

STANDARD CHEMICAL
COMPANY
Limited



TWENTY-SIXTH
ANNUAL REPORT



MARCH 31st, 1937

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STANDARD CHEMICAL COMPANY Limited

ANNUAL STATEMENT
For Twelve Months Ending March 31st, 1937

DIRECTORS

M. L. DAVIES	-	-	-	-	-	-	<i>President</i>
L. M. WOOD	-	-	-	-	-	-	<i>Vice-President</i>

ROBERT FLEMING
E. JAMES BENNETT
J. L. HOULT
R. M. SEDGEWICK
A. F. COOPER

Secretary-Treasurer, R. M. SEDGEWICK

Head Office:
200 Bay Street, Toronto, Ont.

Standard Chemical Company Limited

To the Shareholders:

Your Directors present herewith the Twenty-sixth Annual Report and Financial Statements, covering the year ended March 31st, 1937, together with the Certificate of the Company's Auditors, Messrs. Price, Waterhouse & Company.

Due to continued economic recovery, your Directors are able to report some further improvement in the activities of your Company. The Chemical trade readily responds to any upturn in business and, in consequence, the products of your Company were in greater demand during the period under review.

The year's operations resulted in gross earnings of \$88,754.36, as compared with \$58,463.50 for the twelve months ended March 31st, 1936. After providing \$17,500.00 for depreciation, and \$10,594.50 Reserve for Income Tax, there remained a Net Profit of \$60,659.86 against \$35,963.50 for the preceding year, making an increase of \$24,696.36.

The following figures reflect the progress made by your Company during the past three years, viz.:

Year Ended March 31st	Total Sales	Profit and Loss	Per Share
1934	\$1,174,762	Loss \$136,691	
1935	1,302,192	Profit 1,960	5.2c
1936	1,328,339	" 35,963	96.5c
1937	1,517,115	" 60,660	\$1.62.7

All expenditure in connection with maintaining plants and equipment in good order and condition were charged, as usual, to Operations.

Your Directors again record their appreciation of the devoted services of the staff and all the employees of your Company.

The Directors of your Company, in view of the improvement in the financial position of the Company, have deemed it advisable to eliminate as of April 1st, 1937, the remaining deficit standing on the books of the Company, amounting to \$35,031.97, by reducing the capital value of the no par value shares of the Company by a corresponding amount.

The Shareholders are being asked to confirm the action of the Directors in this respect at the Annual Meeting, July 29th next.

On behalf of the Board,

M. L. DAVIES,
President.

Toronto, May 31st, 1937.

AUDITORS' REPORT TO THE SHAREHOLDERS OF STANDARD CHEMICAL COMPANY, LIMITED

We have made an examination of the consolidated balance sheet of Standard Chemical Company, Limited, and subsidiary companies (exclusive of Wood Products Company, Limited) as at March 31st, 1937, and of the statement of profit and loss for the year ending on that date. In connection therewith, we examined or tested the accounting records of the companies and other supporting evidence and obtained all the information and explanations which we required; we also made a general review of the accounting methods and of the operating and income accounts for the year but our examination of the detailed transactions was confined to limited tests thereof.

In accordance with section 114 of the Companies Act, 1934, we report that as the investment in the capital stock of and advances to its subsidiary, Wood Products Company Limited, are carried on the books of Standard Chemical Company Limited at \$1.00, it has not been considered necessary to make any further entries in the accounts of the parent company in respect of that subsidiary company's losses during the year.

In our opinion, based upon such examination, 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 as at March 31st, 1937, according to the best of our information and the explanations given to us, and as shown by the books of the companies.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

May 29th, 1937.

Standard Chemical Company Limited

And Subsidiary Companies

(Exclusive of Wood Products Company Limited)

Consolidated Balance Sheet, March 31st, 1937

ASSETS

CURRENT ASSETS:

Cash on Hand and in Banks	\$	50,631.35
Working Funds		3,464.36
Trade Accounts Receivable, less Reserve.....		199,006.54
Account Receivable from Wood Products Company Limited		240.28

Inventories, valued on the Company's usual bases, viz.: Finished and partly finished products and lumber manufactured by the Company, at net realizable values, after allowance for selling expenses and profit (not being in the aggregate higher than manufacturing cost); wood, purchased products and sundry supplies at laid-down cost; all as determined and certified by responsible officials of the Company:

Finished and partly finished products, lumber, sundry supplies, etc.

\$373,890.28

Wood

379,031.79 752,922.07

\$1,006,264.60

SUNDRY INVESTMENTS, ETC. (at book value)..... 4,781.18

FIRE INSURANCE FUND (Canadian National Railway and Dominion of Canada Bonds, at cost) 37,869.87
(Market Value \$39,686.25.)

UNEXPIRED INSURANCE PREMIUMS, PREPAID TAXES, etc. 16,861.05

INVESTMENT IN CAPITAL STOCK OF WOOD PRODUCTS COMPANY, LIMITED 1.00

FIXED ASSETS:

Land, Timber Limits, Plant and Equipment on the basis of depreciated values as at March 31, 1927, as determined by the management, plus the cost of subsequent additions and less amounts written off for amortization, etc..... \$704,768.95

LESS: Reserve for depreciation of plant 245,000.00

\$ 459,768.95

\$1,525,546.65

Standard Chemical Company Limited

And Subsidiary Companies

(Exclusive of Wood Products Company Limited)

Consolidated Balance Sheet, March 31st, 1937

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable and accrued Liabilities	\$130,343.24		
Reserve for Taxes Payable	14,185.97		
			\$ 144,529.21
RESERVE FOR CONTINGENCIES			38,961.97
FIRE INSURANCE RESERVE			40,505.52

CAPITAL:

Capital Stock:

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

Note: 652 of the above shares
are held by the Trust Com-
pany, to be exchanged for
old 7% Cumulative Prefer-
red and Common shares not
yet surrendered.

Deficit:

As at April 1, 1936	\$95,691.83		
LESS: Net Profit for the year ending March 31, 1937.....	60,659.86	35,031.97	1,301,549.95
			<u>\$1,525,546.65</u>

APPROVED ON BEHALF OF THE BOARD:

M. L. DAVIES, Director.

L. M. WOOD, Director.

Standard Chemical Company Limited

And Subsidiary Companies

(Exclusive of Wood Products Company Limited)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the Year Ending March 31st, 1937

Combined Operating Profits for the year before deducting the undernoted charges		\$155,234.33
DEDUCT: Amounts written off railway construction accounts and charges in connection with revaluation of miscellaneous equip- ment	\$ 29,986.34	
Remuneration to Executive Officers (five in number)	35,091.40	
Directors' Fees	1,000.00	
Legal Fees	402.23	\$ 66,479.97
Operating Profits before providing for Depreciation of Plants and Income Taxes		\$ 88,754.36
DEDUCT: Provision for Depreciation of Plants	17,500.00	
Profit before providing for Dominion Income Tax.....		\$ 71,254.36
DEDUCT: Provision for Dominion Income Tax	10,594.50	
NET PROFIT FOR THE YEAR		<u>\$ 60,659.86</u>

