
STANDARD CHEMICAL COMPANY LIMITED

TWENTY-EIGHTH
ANNUAL REPORT

PURVIS HALL
LIBRARIES

MAR 25 1946

MCGILL UNIVERSITY

MARCH THIRTY-FIRST
NINETEEN HUNDRED AND THIRTY-NINE

Standard Chemical Company

STANDARD CHEMICAL COMPANY Limited

ANNUAL STATEMENT
For Twelve Months Ending March 31st, 1939

DIRECTORS

L. M. WOOD - - - - *Chairman*
J. L. HOULT - - - - *President*
R. M. SEDGEWICK - - - *Vice-President and Treasurer*
A. F. COOPER - - - - *Vice-President in Charge of
Lumber Operations.*

M. L. DAVIES
ROBERT FLEMING
E. JAMES BENNETT
L. C. McCLOSKEY
E. M. PEDWELL

Secretary, G. MILLWARD

Head Office:
200 Bay Street, Toronto, Ont.

Standard Chemical Company

Limited

To the Shareholders:

Herewith your Directors present the Twenty-Eighth Annual Report and Financial Statements, covering the year ended March 31st, 1939, together with the Certificate of the Company's Auditors, Messrs. Price, Waterhouse and Co.

The gross earnings for the year from operations amounted to \$69,419.90 as compared with \$77,960.66 for the twelve months ended March 31st, 1938. After providing \$17,500.00 for depreciation, and \$11,500.00 Reserve for Income Taxes, the Net Profit was \$40,419.90 against \$49,494.95 for the preceding year.

The sales amounted to \$1,406,081.55 as compared with \$1,486,810.34 for the preceding year.

Your Directors consider the results for the year were satisfactory in view of the general business situation.

The demand for your Company's lumber fell off considerably during the period. Due to conditions affecting the trade generally, anticipated advances in lumber selling prices, to offset higher production costs, failed to materialize. As a consequence, profits from that commodity were much reduced compared with the previous year. The profits from your Company's chemical products taken collectively show, on similar comparison, reasonably satisfactory improvement.

The manufacturing plants and equipment were maintained in good order, the cost thereof being charged to Operations as usual.

Mr. M. L. Davies resigned from the Presidency of the Company in February last because of ill-health. He was succeeded by Mr. J. L. Hoult, Director in Charge of Sales, who has been with the Company for many years.

Your Directors, during the year under review, had a special survey made of the Company's affairs, by the firm of George A. Touche and Co.

In this survey the activities of the Company have been analysed in detail and important recommendations made regarding personnel and future policy. The report recommends the continuance of the present activities of the Company along existing lines, within certain limitations. It emphasizes the necessity of seeking other channels of business, with the idea of counteracting the restriction of the Wood Chemical Industry, which has taken place during the past fifteen years.

The report comments favourably upon the management of the Company, and in many ways has been of valuable assistance to your Board. The cost of the report, \$3,202.30, has been charged to the Company's "Reserve for Contingencies" account.

In order to augment your Board of Directors and have it more representative of your Company's varied interests, their number has been increased from seven to nine. The two new members are Mr. E. M. Pedwell, President of the Pedwell Lumber Company Limited and Mr. L. C. McCloskey, Vice-President of Imperial Oil Limited.

It is again the pleasure of your Directors to record their appreciation of the devoted services of the staff and all the employees of your Company.

Having regard to the results for the year and the financial position of your Company, your Directors have declared a Dividend of Fifty Cents per Share for the year ended March 31st, 1939, payable on the 12th day of July to Shareholders of record on the 12th day of June, 1939.

On behalf of the Board,

J. L. HOULT,
President.

Toronto, June 7th, 1939.

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, 1939, 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, 1939, 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.

June 5th, 1939.

Standard Chemical Company Limited

And Subsidiary Companies

(Exclusive of Wood Products Company, Limited)

Consolidated Balance Sheet, March 31st, 1939

ASSETS

CURRENT ASSETS:

Cash on Hand and in Banks	\$110,787.34	
Working Funds	10,626.07	
Trade Accounts Receivable, less Reserve	163,999.39	
Inventories, valued on the Companies' usual basis, viz.: Finished and partly finished products and lumber manufactured by the Company, at esti- mated net realizable value after allowance for selling and delivery expenses and profit (not being in the aggregate higher than manufacturing cost); wood, purchased products and sundry supplies at approximate laid-down cost; all as determined and certified by responsible officials of the Companies:		
Finished and partly finished products, lumber, sundry supplies, etc.	455,211.85	
Wood	321,038.81	
		\$1,061,663.46
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)..\$	61,783.74	
(Market Value \$65,816.25.)		
Interest Accrued Thereon	690.52	
		62,474.26
UNEXPIRED INSURANCE PREMIUMS, PREPAID TAXES, etc.		15,436.00
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.....	\$736,977.60	
LESS: Reserve for depreciation of plant.....	280,000.00	
		456,977.60
		\$1,601,333.50

Standard Chemical Company Limited

And Subsidiary Companies
(Exclusive of Wood Products Company, Limited)

Consolidated Balance Sheet, March 31st, 1939

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable and Accrued Liabilities.....	\$110,910.48	
Reserve for Taxes Payable	15,992.76	
		————— \$ 126,903.24

RESERVE FOR CONTINGENCIES	25,292.26
FIRE INSURANCE RESERVE	57,673.20

CAPITAL:

Capital Stock:

Authorized—38,750 shares without nominal
or par value, of which 37,277 shares are
issued fully paid \$1,301,549.95

Note: 574 2/10 of the above
shares are held by the Trust
Company, to be exchanged
for 7% Cumulative Pre-
ferred and Common shares
not yet surrendered.

Earned Surplus from April 1st, 1937—		
As at April 1st, 1938	\$ 49,494.95	
ADD: Net Profit for the Year		
Ending March 31st, 1939.....	40,419.90	
		————— 89,914.85
		————— 1,391,464.80
		————— <u>\$1,601,333.50</u>

APPROVED ON BEHALF OF THE BOARD:

L. M. WOOD, Director.

R. M. SEDGEWICK, 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, 1939

Combined Operating Profits for the year before deducting the undernoted charges		\$119,501.62
DEDUCT: Amounts written off railway construction accounts, sawmill, timber limits, etc., and charges in connection with re- valuation of miscellaneous equipment.....	\$17,959.50	
Remuneration to Executive Officers (five in number)	30,349.52	
Directors' Fees	1,000.00	
Legal Fees	772.70	\$ 50,081.72
		<hr/>
Operating Profit before providing for Depreciation of Plants and Income Taxes		\$ 69,419.90
DEDUCT: Provision for Depreciation of Plants		17,500.00
		<hr/>
Profit before providing for Income Taxes.....		\$ 51,919.90
DEDUCT: Provision for Income Taxes		11,500.00
		<hr/>
NET PROFIT FOR THE YEAR		\$ 40,419.90

NOTE: Expense incurred during the year ending March 31st, 1939, amounting to \$3,202.30 for survey of Company's affairs is considered by the management as being of a special nature not applicable to the year's operations and, therefore, was charged against the "Reserve for Contingencies."

