
STANDARD CHEMICAL
COMPANY LIMITED

THIRTIETH
ANNUAL REPORT

MARCH THIRTY - FIRST
NINETEEN HUNDRED AND FORTY-ONE

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STANDARD CHEMICAL COMPANY, Limited

ANNUAL STATEMENT
For Twelve Months Ending March 31st, 1941

DIRECTORS

L. M. WOOD - - - - Chairman
R. M. SEDGEWICK - - - Vice-President and Treasurer
A. F. COOPER - - - Vice-President in Charge of
Lumber Operations
O. A. HUTTON - - - Vice-President in Charge of
Production

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

Secretary, G. MILLWARD

Head Office:
67 Yonge Street, Toronto, Ont.

Standard Chemical Company, Limited

To the Shareholders:

Your Directors present herewith the Thirtieth Annual Report and Financial Statements, for the year ended March 31st, 1941, together with the Report of the Company's Auditors, Messrs. Price, Waterhouse & Co.

The gross earnings from operations for the year amounted to \$176,671.17. After providing \$35,000.00 for Depreciation, \$61,750.00 for Income Taxes and \$25,000.00 for a Special Contingent Reserve the Net Profit was \$54,921.17.

The gross earnings show an increase of \$83,540.99 over the previous year but the Net Profit is \$2,409.01 less. This is due to increases of \$17,500.00 in the Provision for Depreciation of Plant and Equipment, \$43,450.00 in Reserve for Income Taxes and a Special Contingent Reserve of \$25,000.00.

There was an increase of \$772,420.63 in the Sales over the preceding year. This increase was mainly due to war requirements and which made it necessary to operate for a portion of the year a factory that had been idle for several years.

It will be observed from the Balance Sheet that your Directors are giving close attention to the probable post war decline in inventory values.

During the year under review your Company, in association with a United States manufacturer and at the request of the Canadian Government, erected a factory for the production of a very important war commodity. Deliveries of the product to the Government commenced on April 1st, 1941. The results from this undertaking will be reflected in the accounts of your Company for the current year.

The bonds of Wood Products Company, Limited, upon which your Company guaranteed the interest until August 1st, 1940, became due on that date and the Wood Products Company, Limited had no funds to retire them. The manufacturing plant of that Company has been under lease for many years to your Company, who own all the capital stock. Having regard to all the circumstances surrounding the Wood Chemical industry, your Directors decided a price of 15% of the par value was a reasonable value to place on the bonds and fair to the bond holders, and over 70% of the bonds have been purchased on this basis at a cost of \$23,595.00.

Your Directors are pleased to record their appreciation of the loyal services of the staff and all the employees of your Company.

An interim Dividend of Fifty Cents per Share for the year was paid on January 31st and a final Dividend of Seventy-Five Cents per Share has been declared payable on July 30th to Shareholders of record on June 30th, making the total disbursements for the year ended March 31st One Dollar and Twenty-Five Cents per Share.

On behalf of the Board,

L. M. WOOD,
Chairman.

Toronto, June 16th, 1941.

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

We have examined the consolidated balance sheet of Standard Chemical Company, Limited and subsidiary companies (exclusive of Wood Products Company, Limited), as of March 31 1941 and the consolidated statement of profit and loss for the year then ended and have obtained all the information and explanations we have required. In connection therewith we examined or tested accounting records of the companies and other supporting evidence but our examination of the detail transactions was confined to limited tests thereof.

In accordance with Section 114 of The Companies Act 1934 we report that since the investment in the capital stock of and advances to its subsidiary Wood Products Company, Limited have been written down on the books of Standard Chemical Company, Limited to \$1.00, it has not been considered necessary to record further losses of Wood Products Company, Limited in the accounts of the parent company.

We report that the attached consolidated balance sheet and related consolidated statement of profit and loss are, in our opinion, properly drawn up so as to exhibit a true and correct view of the state of the affairs of the combined companies as of March 31 1941 and of the results from operations for the year ending on that date, 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 16th, 1941.

Standard Chemical Company, Limited

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

Consolidated Balance Sheet, March 31 1941

ASSETS

CURRENT ASSETS:

Cash on Hand and in Banks	\$	78,122.72
Working Funds		12,705.77
Accounts Receivable, less Reserve		345,713.09
Advances to an Associated Company		84,772.08
Advance Payments on Lumber Contracts		13,492.24
Inventories, determined under the supervision of responsible officers of the company (from the records in the case of cordwood and by physical inspection in the case of other stocks), on the basis of inventory valuation at March 31 1940 which basis was substantially lower than approximate cost at March 31 1941:		
Finished and partly finished products	\$186,274.90	
Purchased products and sundry supplies	103,890.62	
Cordwood and lumber	600,093.13	
		890,258.65
		\$1,425,064.55

INVESTMENTS:

Sundry investments, at cost, less amounts written off	\$	3,502.00
Wood Products Company, Limited:		
Shares (entire issue)	\$	1.00
Bonds, at cost (70.7% of issue)	23,595.00	
		23,596.00
		27,098.00

FIRE INSURANCE FUND:

Dominion of Canada and Canadian National Rail- way bonds, at cost and accrued interest (market value \$81,536.08)	\$	78,906.71
Cash in Bank		667.05
		79,573.76

DEFERRED CHARGES:

Pre-season Expenditures	\$	7,925.32
Unexpired Insurance Premiums, Prepaid Taxes, etc.		7,939.94
		15,865.26

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.....	\$	763,890.13
LESS: Reserve for depreciation of plant.....		332,500.00
		431,390.13
		\$1,978,991.70

Standard Chemical Company, Limited

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

Consolidated Balance Sheet, March 31 1941

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable and Accrued Liabilities.....	\$ 259,587.33	
Wood Contract Purchase Obligations	96,233.31	
Reserve for Income and Excess Profits Taxes....	62,479.19	
Other Taxes Payable and Accrued	8,646.17	
		\$ 426,946.00

FIRE INSURANCE FUND (per contra)	79,573.76
RESERVE FOR CONTINGENCIES	52,629.04

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
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NOTE: 554-2/10 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 1 1937:

Balance as at April 1 1940.....	\$109,968.03	
ADD: Net Profit for the Year Ending March 31 1941.....	54,921.17	
	\$164,889.20	
DEDUCT: Dividends	46,596.25	
	118,292.95	
		1,419,842.90

APPROVED ON BEHALF OF THE BOARD:

L. M. WOOD, Director.
R. M. SEDGEWICK, Director.

\$1,978,991.70

Standard Chemical Company, Limited

And Subsidiary Companies

(Exclusive of Wood Products Company, Limited)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the Year Ending March 31 1941

PARTICULARS	AMOUNT	
Operating Profit for the year before deducting the undernoted charges		\$272,719.74
Income from Investments	\$ 2,880.77	
LESS: Portion applicable to Fire Insurance Fund	2,654.97	225.80
		<hr/>
		\$272,945.54
DEDUCT: Remuneration of Executive Officers.....	\$31,799.16	
Directors' Fees	1,000.00	
Legal Fees	349.00	
Amount written off railway construction accounts, sawmill, timber limits, etc., and charges in connection with revaluation of miscellaneous equipment	63,126.21	
Provision for Depreciation of Plants....	35,000.00	
Provision for Contingencies	25,000.00	156,274.37
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PROFITS, before providing for income and excess profits taxes		\$116,671.17
DEDUCT: Provision for Income and Excess Profits Taxes.....		61,750.00
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NET PROFIT FOR THE YEAR		<u><u>\$ 54,921.17</u></u>

