materials, etc.....	556,838.41	
	\$835,568.06	
Accounts Receivable, less Reserve.....	224,430.04	
Investment in Dom. of Can. 4½% Bonds.....	72,075.00	
Working Funds.....	9,746.48	
Cash on Hand and in Banks.....	77,158.82	
	\$1,218,978.40	
DEFERRED CHARGES TO FUTURE OPERATIONS:		
Sawmill and Railway Construction Costs at South River, less amounts written off.....	49,590.38	
Prepaid Insurance Premiums, etc.....	32,671.69	
	82,262.07	
DEFICIT: As per Statement attached.....		925,808.68
		\$5,960,798.71

TORONTO, May 17th, 1927.

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, 1927, and have obtained all the information and explanations which we have required. Adequate provision has been made for Depreciation of Plant and Equipment from the operations of the past year and 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, 1927, 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.

L. M. WOOD, Director.

Standard Chemical Company Limited

And Subsidiary Companies

CONSOLIDATED BALANCE SHEET

MARCH 31st, 1927

LIABILITIES

CAPITAL STOCK:

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: Dividend on Preferred Stock
have been paid to June 30, 1914.

FUNDED AND MORTGAGE DEBT:

First Mortgage 5% Debenture Stock.....	£200,000	\$973,333.32	
Less: Purchased and held by Trustee.....	136,120	662,450.56	
		\$310,882.76	
First Mortgage 6% Gold Bonds of Laurentian Chemical Co., Ltd.....	\$100,000.00		
Less: Redeemed... \$18,000.00			
Purchased and held by the Company..	3,000.00	21,000.00	
		79,000.00	
First Mortgage 4% Debentures of Wood Products Company, Ltd.....		222,500.00	
Mortgage on Parry Sound Property.....		4,500.00	
			616,882.76

CURRENT LIABILITIES:

Accounts Payable	92,911.46	
Accrued Interest.....	18,495.56	
		111,407.02

RESERVES:

For Investments and Contingencies.....	379,808.93	
		\$5,960,798.71

Standard Chemical Company Limited

And Subsidiary Companies

CONSOLIDATED
STATEMENT OF PROFIT AND LOSS
AND DEFICIT ACCOUNT

FOR THE
YEAR ENDING, MARCH 31ST, 1927

Profit from Operations of the Combined Companies, before charging Depreciation, and Interest.....	\$194,979.76
Deduct:—Interest on outstanding debentures....	30,303.50
Profits before depreciation.....	\$164,676.26
Deduct:—Amount provided for Depreciation.....	160,000.00
Net Profit for the year.....	\$ 4,676.26
Deficit, March 31, 1926.....	930,484.94
Deficit, March 31, 1927.....	\$925,808.68

