

STANDARD
CHEMICAL COMPANY,
Limited

THIRTY-THIRD
Annual Report



MARCH THIRTY-FIRST
NINETEEN HUNDRED AND FORTY-FOUR

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STANDARD CHEMICAL COMPANY, Limited

ANNUAL STATEMENT For Twelve Months Ending March 31st, 1944

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 Thirty-Third Annual Report and Financial Statements, for the year ended March 31st, 1944, together with the Report of the Company's Auditors, Messrs. Price, Waterhouse & Co.

The Sales amounted to \$3,429,216.02 as against \$3,290,057.89 for the previous year, an increase of \$139,158.13.

The gross earnings from operations amounted to \$110,271.62, a decrease of \$74,979.06 compared with the previous year. After providing \$35,000.00 for Depreciation and making a provision of \$35,500.00 for Income and Excess Profits taxes the Net Profit was \$39,771.62, equivalent to \$1.06 per Share. The cost of cordwood, our raw material, continued to advance during the year and our factory wages were substantially increased by an order of the National War Labour Board. Final assessments of Income and Excess Profits taxes have been received for the years ending March 31st, 1940, and March 31st, 1941. The assessment for the latter year has been appealed to the Exchequer Court of Canada. The outcome of this appeal will determine the basis of the assessments for the years 1942, 1943 and 1944.

The present and post war position of the Company is having the continued attention of your Directors.

Your factories are being operated at maximum capacity and maintained in condition to secure the best possible results.

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.

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

On behalf of the Board,

L. M. WOOD,
Chairman.

Toronto, June 16th, 1944.

**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 1944 and the consolidated statement of profit and loss for the year then ended and have obtained all the information and explanations we have required. These financial statements include the annual accounts of two subsidiaries (the books of which we did not ourselves examine), viz. Charcoal Supply Company Limited and Charcoal Supply Company of Quebec Limited as reported on by Messrs. George A. Touche & Co., Chartered Accountants. In connection with our examination of the accounts of Standard Chemical Company, Limited, the parent company, we examined or tested accounting records of the company 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.

On the above basis 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 1944 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 Standard Chemical Company, Limited examined by us and by the audited statements of the two subsidiary companies.

PRICE, WATERHOUSE & CO.

Chartered Accountants.

June 16 1944.

Standard Chemical Company, Limited

And Subsidiary Companies

(Exclusive of Wood Products Company, Limited)

Consolidated Balance Sheet March 31 1944

ASSETS

CURRENT ASSETS:

Cash on Hand and in Banks	\$	377,459.07
Working Funds		13,584.19
Dominion of Canada Bonds, at cost and accrued interest		265,264.25
(Quoted market value \$264,639.25)		
Accounts Receivable, less Reserve		375,364.74
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 1944 which basis was substantially lower than approximate cost at March 31 1944:		
Finished and partly finished		
products	\$	90,236.45
Purchased products and sundry		
supplies		171,002.36
Cordwood, logs and lumber		368,063.71
		629,302.52
		\$1,660,974.77
REFUNDABLE PORTION OF EXCESS PROFITS TAXES....		536.21

INVESTMENTS:

Sundry investments, at cost, less amounts written off	\$	3,502.00
Wood Products Company, Limited:		
Shares (entire issue)	\$	1.00
Bonds, at cost (77.48% of issue)		25,860.00
		25,861.00
		29,363.00

FIRE INSURANCE FUND:

Investments in marketable securities, at cost and accrued interest	\$	119,770.44
(Market value \$123,113.47)		
Cash in Bank		5,568.40
		125,338.84

DEFERRED CHARGES:

Pre-season expenditures	\$	7,841.63
Unexpired insurance premiums and other expenditures, less amounts written off		32,063.03
		39,904.66

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.	\$	750,401.92
LESS: Reserve for depreciation of plant		382,500.00
		367,901.92
		\$2,224,019.40

Standard Chemical Company, Limited

And Subsidiary Companies

(Exclusive of Wood Products Company, Limited)

Consolidated Balance Sheet March 31 1944

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$ 326,639.27	
Amounts owing to associated companies	35,387.56	
Wood contract purchase obligations	104,658.30	
Reserve for income and excess profits taxes (after payment of \$25,650.00 on account)	33,970.54	
Other taxes payable and accrued	6,908.06	
Dividend payable	18,638.50	
		\$ 526,202.23

FIRE INSURANCE FUND (per contra) 125,338.84

RESERVE FOR CONTINGENCIES 73,992.05

CAPITAL:

Capital Stock:

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

NOTE: 260-5/10 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:

Balance as at April 1 1943.....\$221,863.25

DEDUCT: Dividend of \$1.25 per
share paid therefrom in
respect of previous year 46,596.25

\$175,267.00

ADD: Net profit for
the year ending
March 31 1944\$39,771.62

DEDUCT: Dividend
of 50c. per share ... 18,638.50

21,133.12

\$196,400.12

Refundable portion of excess profits taxes 536.21

1,498,486.28

APPROVED ON BEHALF OF THE BOARD:

L. M. WOOD, Director.

R. M. SEDGEWICK, Director.

\$2,224,019.40

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 1944

PARTICULARS	AMOUNT	
Operating profit for the year before deducting the undernoted items		\$158,402.96
ADD:		
Profit on Sale of Dominion of Canada Bonds.....	\$ 2,742.50	
LESS: Portion Applicable to Fire Insurance Fund	1,012.50	
		1,730.00
Income from Investments	\$16,108.46	
LESS: Portion Applicable to Fire Insurance Fund	3,703.36	12,405.10
		\$172,538.06
DEDUCT:		
Remuneration of Executive Officers	\$32,399.20	
Directors' Fees	1,000.00	
Legal Fees	958.71	
Amount written off railway construction accounts, sawmill, timber limits, etc., and charges in connection with revaluation of miscellaneous equipment	27,908.53	
Provision for depreciation of plants	35,000.00	97,266.44
		\$75,271.62
PROFITS, before providing for income and excess profits taxes		\$75,271.62
DEDUCT: Provision for Income and Excess Profits Taxes.....		35,500.00
		\$39,771.62
NET PROFIT FOR THE YEAR		\$39,771.62

