

Corporation
File



THIRTY-SEVENTH ANNUAL REPORT

MARCH THIRTY-FIRST, NINETEEN HUNDRED AND FORTY-EIGHT

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Standard Chemical Company, Limited

ANNUAL STATEMENT For Twelve Months Ended March 31st, 1948

DIRECTORS

W. E. PHILLIPS

Chairman of the Board

E. P. TAYLOR

L. M. WOOD

A. H. MARTIN

ALLAN MILLER

ROBERT FLEMING

W. N. HALL

HUGH MACKAY

M. W. McCUTCHEON

OFFICERS

A. H. MARTIN

President and Managing Director

J. E. WILSON

Vice-President and Treasurer

W. N. HALL

*Vice-President
in Charge of Research and Development*

R. M. SEDGEWICK

Vice-President

G. MILLWARD

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 Subsidiary Companies

37th Annual Report and Statement

Year Ended March 31, 1948

To the Shareholders:

The Consolidated Balance Sheet of Standard Chemical Company, Limited and its wholly owned subsidiaries as at March 31st, 1948, the Consolidated Profit and Loss and Earned Surplus statements for the year ended March 31st, 1948, together with the report of the Company's Auditors, Messrs. Price, Waterhouse & Co., are submitted herewith.

The net profit for the year after all charges but before provision for income and excess profits taxes amounted to \$744,074.93. The corresponding amount for the previous fiscal year was \$523,229.27.

The consolidated net working capital increased during the year by \$243,884.63 and as at March 31st, 1948, amounted to \$2,294,213.35. The current ratio of approximately three to one was maintained.

Accounts receivable and inventories have increased since March 31st, 1947, in line with higher output and the increased volume of business experienced in the period under review.

During the year investments in marketable securities of other Companies in or associated with the chemical industry have been increased by \$1,467,052.01 and at the end of the year amounted to \$5,544,965.06. Included in these investments were Voting Trust Certificates of Dominion Tar & Chemical Company, Limited. Ownership of these Certificates increased during the period from 35% to over 40% of the issued and outstanding common shares of that Company.

The book value of fixed assets less reserves increased during the year by \$787,928.72. The net cost of purchasing land, buildings and equipment to establish the executive offices and operational facilities in a new location at Leaside, Ontario, accounted for a substantial part of the increase.

An issue of 20,000 5% Cumulative Redeemable Preferred Shares was sold for cash during the year, making a total of 30,000 shares of this class issued and outstanding at the end of the year.

Dividends on the common shares have been paid at the quarterly rate of 10c per share throughout the year.

The gross value of sales of manufactured and re-sale products showed a marked improvement over the preceding year.

The new product "Carboxel" manufactured by your Company at the Longford, Ontario, plant is steadily gaining acceptance by Canadian industry.

A recession in the salt market during the latter half of the year adversely affected the results of Goderich Salt Company, Limited and of Maritime Industries Limited. In spite of this, the results for the first complete year of operation for Maritime Industries Limited are encouraging.

Demand for the products of the Dalglish Companies has been steadily increasing during the year and good progress is being made in opening up and developing new markets across Canada.

During the latter part of the year purchase was made of a building at Leaside, Ontario, in which all Toronto district manufacturing, warehousing (other than charcoal) and office facilities of your Company and of its subsidiary Dalglish Chemicals Limited have been combined. Economies in operating costs are anticipated when this consolidation programme is completed.

The Management of your Company is continuing to stress research and development work relating to new processes and products and to investigate carefully the merits of those projects which indicate promising features involving expansion of the Company's activities in the chemical industry. Methods to improve operating efficiency and reduce costs on existing processes are also subject to constant scrutiny.

During the year Commander K. S. Maclachlan decided to retire from active business and submitted his resignation as President and Managing Director of your Company. The Directors wish to express their appreciation of the services rendered by Commander Maclachlan in guiding the Company through the early stages of its present expansion programme.

Your directors are pleased to announce the appointment in April, 1948 of Mr. Arthur H. Martin as President and Managing Director of Standard Chemical Company, Limited. Mr. Martin comes to your Company with a wide experience in the chemical industry, gained in twenty-eight years, both in Canada and the U.S. Mr. Martin was formerly General Manager of the Agricultural Chemicals and Salt Group of Canadian Industries Limited.

As a means of assisting employees to provide for a continuing income upon retirement from active employment, a retirement income plan was put into operation in June 1947. The plan is on a contributory basis for future service benefits but, in recognition of the loyal service rendered by employees who have been with the Company for many years, the Company undertook to pay the total cost of past service pensions. This plan supplements the protection afforded to employees under the group life insurance coverage which has been in effect for Standard Chemical Company, Limited employees for a number of years.

The Directors and Officers of the Company acknowledge with sincere appreciation the valuable service performed by the officials and employees of your group of Companies who have worked to achieve the results reported herein.

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

AND

(Signed)
W. N. HALL,
Director

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

We have examined the consolidated balance sheet of Standard Chemical Company, Limited and subsidiary companies as at March 31, 1948 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 affairs of the combined companies at March 31, 1948 and the results of the companies' operations 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.

May 14, 1948.

PRICE, WATERHOUSE & CO.,
Auditors.

Standard Chemical
and Subsidiaries

Consolidated Balance Sheet

ASSETS

CURRENT ASSETS:

Cash on hand and in banks.....	\$ 371,610.48	
Accounts receivable, less reserves.....	1,231,569.30	
Receiver General of Canada in respect of tax adjustments.....	39,371.28	
Inventories, certified by responsible officials of the company as to quantities, condition and amount and valued at the lower of cost or market.....	1,764,285.44	
Prepaid expenses.....	53,087.35	
		\$ 3,459,923.85

REFUNDABLE PORTION OF EXCESS PROFITS TAX..... 50,644.58

INVESTMENTS:

Shares in other companies, at cost (value based on quoted market prices \$5,541,000).....	\$5,544,965.06	
Sundry investments at cost, less amounts written off.....	63,827.88	
		5,608,792.94

FIXED ASSETS, at or below cost:

Land.....	\$ 233,259.68	
Timber limits and salt leases, less amounts written off.....	51,241.00	
Buildings, plant and equipment.....	\$3,592,809.67	
Less Reserve for depreciation.....	970,117.62	
		2,907,192.73

DEFERRED OPERATING CHARGES..... 89,661.92

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.....		787,307.27
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\$12,903,523.29

Company, Limited

Companies

March 31, 1948

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities.....	\$ 906,977.89	
Taxes payable and accrued.....	146,232.61	
Dividends payable June 1, 1948.....	112,500.00	
	<u> </u>	\$ 1,165,710.50

SPECIAL BANK LOAN:

Due September 30, 1949, secured.....		1,500,000.00
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RESERVE AGAINST FUTURE DECLINE IN INVENTORY VALUES.....		175,000.00
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GENERAL RESERVE.....		100,000.00
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CAPITAL STOCK AND SURPLUS:

Capital Stock:

5% cumulative redeemable preferred shares—

Authorized—50,000 shares of a par value of \$100.00 each...\$5,000,000.00

Issued and outstanding—30,000 shares of which 20,000
shares were issued during the year for cash.....\$3,000,000.00

Common Shares:

Authorized—750,000 shares without nominal or par value

Issued and outstanding—750,000 shares.....6,291,077.95

\$9,291,077.95

Earned Surplus, as per statement attached.....671,734.84

9,962,812.79

APPROVED ON BEHALF OF THE BOARD:

W. E. PHILLIPS, Director.

W. N. HALL, Director.

\$12,903,523.29

Standard Chemical Company, Limited

and Subsidiary Companies

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the Year Ended March 31, 1948

Earnings for the year including investment income \$225,707.70 and profits on disposal of capital assets \$89,296.71 and after charging interest on bank loans \$59,202.52 but before deducting the under-noted charges.....	\$ 875,332.30*
Provision for depreciation and amortization.....	131,257.37
	\$ 744,074.93
Provision for Dominion and Provincial income and excess profits taxes..	182,000.00
	\$ 562,074.93
NET PROFIT FOR THE YEAR.....	

*After charging directors' fees \$5,625.00, remuneration of executive officers and salaried directors of Standard Chemical Company, Limited \$66,928.93 and legal fees \$8,635.32.

CONSOLIDATED STATEMENT OF EARNED SURPLUS

For the Year Ended March 31, 1948

Balance as at April 1, 1947.....	\$ 671,238.41
Net profit for the year.....	562,074.93
	\$1,233,313.34
DEDUCT:—Expenses incurred during the year in connection with the issue of preferred shares, including legal fees of \$4,658.25.....	161,578.50
	\$1,071,734.84
DEDUCT:—Dividends:	
On preferred shares.....	\$100,000.00
On common shares.....	300,000.00
	400,000.00
BALANCE AS AT MARCH 31, 1948.....	\$ 671,734.84

EXECUTIVE OFFICES:
99 VANDERHOOF AVE. LEASIDE, TORONTO 17, ONTARIO

Standard Chemical Company, Limited

Manufacturing Locations:

South River, Ontario - Harcourt, Ontario - Longford, Ontario - Montreal, Quebec

Warehouse Locations:

Toronto, Ontario - Montreal, Quebec - Winnipeg, Manitoba

Wholly-Owned Subsidiary Companies:

GODERICH SALT COMPANY, LIMITED

Manufacturing and Warehouse Location: Goderich, Ontario

MARITIME INDUSTRIES LIMITED

Manufacturing and Warehouse Location: Nappan, Nova Scotia

DALGLISH CHEMICALS LIMITED

Manufacturing Locations: Toronto, Ontario; Vancouver, British Columbia

Warehouse Locations:

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

DALGLISH (QUEBEC) LIMITED

Manufacturing and Warehouse Location: Montreal, Quebec

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, 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.

