

STANDARD CHEMICAL COMPANY

Limited



TWENTY - SEVENTH ANNUAL REPORT



MARCH 31st, 1938

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STANDARD CHEMICAL COMPANY Limited

ANNUAL STATEMENT
For Twelve Months Ending March 31st, 1938

DIRECTORS

M. L. DAVIES - - - - - *President*
L. M. WOOD - - - - - *Vice-President*

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-Seventh Annual Report and Financial Statements, covering the year ended March 31st, 1938, together with the Certificate of the Company's Auditors, Messrs. Price, Waterhouse & Company.

The year's operations resulted in gross earnings of \$77,960.66 as compared with \$88,754.36 for the twelve months ended March 31st, 1937. After providing \$17,500.00 for depreciation, and \$10,965.71 Reserve for Income Taxes, there remained a Net Profit of \$49,494.95 against \$60,659.86 for the preceding year.

The sales amounted to \$1,486,810.34 as compared with \$1,517,115.65 for the preceding year. The decrease in Sales and Profits for the year was due to the general decline in business during the last quarter of the fiscal year.

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

The Shareholders, at the Annual Meeting of the Company, held on July 29th, 1937, confirmed the action of the Directors in eliminating the deficit amounting to \$35,031.97, as of April 1st, 1937, by reducing the capital value of the no par value shares of the Company by a like amount. You will note this entry on the Balance Sheet under the caption "Capital."

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

On behalf of the Board,

M. L. DAVIES,
President.

Toronto, May 31st, 1938.

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, 1938, 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, 1938, 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 30th, 1938.

Standard Chemical Company Limited

And Subsidiary Companies

(Exclusive of Wood Products Company, Limited)

Consolidated Balance Sheet, March 31st, 1938

ASSETS

CURRENT ASSETS:

Cash on Hand and in Banks	\$100,045.74
Working Funds	6,202.81
Trade Accounts Receivable, less Reserve	174,508.07
Inventories, valued on the Company's usual basis, viz.: Finished and partly finished products and lumber manufactured by the Company, at net realizable value after allowance for selling ex- penses and profit (not being in the aggregate higher than manufacturing cost); wood, pur- chased products and sundry supplies at approxi- mate laid-down cost; all as determined and cer- tified by responsible officials of the Company:	
Finished and partly finished products, lumber, sundry supplies, etc.	417,604.00
Wood	332,804.77
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	\$1,031,165.39
SUNDRY INVESTMENTS, ETC. (at cost, less amounts written off)	4,781.18
FIRE INSURANCE FUND (Canadian National Railway and Dominion of Canada Bonds, at cost, plus accrued interest).... (Market Value \$56,476.10.)	53,100.41
UNEXPIRED INSURANCE PREMIUMS, PREPAID TAXES, etc.	18,658.58
INVESTMENT IN CAPITAL STOCK OF WOOD PRO- DUCTS 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.	\$701,907.93
LESS: Reserve for depreciation of plant	262,500.00
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	\$439,407.93
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	<u>\$1,547,114.49</u>

Standard Chemical Company Limited

And Subsidiary Companies

(Exclusive of Wood Products Company, Limited)

Consolidated Balance Sheet, March 31st, 1938

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable and accrued Liabilities	\$99,485.99	
Reserve for Taxes Payable	20,051.66	
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		\$119,537.65

RESERVE FOR CONTINGENCIES		27,967.35
FIRE INSURANCE RESERVE		48,564.59

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

DEDUCT: Amount applied in extinguishment of deficit as at April 1, 1937, as approved by the Shareholders on July 29, 1937..... 35,031.97

\$1,301,549.95

Note: 576 7/10 of the above shares are held by the Trust Company, to be exchanged for 7% Cumulative Preferred and Common shares not yet surrendered.

Earned Surplus from April 1, 1937—

Net profit for the year ending March 31, 1938 49,494.95

Amount transferred from Reserve for Contingencies \$6,851.45

DEDUCT: Prior years' taxes paid or provided for 6,851.45

1,351,044.90

\$1,547,114.49

APPROVED ON BEHALF OF THE BOARD:

L. M. WOOD, Director.

J. L. HOULT, 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, 1938

Combined Operating Profits for the year before deducting the undernoted charges		\$144,030.32
DEDUCT: Amounts written off railway construction accounts and timber limits and charges in connection with revaluation of miscellaneous equipment	\$26,955.40	
Remuneration to Executive Officers (five in number)	37,743.09	
Directors' Fees	1,000.00	
Legal Fees	371.17	\$ 66,069.66
Operating Profits before providing for Depreciation of Plants and Income Taxes		\$ 77,960.66
DEDUCT: Provision for Depreciation of Plants	17,500.00	
Profit before providing for Income Taxes.....		\$ 60,460.66
DEDUCT: Provision for Income Taxes	10,965.71	
NET PROFIT FOR THE YEAR		<u><u>\$ 49,494.95</u></u>

