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STANDARD CHEMICAL  
COMPANY LIMITED

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THIRTY-FIRST  
ANNUAL REPORT

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# STANDARD CHEMICAL COMPANY, Limited

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## ANNUAL STATEMENT

For Twelve Months Ending March 31st, 1942

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### 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

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*Secretary*, G. MILLWARD

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Head Office:  
67 Yonge Street, Toronto, Ont.

# Standard Chemical Company, Limited

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To the Shareholders:

Your Directors present herewith the Thirty-First Annual Report and Financial Statements, for the year ended March 31st, 1942, together with the Report of the Company's Auditors, Messrs. Price, Waterhouse & Co.

The Sales amounted to \$3,486,437.20 as against \$2,571,348.91 for the previous year, an increase of \$915,088.29.

The gross earnings from operations amounted to \$304,236.63, an increase of \$127,565.46 over the previous year. After providing \$35,000.00 for Depreciation, \$29,363.01 for a Special Contingent Reserve and making a provision of \$117,000.00 for Income and Excess Profits taxes the Net Profit was \$122,873.62. The final assessments of income tax for the three years ending March 31st, 1940, 1941 and 1942 have not yet been determined.

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

Your factories are being maintained in condition to secure maximum production in present circumstances.

Your Directors again record the appreciation of the loyal services of the staff and all the employees of your Company. During the year a Group Life Insurance plan for the general staff and employees was inaugurated.

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 19th, 1942.



**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 1942 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 we report that 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 and that no profits or losses of Wood Products Company, Limited have been taken up in the accounts of the parent company.

We report that, subject to the sufficiency of the reserve for income and excess profits taxes, 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 1942 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 19 1942.

# Standard Chemical Company, Limited

## And Subsidiary Companies

(Exclusive of Wood Products Company, Limited)

Consolidated Balance Sheet, March 31 1942

### ASSETS

#### CURRENT ASSETS:

Cash on Hand and in Banks .....		\$ 249,474.32
Working Funds .....		13,024.19
Dominion of Canada bonds, at cost and accrued interest..... (Quoted market value \$223,662.50)		224,427.50
Accounts Receivable, less Reserve .....		393,280.84
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 1942:		
Finished and partly finished products .....	\$111,645.35	
Purchase products and sundry supplies .....	111,543.16	
Cordwood, logs and lumber .....	514,650.81	
		737,839.32
		\$1,618,046.17

#### INVESTMENTS:

Sundry investments, at cost, less amounts written off .....		\$ 3,502.00
Wood Products Company, Limited:		
Shares (entire issue) .....	\$ 1.00	
Bonds, at cost (73.3% of issue).....	24,480.00	
		24,481.00
		27,983.00

#### FIRE INSURANCE FUND:

Dominion of Canada and Canadian National Rail- way bonds, at cost and accrued interest (market value \$98,286.56) .....		\$ 96,559.21
Cash in Bank .....		111.68
		96,670.89

#### DEFERRED CHARGES:

Pre-season Expenditures .....		\$ 7,857.92
Unexpired Insurance Premiums, Prepaid Taxes, etc. ....		17,340.84
		25,198.76

#### 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.....		\$781,931.52
LESS: Reserve for depreciation of plant.....		367,500.00
		414,431.52
		\$2,182,330.34

# Standard Chemical Company, Limited

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

Consolidated Balance Sheet, March 31 1942

## LIABILITIES

### CURRENT LIABILITIES:

Accounts Payable and Accrued Liabilities.....	\$ 233,136.61	
Amounts Owing to Associated Companies .....	11,628.88	
Wood Contract Purchase Obligations .....	142,617.81	
Reserve for Income and Excess Profits Taxes....	115,906.77	
Other Taxes Payable and Accrued .....	13,529.99	
		\$ 516,820.06

FIRE INSURANCE FUND (per contra) .....	96,670.89
RESERVE FOR CONTINGENCIES .....	72,719.12

### 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: 550-9/10 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 1941.....	\$118,292.95	
ADD: Net Profit for the Year Ending March 31 1942.....	122,873.62	
	\$241,166.57	
DEDUCT: Dividends .....	46,596.25	
		194,570.32
		<u>1,496,120.27</u>

### APPROVED ON BEHALF OF THE BOARD:

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

\$2,182,330.34



# 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 1942

PARTICULARS	AMOUNT	
Operating Profit for the year before deducting the undernoted charges .....		\$377,190.68
Income from Investments .....	\$ 5,401.27	
LESS: Portion applicable to Fire Insurance Fund .....	3,117.13	2,284.14
		<hr/>
		\$379,474.82
DEDUCT: Remuneration of Executive Officers.....	\$32,399.20	
Directors' Fees .....	1,000.00	
Legal Fees .....	259.00	
Amount written off railway construction accounts, sawmill, timber limits, etc., and charges in connection with revaluation of miscellaneous equipment .....	41,579.99	
Provision for Depreciation of Plants.....	35,000.00	
Provision for Contingencies .....	29,363.01	139,601.20
		<hr/>
PROFITS, before providing for income and excess profits taxes .....		\$239,873.62
DEDUCT: Provision for Income and Excess Profits Taxes.....		117,000.00
		<hr/>
NET PROFIT FOR THE YEAR .....		<u>\$122,873.62</u>











