

*Standard Chemical  
Iron and Lumber Company  
of Canada, Limited*



*FOURTH  
ANNUAL  
REPORT*

*DECEMBER 31st  
1914*

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Standard Chemical  
Iron and Lumber Company  
of Canada, Limited

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ANNUAL STATEMENT  
FOR TWELVE MONTHS ENDING DECEMBER 31ST, 1914

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Officers:

President.....	L. M. WOOD
Vice-President.....	M. L. DAVIES
General Manager.....	A. GRIEG
Assistant General Manager.....	J. L. HOULT
Secretary.....	F. G. KEARNS
Treasurer.....	W. N. WADE

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Board of Directors:

L. M. WOOD

M. L. DAVIES	A. GRIEG
WILLIAM THOMSON	FRANK PLUMMER
MALCOLM H. ROBINSON	T. W. LAWSON

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Bankers:

Bank of Nova Scotia

Bank of Montreal

Standard Chemical  
Iron and Lumber Company  
of Canada, Limited

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Head Office :  
ROYAL BANK BUILDING  
TORONTO, CANADA

Branch Offices :  
LONDON PARIS  
5 Lothbury, E.C. 69 Avenue de la Republique

Factories :  
LONGFORD MILLS, ONT. THORNBURY, ONT.  
SOUTH RIVER, ONT. COOKSHIRE, QUE.  
SAULT STE. MARIE, ONT. FASSETT, QUE.

Refineries :  
MONTREAL, QUE. LONGFORD MILLS, ONT.

Saw Mills :  
LONGFORD MILLS, ONT. SOUTH RIVER, ONT.

Iron Furnaces :  
PARRY SOUND, ONT.  
DESERONTO, ONT.

Lime Kilns :  
EGANVILLE, ONT.

Subsidiary Companies :  
CANADA CHEMICAL CO., LIMITED  
*Factory: Parry Sound, Ont.*

LAURENTIAN CHEMICAL CO., LIMITED  
*Factory: Mont Tremblant, Que.*

# Standard Chemical Iron and Lumber Company of Canada, Limited

## Report of Directors to the Shareholders.

The Fourth Annual Report and Audited Statement of Accounts for the year ending December 31st, 1914, are submitted here-with, and I beg to make the following comments thereon:—

**Earnings:** The operations of the Company for the year resulted in a gross profit of..... \$ 49,450.81

Deducted from this amount, the Standard Company's share of losses of subsidiary companies, before charging interest, viz....	\$ 17,731.06
And Fire Losses of.....	10,210.60
	_____
	27,941.66
There remains a profit of.....	\$ 21,509.15
Before charging interest aggregating.....	\$104,388.99
And special expenses in connection with reorganization.....	15,342.65
	_____
Net loss for year before providing for depreciation.....	119,731.64
	_____
	\$ 98,222.49

**Sales:** The total sales for the year, compared with 1913, show a decrease of \$594,816.59, viz.:—

1913.....	\$2,584,186.59
1914.....	1,989,370.00
	_____
	\$ 594,816.59

The poor results for last year were not unexpected. We suffered from the general depression prevailing in the early part of the year, which became temporarily more acute after the declaration of war, and from the continuance of the decline in the prices of Acetate of Lime and Acetone which commenced in 1913.

These adverse circumstances necessitated a complete shutdown of most of the factories for some weeks, while, in others, the production was materially curtailed. The operations of the

plants over the year averaged only 68% of their capacity. The same conditions applied equally to the Wood Chemical industry in the States, with the result that the average prices obtained in 1914 were lower than for many years past. Our Auditors calculate that had 1913 prices prevailed during 1914, the profits of the Company would have been larger by \$160,000.00. It would, therefore, appear that the rigid economies effected in Head Office and general operating expenses have been productive of practical results.

**Business Conditions:** With regard to the current year, although so far there is little improvement in the volume of trade, prices are distinctly better. As a result of the War, Acetate of Lime and Acetone, two of your principal products, have advanced materially in price, but, owing to the general practice in the trade of making long term contracts, no benefit was derived from the improved prices until the beginning of 1915.

Your Directors, although regretting to advise you of a loss on the year's operations, feel that a great deal has been accomplished in the way of reducing costs and increasing yields, and that, with the improvement in prices already referred to, any increase in the volume of trade will quickly assert itself in Profit and Loss Account, the cost of production per cord being obviously reduced by increased operations.

During the year your properties have been maintained in good condition; fire losses have been small, and although it has not been convenient to write off anything for depreciation, all expenditures for repairs during the year have been charged to operations.

In order that you may follow in detail the business of the Company, your Directors think it advisable to deal briefly with each of the Company's products:—

**Charcoal:** Great curtailment in the demand for iron in Canada necessitated the shutting down of your iron furnace about the middle of the year. As a result of this condition the total output of your plants amounted to only 68% capacity during the year. Although there has been no appreciable improvement in the demand for iron, your Directors do not anticipate any difficulty in maintaining last year's production. The greater demand and higher prices for the other commodities manufactured by the Company will justify the operation of one of your furnaces for the greater part of the year, even though part of the iron so manufactured has to be stored.

**Acetate of Lime:** Last summer the price of this commodity fell to £7/17/6 per ton, the lowest price it had reached for sixteen years. Early this year the price advanced to £9/- per ton, and quite recently has advanced further to £11/10/- per ton.

**Acetone:** In view of the increased demand for this product and a consequent considerable advance in price, your Directors decided to increase the capacity of this Department from 450 tons to 800 tons per annum. The extension is now completed and the entire output for this year sold, and substantial orders have been booked for 1916 at very satisfactory prices. An important contract for the supply of this product has been entered into with H.M. War Office.

**Alcohol:** As a result of the War, our German business in this product was, of course, terminated.

Our business in France was also completely stopped for some months, but within the last few weeks we have received large orders for alcohol at improved prices, and, notwithstanding the fact that our French warehouse, containing about 120,000 gallons of alcohol, is temporarily within the German lines, we have succeeded in completing arrangements for the reopening of our French business at improved prices.

In Great Britain the market for Alcohol has improved as a result of the War. In Canada, although the volume of trade has dropped, we are enjoying much better prices this year.

**Formaldehyde:** This commodity is derived from Wood Alcohol, and consequently affords an important additional outlet for one of your principal products. Hitherto, with the exception of an insignificant quantity, sales have been limited to Canada. Since the commencement of hostilities efforts have been successful in securing trade in markets which were formerly furnished by Germany, and your Directors are pleased to report that already substantial shipments at satisfactory prices have been made to England and other countries.

**Lumber:** Although the lumber business in Canada is very dull, on account of the stagnation in construction work, we have not been obliged to sacrifice our cut, having ample room for storage. Inability to sell, however, means a loss of profits for the year of production, and a curtailment of operations the following year. It is, however, advisable to conserve the standing timber until the market improves.

The Quarterly System of Audit introduced last year was found to be insufficient; therefore a new system of accounting has been installed, from which it will be possible to obtain monthly reports of earnings and assets and liabilities, which should prove of considerable value and assistance to the Management.

Your Directors regret to announce that a vacancy occurred on the Board during the year through the death of Mr. James Bicknell, K.C.

All of which is respectfully submitted,

On behalf of the Board of Directors.

L. M. Wood, President.

# Standard Chemical Iron and Lumber and Subsidiary

## Consolidated Balance Sheet,

### Assets.

REAL ESTATE, TIMBER LIMITS, PLANT AND EQUIPMENT.....	\$3,525,542.36
Less Reserve for Depreciation.....	138,000.00
	_____
	\$3,387,542.36
GOODWILL.....	1,806,377.09
INVESTMENT IN STANDARD IRON COMPANY, LIMITED.	
Cost of Shares Owned.....	\$138,750.00
Materials Supplied.....	52,404.98
	_____
	191,154.98
SINKING FUND CASH IN HANDS OF TRUSTEES	2,674.89
INVESTMENTS IN AND ADVANCES TO AGENCIES IN FRANCE AND GERMANY, in addition to \$78,461.61 invested in Plants, subject to adjustment after the War	95,284.62
CURRENT ASSETS.	
Inventories (as Certified by Responsi- ble Officials):	
Wood.....	\$665,342.93
Finished and Partly Finished Products, Raw Materials, etc....	558,326.85
	_____
	\$1,223,669.78
Accounts Receivable.....	180,210.55
Working Funds.....	9,533.95
	_____
	1,413,414.28
PREPAID INSURANCE PREMIUMS.....	13,040.17
DISCOUNTS ON SECURITIES, ETC., carried forward.....	6,578.63
DEFICIT.	
Loss for Year ending December 13, 1914.	98,222.49

### AUDITORS' CERTIFICATE.

We have examined the books and accounts of the STANDARD CHEMICAL IRON AND LUMBER COMPANY OF CANADA, LIMITED, and its SUBSIDIARY COMPANIES, for the year ending December 31st, 1914, and certify that, in our opinion, the above Balance Sheet and relative Deficit account are drawn up so as to show the true financial position of the Company at December 31st, 1914, and the results of its operations for the year ending on that date, before providing for Depreciation. All our requirements as Auditors have been complied with.

(Signed) PRICE, WATERHOUSE & CO.,  
Chartered Accountants.

\$7,014,289.51

# Company of Canada, Limited Companies

December 31st, 1914.

## Liabilities.

### CAPITAL STOCK.

#### Authorized—

7% Cumulative Preferred.....	\$3,750,000.00
Common.....	1,250,000.00
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	\$5,000,000.00
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Issued—

7% Cumulative Preferred.....	\$3,602,700.00
Common.....	1,250,000.00
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	\$4,852,700.00

OUTSTANDING STOCK INTERESTS IN SUB-SIDIARY COMPANIES.....	113,137.19
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### FUNDED AND MORTGAGE DEBT.

First Mortgage 5% Debenture Stock—	
Authorized and Issued..	£200,000
Less — Purchased and	
Held by Trustee....	16,837
	81,940.07
	<hr/>
	£183,163
	\$891,393.25
Three-Year 6½% Mort-gage Notes.....	£60,000
	292,000.00
First Mortgage 6% Gold Bonds of Laurentian Chemical Co., Ltd.....	
	100,000.00
Mortgages on Sault Ste. Marie and Parry Sound Properties (\$45,542.07 due July 1, 1915).....	
	68,042.07
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	1,351,435.32

### DEFERRED LIABILITIES.

Loan from Town of Parry Sound Repayable over 19 Years.....	23,750.00
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### CURRENT LIABILITIES.

Loans from Banks (Secured by Pledge of Products).....	\$293,480.79
Bank Overdrafts.....	22,739.11
Bills Payable—Trade.....	85,379.87
Accounts Payable, Accrued Interest, etc.	271,667.23
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	673,267.00

CONTINGENT LIABILITY IN RESPECT OF NOTES UNDER DISCOUNT.....	\$56,361.02
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	\$7,014,289.51

**Standard Chemical  
Iron and Lumber Company  
of Canada, Limited**

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**PROFIT AND LOSS ACCOUNT  
FOR YEAR ENDING DECEMBER 31ST, 1914.**

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GROSS PROFIT ON OPERATIONS, before providing for Depreciation of Buildings, Plant and Equipment.....	\$ 49,450.81
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**DEDUCT :**

Proportions of Losses of Subsidiary Companies for Year Ending December 31, 1914, applicable to Holdings of STANDARD, before charging Interest:	
Canada Chemical Company, Limited.....	\$ 6,926.30
Laurentian Chemical Company, Limited.....	10,804.76
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Fire Losses.....	\$17,731.06
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	10,210.60
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	27,941.66
	<hr/>
	\$ 21,509.15

**DEDUCT :**

Interest on Debenture Stock and Mortgage Notes.....	\$57,620.31
Interest on Bank Loans, etc.....	44,822.02
Proportion of Discounts on Securities written off.....	1,946.66
Special Expenses in connection with Reorganization.....	15,342.65
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	119,731.64

NET LOSS FOR YEAR, before providing for Depreciation of Buildings, Plant and Equipment.....	\$ 98,222.49
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