



THIRTY-FOURTH  
ANNUAL REPORT

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MARCH THIRTY-FIRST  
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# Standard Chemical Company Limited



## ANNUAL STATEMENT

For Twelve Months Ending March 31st, 1945

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### DIRECTORS

E. P. TAYLOR

*Chairman of the Board*

K. S. MACLACHLAN

W. E. PHILLIPS

ALLAN MILLER

L. M. WOOD

ROBERT FLEMING

THOMAS ARNOLD

HUGH MACKAY

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### OFFICERS

K. S. MACLACHLAN

*President and Managing Director*

R. M. SEDGEWICK

*Vice-President*

A. F. COOPER

*Vice-President*

O. A. HUTTON

*Vice-President*

G. MILLWARD

*Secretary*

J. E. WILSON

*Treasurer*

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### BANKERS

The Royal Bank of Canada

### TRANSFER AGENT

Montreal Trust Company, Toronto and Montreal

### REGISTRAR

National Trust Company Limited, Toronto and Montreal

### AUDITORS

Price, Waterhouse & Co.

# Standard Chemical Company Limited

## *And Subsidiary Companies*

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### 34th Annual Report and Statement Year Ended March 31st, 1945

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#### To the Shareholders:

The Consolidated Balance Sheet of Standard Chemical Company Limited and its wholly owned subsidiaries at March 31st, 1945, the Consolidated Profit and Loss and Earned Surplus Statements for the year ended March 31st, 1945, together with the Report of the Company's Auditors, Messrs. Price, Waterhouse & Co. are submitted herewith.

During the year your Company acquired all the outstanding share capital of Goderich Salt Company Limited and the accounts of that company since July 31st, 1944, the date of acquisition, have been consolidated with the accounts of the parent company and its other subsidiaries.

The net profit for the year after all charges but before provision for Income and Excess Profits' Taxes amounted to \$222,957.25. This included the profits of Goderich Salt Company Limited for the eight months during which the capital stock has been owned by your Company. A comparable figure which would include a full year's profits of Goderich Salt Company Limited would be approximately \$284,000.

The operation of your Company's wood distillation plants showed a loss for the year caused, for the most part, by restrictive price controls imposed by the Government as wartime measures. Accordingly representation was made to the Wartime Prices and Trade Board for a subsidy on the year's operations which was granted in the amount of \$83,044.83. In addition that Board has authorized an increase in selling prices of charcoal to be effective from July 1st, 1945.

Consolidated net working capital as at March 31st, 1945, amounted to \$1,434,000.

Since March 31st, 1945, your Company has acquired all the outstanding shares of Schofield-Donald Limited. This Company, the business of which has been carried on for over twenty years, operates as wholesale importers and exporters of industrial chemicals.

Maritime Industries Limited, a new wholly owned subsidiary, has recently been organized under the laws of the Province of Nova Scotia. Plans have been made for the construction of a plant near Amherst, N.S., for the manufacture of high-grade salt for meat packing, fish packing, table, dairy, farm and other uses. Plans for the construction of the Company's plant, which are in the course of preparation, call for the construction of a plant capable of producing 120 tons of high-grade salt per day.

In June, 1945, issues of 10,000 5% Cumulative Redeemable Preferred shares and 71,115 Common shares were offered and sold to the public. The proceeds from these issues have been used, in part, to reimburse your Company for expenditures made in acquiring all the outstanding shares of Goderich Salt Company Limited and Schofield-Donald Limited. The balance will be used for developing, through Maritime Industries Limited, a salt business in the Maritimes.

Negotiations are under way with manufacturers of industrial chemicals in the United Kingdom and in the United States for the sale of their products throughout Canada on an agency basis.

The processes used in the Company's refinery are being carefully scrutinized and improvements are proposed to be made whenever material and equipment are available. Several projects for the manufacture of new materials not now manufactured in Canada are receiving consideration. Negotiations have revealed that suitable processes are available.

The management believes that there will be many profitable opportunities for expansion in the general field of chemicals and their manufacture. It is the intention of the management to carefully investigate the merits of each proposed project involving expansion in the Company's activities, and to take advantage of opportunities from time to time as favourable projects develop. New projects are under consideration which contemplate expansion in both merchandising and manufacturing activities.

Since the last annual meeting certain Directors tendered their resignations. The vacancies on the Board have been filled by the appointment of Messrs. E. P. Taylor, Chairman; K. S. MacLachlan, President and Managing Director; W. E. Phillips, Allan Miller, Thomas Arnold and Hugh Mackay.

It is with regret that your Directors announce the resignation in April, 1945, of Mr. J. L. Hoult, through ill health. During many years as Sales Manager, and for a period in 1939 as President, Mr. Hoult has given loyal and very valuable service to your Company.

The Directors and Officers wish to acknowledge with sincere appreciation the good services rendered by all employees of the Company.

(Signed)

E. P. TAYLOR,  
*Chairman of the Board  
of Directors.*

and

(Signed)

K. S. MACLACHLAN,  
*President and  
Managing Director.*

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#### 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 as of March 31 1945 and consolidated statements of profit and loss and earned surplus for the year then ended and have obtained all the information and explanations we have required. These financial statements include the assets and liabilities as at March 31 1945 and the earnings of Goderich Salt Company Limited for the period of eight months from July 31 1944 (the date as of which all of the capital stock of that company was acquired by Standard Chemical Company Limited) to March 31 1945 as reported on by its auditors, Messrs. Glendinning, Jarrett, Gray & Roberts. In connection with our examination of the accounts of Standard Chemical Company Limited and its other subsidiaries we examined or tested accounting records and other supporting evidence but our examination of the detailed transactions was confined to limited tests thereof.

The special bank loan of \$1,000,000.00 is not included in the attached balance sheet as a current liability because a portion of the proceeds from a new issue of capital stock has been applied in paying off this loan.

On the above basis we report that the attached consolidated balance sheet and related consolidated statements of profit and loss and earned surplus 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 1945 and of the results from the operations for the year ending on that date (including the results of Goderich Salt Company Limited for the period of eight months from the date of its acquisition to March 31, 1945), according to the best of our information and the explanations given to us and as shown by the books of Standard Chemical Company Limited and subsidiaries examined by us and by the audited statement of Goderich Salt Company Limited.

PRICE, WATERHOUSE & CO.,  
Auditors.

July 5 1945.

# Standard Chemical

*And Subsidiaries*

## Consolidated Balance Sheet

### ASSETS

**CURRENT ASSETS:**

Cash on hand and in banks.....	\$	427,931.41
Accounts receivable, less reserve.....		530,120.00
Inventories of raw materials and supplies, goods in process and finished products, determined from the records in the case of cordwood and fuel, and by physical inspection of other stocks, valued at the lower of cost or market, as certified to by responsible officials.....		1,113,408.02
Prepaid expenses .....		55,651.99
		\$2,127,111.42

REFUNDABLE PORTION OF EXCESS PROFITS TAXES..... 30,836.21

**INVESTMENTS, at cost:**

Government bonds, and accrued interest.....	\$	505,125.00
(Market value \$506,250)		
Shares in other companies.....		435,684.03
(Market value \$441,717)		
Sundry investments and advances, less amounts written off .....		59,245.41
		1,000,054.44

DEFERRED CHARGES TO OPERATIONS..... 34,580.51

**FIXED ASSETS:**

Land, timber limits, buildings, plant and equipment, at or below cost.....	\$	1,216,395.63
Less Reserve for depreciation .....		845,802.51
		370,593.17

EXCESS OF COST OF SHARES OF A SUBSIDIARY COMPANY ACQUIRED DURING YEAR OVER NET BOOK VALUE OF SUCH SHARES AT DATE OF ACQUISITION ..... 176,969.47

**APPROVED ON BEHALF OF THE BOARD:**

E. P. TAYLOR, Director.  
K. S. MACLACHLAN, Director.

\$3,740,145.22

Submitted with our report to the

PRI

# Company Limited

ry Companies

heet March 31 1945

## LIABILITIES

### CURRENT LIABILITIES:

Accounts payable and accrued liabilities.....	\$ 366,986.59
Wood contract purchase obligations .....	140,947.91
Reserve for income and excess profits taxes.....	185,040.43
	<u>\$ 692,974.93</u>

SPECIAL BANK LOAN—Maturing April 4 1946, secured by pledge of shares of a subsidiary company and hypothecation of Dominion of Canada bonds belonging to that company (since paid) ..... 1,000,000.00

RESERVE AGAINST FUTURE DECLINE IN INVENTORY VALUES ..... 300,000.00

GENERAL RESERVE ..... 83,685.34

### CAPITAL STOCK AND SURPLUS:

#### Capital Stock:

Authorized—300,000 shares without nominal or par value, of which 196,385 shares are issued and fully paid .....\$1,351,549.95

NOTE: During the year supplementary letters patent were obtained confirming the subdivision of the previously authorized 38,750 shares without nominal or par value on a basis of five new shares for one former share and increasing the authorized capital to 300,000 shares. The company has issued 10,000 shares during the year for a cash consideration of \$50,000, and has granted options in respect of 32,500 shares of the unissued capital stock at \$7.00 per share.

Earned Surplus, as per statement attached..... 311,935.00

1,663,484.95

CONTRACTUAL OBLIGATION—In respect of construction of an office building and warehouse—\$141,496.00.

\$ 3,740,145.22

e shareholders dated July 5 1945.

CE, WATERHOUSE & CO.,

Auditors.

**Standard Chemical Company Limited**  
*And Subsidiary Companies*

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS**

For the Year Ending March 31 1945

(Including the Results of Operations of a Subsidiary Company  
for Eight Months)

Earnings for the period ending March 31 1945  
(including \$16,096.94 investment income) after  
operating expenses (including executive officers'  
remuneration of \$64,298.82 and legal fees of  
\$4,075.75), taxes, etc., but before providing for the  
undernoted items .....\$281,459.84\*

DEDUCT:

Amount written off railway construction accounts,  
sawmill, etc., and charges in connection with  
revaluation of miscellaneous equipment .....\$ 16,727.49  
Provision for depreciation of plants..... 41,775.10  
58,502.59

NET PROFIT before provision for income and  
excess profits taxes .....\$222,957.25

DEDUCT:

Provision for income and excess profits taxes.....\$115,040.43  
Less Refundable portion thereof..... 9,100.00  
105,940.43

NET PROFIT for the year, carried to Earned Surplus.....\$117,016.82

\* Including subsidy receivable—\$83,044.83

**STATEMENT OF CONSOLIDATED EARNED SURPLUS**

As at March 31 1945

Balance as at April 1 1944 (including refundable  
portion of excess profits taxes \$536.21) .....\$196,936.33

ADD:

Transfer of balance of fire insurance fund reserve..\$140,697.74  
Net profit for the year ..... 117,016.82  
257,714.56  
\$454,650.89

DEDUCT:

Provision for income and excess profits taxes relat-  
ing to prior years .....\$104,938.89  
Dividends paid during the year ..... 37,777.00  
142,715.89

BALANCE AS AT MARCH 31 1945.....\$311,935.00









