



THIRTY-NINTH ANNUAL REPORT
MARCH THIRTY-FIRST, NINETEEN HUNDRED AND FIFTY

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Standard Chemical Company, Limited

ANNUAL STATEMENT

For Twelve Months Ended March 31st, 1950

DIRECTORS

*W. E. PHILLIPS

Chairman of the Board

*ROBERT FLEMING *ARTHUR H. MARTIN

HUGH MACKAY ALLAN MILLER

*M. W. McCUTCHEON *E. P. TAYLOR

J. A. McDOUGALD L. M. WOOD

*MEMBER OF EXECUTIVE COMMITTEE OF THE BOARD

OFFICERS

ARTHUR H. MARTIN

President and Managing Director

D. S. CALDER
Vice-President-Operations

R. M. SEDGEWICK
Vice-President

W. J. STRAIN
Comptroller

G. MILLWARD
Secretary

K. W. WENDLAND
Assistant Treasurer

STEELE C. SIFTON
Assistant Secretary

BANKERS

The Royal Bank of Canada

TRANSFER AGENTS

Montreal Trust Company, Toronto, Montreal and Halifax
Eastern Trust Company, Saint John

REGISTRARS

National Trust Company Limited, Toronto and Montreal
Eastern Trust Company, Halifax and Saint John

AUDITORS

Price, Waterhouse & Co.

Standard Chemical Company, Limited

and Wholly-owned Subsidiary Companies

39th Annual Report and Statement Year Ended March 31, 1950

To the Shareholders:

The financial statements of Standard Chemical Company Limited and its wholly-owned subsidiaries, as of March 31st, 1950, are submitted herewith.

Although there were no general or major increases in selling prices the dollar value of sales was the highest in the Company's history. This resulted in a total profit from operations, before providing for depreciation and amortization, of \$940,473 as compared with \$564,216 for the previous year, an increase of 66.7%.

Profits of a special or non recurring nature amounted to \$81,741, a reduction of \$135,671 from the amount reported for the previous year. Having regard to the overall inventory position of the Company the reserve against future decline in values was considered in excess of requirements. An amount of \$75,000 was accordingly transferred to the profit and loss account and the remainder of this reserve, amounting to \$50,000 was transferred to general reserve. Provision for depreciation and amortization charged to profits during the year amounted to \$195,479 and was 13.4% higher than for the previous fiscal year.

Final net profits for the year, after all charges and provision of \$248,000 for income taxes, amounted to \$685,213 compared with \$631,436 for the previous year.

The earned surplus increased \$178,963 during the year and amounted to \$1,032,134 at March 31st. Dividends on common shares continued to be paid at the quarterly rate of 10c per share up to September 1st, 1949. Thereafter the rate was increased to 12½c per share quarterly, in line with improved operating results.

Net working capital amounted to \$2,380,656 as at March 31st, 1950. The ratio of Current Assets to Current Liabilities was 3.06 to 1 at the year end.

Investment, in subsidiary companies not consolidated, increased by \$1,158,203 during the year. Your Company's holdings in Dominion Tar and Chemical Company Limited increased from approximately 45% to over 51% of the issued and outstanding common shares of that Company. Since the close of the fiscal year the Voting Trust Agreement which formerly applied to these holdings has been dissolved. Dividends at an annual rate of \$1.00 per share, payable quarterly, have been received on these shares and included in investment income. Earnings of Dominion Tar and Chemical Company Limited for the year ended December 31, 1949 amounted to \$3.42 per common share issued and outstanding.

Your Company also acquired a 51% interest in Chemical Developments of Canada Limited, a new Company formed in 1949 jointly with General Aniline & Film Corporation of New York, to manufacture in Canada certain organic chemicals, including a wide variety of surface active agents. A newly equipped factory for this purpose will be completed at Longford Mills, Ontario, during 1950. Chemical Developments of Canada Limited acquired in 1949 all the capital stock of Irwin Dyestuff Corporation, large distributors of dyestuffs and chemicals in Canada.

The policy of maintaining buildings and equipment in good operating condition was continued. No major additions to capital assets were necessary.

Your Company has now received Federal income tax clearances to March 31st, 1948. As a result of this, an amount of \$75,000 was transferred from the reserve for taxes payable and accrued, where it was no longer required, to the general reserve which now stands at \$325,000.

The plans formulated during the previous year to consolidate your Company's activities under the name of Standard Chemical Company, Limited were largely completed during the year and

are functioning satisfactorily. It is anticipated that as a result of this consolidation additional operating efficiencies and economies will be realized.

Mr. A. H. Martin, President and Managing Director of Standard Chemical Company Limited has also been appointed President and a Director of Dominion Tar and Chemical Company Limited. Mr. W. N. Hall, formerly Vice-President/Operations resigned to accept a similar position with Dominion Tar and Chemical Company Limited. He has been succeeded by Dr. D. S. Calder, who was Development Division Manager.

Employment was slightly higher than last year and we are pleased to report the Company and its employees did not suffer any loss through labour disputes. We continued to contribute to the Retirement Income Plan and Group Insurance. Last year these contributions were almost 21% higher than in the previous year.

It is fitting that the Directors take this opportunity to pay tribute to the loyalty and efficiency of the entire organization throughout the year under review. Their continued support is a major contribution to the Company's success.

Submitted on behalf of your Directors.

(Signed)
W. E. PHILLIPS
Chairman of the Board
of Directors

(Signed)
A. H. MARTIN
President

TORONTO, Ont.
6th June, 1950.

**TO THE SHAREHOLDERS OF
STANDARD CHEMICAL COMPANY, LIMITED**

We have examined the consolidated balance sheet of Standard Chemical Company, Limited and wholly-owned subsidiary companies as at March 31, 1950 and the related statements of profit and loss and earned surplus for the year ended on that date and have obtained all the information and explanations which we required. Our examination included such tests of the accounting records and other supporting evidence and such other procedures as we considered appropriate in the circumstances.

In our opinion, the accompanying consolidated balance sheet and related statements of profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the combined companies at March 31, 1950 and the total profits, including profits (net) of a special nature, for the year ended 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.

In accordance with Section 114 of The Companies Act, we report that the earnings of subsidiary companies not consolidated have been included in the consolidated statement of profit and loss only to the extent of dividends received.

May 26, 1950.

PRICE, WATERHOUSE & CO.,
Auditors.

Standard Chemical
and Wholly-owned S
Consolidated

ASSETS

	March 31	
	1950	1949
CURRENT ASSETS:		
Cash in banks and on hand.....	\$ 315,783	418,391
Accounts and notes receivable, less reserve.....	1,472,359	1,286,237
Receiver General of Canada in respect of tax adjustments.....	30,307	33,522
Inventories, certified by responsible officials of the companies as to quantities, condition and amount, and valued at the lower of cost or market.....	1,638,570	1,776,782
Prepaid expenses.....	78,483	99,610
	\$ 3,535,502	3,614,542
INVESTMENTS IN ALLIED COMPANIES, at cost:		
Subsidiaries not consolidated.....	\$ 5,921,090	4,762,887
Listed shares (value based on quoted market prices— 1950—\$218,872; 1949—\$567,639).....	357,035	641,745
	\$ 6,278,125	5,404,632
FIXED ASSETS, at or below cost:		
Land.....	\$ 232,002	232,002
Timber limits and salt leases, less amounts written off.....	44,521	47,881
Buildings, plant and equipment.....	3,756,769	3,670,678
	\$ 4,033,292	3,950,561
Less—Reserve for depreciation.....	1,273,756	1,102,909
	\$ 2,759,536	2,847,652
OTHER ASSETS AND DEFERRED CHARGES:		
Refundable portion of excess profits tax.....	\$ 20,902	34,638
Sundry properties and investments.....	4,994	5,980
Deferred operating charges.....	99,024	127,445
	\$ 124,920	168,063
GOODWILL ARISING IN CONSOLIDATION:		
Excess of cost of shares in subsidiary companies acquired, over the net book value of such shares at dates of acquisition.....	\$ 804,975	787,307
	\$13,503,058	12,822,196

Company, Limited

idiary Companies

Balance Sheet

LIABILITIES

	March 31	
	1950	1949
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities.....	\$ 880,107	601,097
Taxes payable and accrued.....	143,489	139,350
Dividends payable.....	131,250	112,500
	<u>\$ 1,154,846</u>	<u>852,947</u>
SPECIAL BANK LOAN:		
Due September 30, 1951, secured.....	\$ 1,700,000	1,500,000
	<u>\$</u>	<u>125,000</u>
INVENTORY RESERVE.....		
GENERAL RESERVE.....	\$ 325,000	200,000
Including at March 31, 1950, \$50,000 transferred from inventory reserve and \$75,000 representing tax provisions in prior years not now required.		
CAPITAL STOCK AND SURPLUS:		
Capital Stock:		
5% cumulative redeemable preferred shares—		
Authorized—50,000 shares of a par value of \$100 each		
Issued and outstanding—30,000 shares.....	\$ 3,000,000	3,000,000
Common shares—		
Authorized—750,000 shares without nominal or par value		
Issued and outstanding—750,000 shares.....	6,291,078	6,291,078
Earned Surplus, as per statement attached.....	1,032,134	853,171
	<u>\$10,323,212</u>	<u>10,144,249</u>

APPROVED ON BEHALF OF THE BOARD:

ARTHUR H. MARTIN, Director

W. E. PHILLIPS, Director.

<u>\$13,503,058</u>	<u>12,822,196</u>
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Standard Chemical Company, Limited

and Wholly-owned Subsidiary Companies

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

PARTICULARS	Year ended 1950	March 31 1949
Profit from operations, before providing for depreciation and amortization.....	\$ 940,473	564,216
Income from investments.....	221,012	253,231
TOGETHER	<u>\$1,161,485</u>	<u>817,447</u>
Profits and losses of a special nature:		
Profits less losses on investments.....	\$ 8,052	261,194
Profits less losses on fixed assets.....	14,793	14,082
Transfer from inventory reserve.....	75,000	38,000
Expenditures in prior years in respect of projects not proceeded with		95,864
	<u>\$ 81,741</u>	<u>217,412</u>
	<u>\$1,243,226</u>	<u>1,034,859</u>
DEDUCT:		
Provision for depreciation and amortization.....	\$ 195,479	172,327
Interest on borrowed money.....	65,434	72,454
Contribution to employees' pension and insurance funds.....	49,100	40,642
	<u>\$ 310,013</u>	<u>285,423</u>
PROFITS before providing for taxes on income.....	\$ 933,213	749,436
Provision for taxes on income.....	248,000	118,000
TOTAL PROFITS FOR THE YEAR, including profits (net) of a special nature, carried to earned surplus.....	<u>\$ 685,213</u>	<u>631,436</u>

NOTE: The following amounts were deducted in the above statement for the year ended March 31, 1950—Directors' fees \$5,000; remuneration of executives and salaried directors \$81,675; and legal fees \$5,920.

CONSOLIDATED STATEMENT OF EARNED SURPLUS

	Year ended 1950	March 31 1949
Balance at April 1,.....	\$ 853,171	671,735
Total profits for the year, including profits (net) of a special nature.....	685,213	631,436
	<u>\$1,538,384</u>	<u>1,303,171</u>
DEDUCT—Dividends:		
On preferred shares.....	\$ 150,000	150,000
On common shares.....	356,250	300,000
	<u>\$ 506,250</u>	<u>450,000</u>
Balance at March 31,.....	<u>\$1,032,134</u>	<u>853,171</u>

EXECUTIVE OFFICES:

99 VANDERHOOF AVE. LEASIDE, TORONTO 17, ONTARIO

Standard Chemical Company, Limited

Manufacturing Locations:

Goderich, Ontario - South River, Ontario - Harcourt, Ontario - Longford, Ontario - Montreal, Quebec
Vancouver, British Columbia

Warehouse Locations:

Toronto, Ontario - Montreal, Quebec - Winnipeg, Manitoba - Vancouver, British Columbia

Wholly-Owned Subsidiary Company

MARITIME INDUSTRIES LIMITED

Manufacturing and Warehouse Location: Nappan, Nova Scotia

Principal Products Manufactured:

Methyl alcohol, calcium acetate, charcoal, hardwood lumber, sodium carboxymethylcellulose (Carboxel), methyl acetone, fine and coarse evaporated salt, sodium hypochlorite, Javex, laundry and dry-cleaning specialty chemicals.

Principal Products Handled on an Agency or Distributor Basis:

Acetic acid, acetone, pure and denatured alcohol, Solo anti-freeze (ethylene glycol base), Super Pyro anti-freeze, isopropyl alcohol, formaldehyde, natural and synthetic resins, insecticides, magnesia products—carbonates and oxides, talc, shellac, mica, laundry and dry-cleaning supplies and equipment.

