

**Standard Chemical
Company
Limited**



**SEVENTEENTH
ANNUAL
REPORT**



**31st March
1928**

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STANDARD CHEMICAL COMPANY Limited

ANNUAL STATEMENT

For Twelve Months Ending 31st March, 1928

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 submit herewith the Seventeenth Annual Report and Balance Sheet for the fiscal year ending March 31, 1928, together with Certificate of the Company's Auditor's, Messrs. Price, Waterhouse and Company.

The gross profits amounted to \$212,421.91, as compared with \$194,979.76 for the twelve months ending March 31, 1927,—an improvement of \$17,442.15 over the previous year. After providing \$25,783.33 for interest on bonds and debentures, \$11,971.09 reserve for Dominion of Canada income tax, and \$35,000 for depreciation, the net profit was \$139,667.49.

During the period under review, the funded debt was reduced by \$82,415.30. Current assets show an expansion of \$214,857.57 against an increase in current liabilities of \$67,863.10.

The Sales totalled \$1,781,243.74, an advance of \$146,586.40, while the raw material used amounted to 44,864 Cords of Wood, an increase of 4,682 cords, compared with last year.

With your approval, the capital structure of your company was readjusted during the year to:

Authorized—38,750 Shares of No Par Value.

Issued —37,277 Shares of No Par Value.

Instead of as heretofore—

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

and the balance sheet has been drawn up in accordance therewith. This readjustment has enabled your Directors to eliminate from the balance sheet, such items as Deficit and Goodwill and to write down the "Land, Timber Limits, Plant and Equipment Account" to a sound basis.

There has also been eliminated from the Liabilities, the item of Wood Products Company's Bonds, as your company is liable for the interest, only. Their factory is operated under direct rental, and consequently all their assets and liabilities have been removed from the Consolidated Balance Sheet.

As anticipated in the President's letter to the Shareholders dated June 23rd, 1927, the readjustment of the capital structure of your Company enabled your Directors to place your shares on a dividend basis.

An initial dividend of \$1.00 per share was paid April 1st on the No Par Value Stock to shareholders of record, February 29th. Approximately ninety per cent of the old stock has been exchanged for the new shares and the dividend will be paid to other shareholders as and when they send in their old share certificates for exchange.

On Behalf of the Board,

M. L. DAVIES,
President.

Toronto, May 17, 1928.

Standard Chemical Company Limited

And Subsidiary Companies

CONSOLIDATED BALANCE SHEET

MARCH 31ST, 1928

ASSETS

FIXED ASSETS:

Land, Timber Limits, Plant and Equipment, on the basis of depreciated values as at March 31st, 1927, as calculated by the Management, plus additions to date.....	\$567,700.74	
Deduct: Reserve for Depreciation of Plant	35,000.00	
		\$532,700.74

INVESTMENT IN CAPITAL STOCK OF WOOD PRO- DUCTS COMPANY, LIMITED	1.00
SINKING FUND, CASH, ETC.	13,430.82

CURRENT ASSETS:

Inventories (as certified to by responsible officials):		
Wood	\$437,508.20	
Finished and partly finished products, Raw Materials, etc.	599,496.31	
		\$1,037,004.51
Accounts Receivable, less Reserve	222,939.54	
Investment in Dom. of Canada 4½% Bonds	72,075.00	
Working Funds	13,160.11	
Cash on Hand and in Banks	88,656.81	
		\$1,433,835.97

DEFERRED CHARGES TO FUTURE OPERATIONS:

Sawmill and Railway Construction Costs at South River, less amounts written off	\$44,385.24	
Prepaid Insurance Premiums, etc.	31,482.62	
		75,867.86
		\$2,055,836.39

Toronto, May 16th, 1928.

AUDITOR'S REPORT TO THE SHAREHOLDERS:

We have examined the books and accounts of Standard Chemical Company, Limited, and its Subsidiary Companies for the year ending March 31, 1928, and having obtained all the information and explanations which we have required, 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 as at March 31, 1928, 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.
ROBERT FLEMING, Director.

Standard Chemical Company Limited

And Subsidiary Companies

CONSOLIDATED BALANCE SHEET

MARCH 31st, 1928

LIABILITIES

CAPITAL AND SURPLUS:

Capital:

Authorized—38,750 shares without nominal or par value, of which 37,277 shares are issued fully paid..... \$1,336,581.92

Note: 3831 of the above shares are held by Trust Company, to be exchanged for old 7% Cumulative Preferred and Common shares not yet surrendered.

Surplus:

Net profit for the year, ending March 31st, 1928, after providing for income tax.....\$139,667.49
Deduct: Dividend at rate of \$1.00 per share 37,277.00

102,390.49

\$1,438,972.41

FUNDED DEBT:

First Mortgage 5% Debenture Stock	£200,000	\$973,333.32	
Less: Purchased and held by trustee	152,130	740,365.86	
	<u>£47,870</u>	<u>\$232,967.46</u>	

First Mortgage 6% Gold Bonds of Laurention Chemical Company Limited

\$100,000.00

Less: Redeemed

Purchased and held by the company

3,000.00

21,000.00

79,000.00

311,967.46

CURRENT LIABILITIES:

Accounts Payable

\$150,048.23

Accrued Interest

17,012.22

Reserve for Income Tax

12,209.67

Dividend Payable April 1, 1928

37,277.00

216,547.12

RESERVES FOR CONTINGENCIES..... 88,349.40

\$2,055,836.39

Standard Chemical Company Limited

And Subsidiary Companies

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE
YEAR ENDING, MARCH 31ST, 1928

Profit from operations of the combined companies, before charging depreciation, and interest and before providing for income tax	\$212,421.91
Deduct: Interest on outstanding debentures	25,783.33
Profits before depreciation or income tax	\$186,638.58
Deduct: Amount provided for depreciation	35,000.00
Profit before providing for income tax	\$151,638.58
Deduct: Provision for income tax	11,971.09
NET PROFIT FOR THE YEAR	\$139,667.49

