

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



**SEVENTH
ANNUAL
REPORT**

**December 31st
1917**

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Standard Chemical
Iron and Lumber Company
of Canada, Limited



SEVENTH
ANNUAL
REPORT

December 31st
1917

Standard Chemical
Iron and Lumber Company
of Canada, Limited

ANNUAL STATEMENT

FOR TWELVE MONTHS ENDING DECEMBER 31ST, 1917

OFFICERS:

President.....	L. M. WOOD
Vice-President.....	M. L. DAVIES
Secretary and Treasurer.....	J. W. RUGGLES
General Superintendent.....	W. H. OLIVER
Sales Manager.....	J. L. HOULT
Woods Manager.....	W. B. SWANTON

BOARD OF DIRECTORS:

L. M. WOOD	MALCOLM H. ROBINSON
M. L. DAVIES	W. J. SHEPPARD
E. F. B. JOHNSTON, K.C.	WILLIAM THOMSON
W. H. LANE	J. B. TUDHOPE
HON. WALLACE NESBITT, K.C.	T. H. WATSON

BANKERS:

Bank of Nova Scotia	Bank of Montreal
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FOREIGN AGENTS:

Standard Wood Chemicals Co., Ltd.
5 Lothbury, London, E.C.

A. Borit
69 Avenue de la Republique, Paris

Standard Chemical Iron and Lumber Company of Canada, Limited

Head Office:

ROYAL BANK BUILDING

TORONTO, CANADA

Factories:

LONGFORD MILLS, ONT.

THORNBURY, ONT.

SOUTH RIVER, ONT.

COOKSHIRE, QUE.

SAULT STE. MARIE, ONT.

FASSETT, QUE.

WEEDON, QUE.

Refineries:

MONTREAL, QUE.

LONGFORD MILLS, ONT.

Saw Mill:

LONGFORD MILLS, ONT.

Iron Furnaces:

PARRY SOUND, ONT.

DÉSERONTO, ONT.

Lime Kilns:

EGANVILLE, ONT.

Subsidiary Companies:

CANADA CHEMICAL CO., LIMITED

Factory: Parry Sound, Ont.

LAURENTIAN CHEMICAL CO., LIMITED

Factory: Mont Tremblant, Que.

WOOD PRODUCTS CO., LIMITED

Factory: Donald, Ont.

Standard Chemical Iron and Lumber Company of Canada, Limited

Report of Directors to the Shareholders

Your Directors submit herewith the accounts of the Company for the year ending 31st December, 1917, audited and certified by Price, Waterhouse & Company. The net profits, after providing \$150,972.50 for depreciation of buildings and plants and payment of interest on Debentures and Bank Loans, amounted to \$306,390.89.

The general results of the year's operations were slightly better than in 1916, but on account of the manner in which costs have increased it has been deemed advisable to set up reserves against a possible drop in the value of inventories.

The special reserve fund referred to in the last Annual Report, amounting to \$600,000, has been completed. A reserve for federal income tax, amounting to \$11,983.05, has also been set up, leaving a surplus of \$154,402.70 to be carried forward.

During the year a substantial sum has been spent on replacements and renewals with a view to increasing the operating efficiency of the plants. The benefit from this expenditure should commence to be reflected in the earnings of the current year.

The sales for 1917 amounted to \$4,327,056.80, about \$800,000 more than in the previous year. The number of cords carbonized was 126,195, being the greatest number carbonized in one year in the history of the Company.

Capital additions during the year amounted to \$350,455, the greater part of which was expended in acquiring additional timber limits, and in the construction and equipment of eight miles of Railway to establish access to large timber holdings which have been

owned by the Company for a great many years. About \$70,000 was spent on plants for the manufacture of Sodium Acetate, Methyl Acetate and Acetic Anhydride. These new plants, besides increasing the earning power of the Company, will provide an important outlet for Acetate of Lime should the demand for that commodity subside after the war. It will be observed that the Funded and Mortgage Debt of the Company has been reduced by the retirement of \$204,400 of Second Mortgage Notes.

Now that the physical and quick assets of the Company have been placed upon a sound basis, the net earnings will be available to reduce current indebtedness, the increase in which is attributable to the necessity of carrying heavier stocks at increased costs and to our inability to get enough cars to move our products. The prospects are that a considerable reduction in current liabilities will be effected within the next few months as the transportation situation has already commenced to improve.

The question of resumption of dividends on the Preferred Stock will be dealt with at the earliest possible moment.

On behalf of the Board of Directors,

L. M. WOOD,
President.

STANDARD CHEMICAL IRON AND LUMBER

AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET,

Assets.	
LAND, TIMBER LIMITS, PLANTS AND EQUIPMENT:	
Balance January 1, 1917.....	\$4,207,208.23
Additions during year.....	350,455.00
	<u>\$4,557,663.23</u>
Less—Appropriations from Special Reserve Account in respect to over-valuations referred to in Directors' Report as of December 31st, 1916.....	 430,000.00
	<u>\$4,127,663.23</u>
Deduct—Reserve for Depreciation.....	616,689.82
	<u>\$3,510,973.41</u>
GOODWILL.....	1,870,724.51
INVESTMENTS.....	143,616.65
SINKING FUND, CASH, ETC., in hands of Trustees.....	6,237.43
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..	 88,180.59
CURRENT ASSETS:	
Inventories (as certified to by responsible officials)—	
Wood, less reserve.....	\$465,359.73
Finished and Partly Finished Pro- ducts, Raw Materials, etc.....	 833,502.00
	<u>\$1,298,861.73</u>
Accounts Receivable.....	397,905.53
Officers and Directors.....	7,684.76
Working Funds.....	20,576.87
Cash on hand and in Banks.....	30,844.56
	<u>1,755,873.45</u>
PREPAID INSURANCE PREMIUMS, ETC.....	50,694.99
NOTE: There is a Contingent Liability in respect of Bills under Discount amounting to \$116,629.00.	
	<u><u>\$7,426,301.03</u></u>

We have examined the books and accounts of the Standard Chemical Iron & Lumber Company of Canada, Limited, for the year ending December 31, 1917, and find that the above Balance Sheet is in accordance therewith. We have obtained all the information and explanations which we have required and we certify that, in our opinion, the above Balance Sheet is drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

PRICE, WATERHOUSE & COMPANY,
Chartered Accountants.

APPROVED ON BEHALF OF THE BOARD:

L. M. WOOD, Director.
M. L. DAVIES, Director.

COMPANY OF CANADA, LIMITED

COMPANIES

DECEMBER 31st, 1917

Liabilities.

CAPITAL STOCK:		
Authorized—7% Cumulative Preferred.....	\$3,750,000.00	
Common.....	1,250,000.00	
	<u>\$5,000,000.00</u>	
Issued—7% Cumulative Preferred.....	\$3,602,700.00	
Common.....	1,250,000.00	
	<u>\$4,852,700.00</u>	
NOTE: The Preferred Dividends have been paid up to December 31, 1913.		
FUNDED AND MORTGAGE DEBT:		
First Mortgage 5% Debenture Stock..	£200,000	\$973,333.32
Less—Purchased and held by Trustee.....		<u>186,096.46</u>
		\$787,236.86
First Mortgage 5% Gold Bonds of Laurentian Chemical Co., Ltd..	\$100,000.00	
Less—Purchased and held by Company... \$ 9,000.00		
Purchased and held by Trustee.....	12,000.00	
	<u>21,000.00</u>	
		79,000.00
First Mortgage 4% Debentures of Wood Products Company, Limited.....		222,500.00
Mortgage on Parry Sound and Thornbury properties.		<u>23,000.00</u>
		1,111,736.86
DEFERRED LIABILITIES:		
Canadian Land & Immigration Company, repayable over five and one-half years.....		\$55,000.00
Loan from Town of Parry Sound, repayable over sixteen years.....		20,000.00
Loan from British War Office, being liquidated by shipments of Acetone.....		<u>44,629.78</u>
		119,629.78
CURRENT LIABILITIES:		
Loans from Banks (secured by pledge of products)—Standard Chemical Iron & Lumber Company, Limited.....	\$400,000.00	
Wood Products Company, Limited	100,000.00	
	<u>\$500,000.00</u>	
Bills Payable—Trade.....		71,328.43
Accounts Payable, Accrued Interest, etc.....		<u>414,395.93</u>
		985,724.36
SPECIAL RESERVE	\$600,000.00	
Less—Amount applied in reduction of property account, per contra.....	<u>430,000.00</u>	
		170,000.00
RESERVE FOR RETURN OF PACKAGES		20,124.28
RESERVE FOR INCOME TAX		11,983.05
SURPLUS		<u>154,402.70</u>
		<u>\$7,426,301.03</u>

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

and Subsidiary Companies

STATEMENT OF PROFIT AND LOSS

YEAR ENDING DECEMBER 31st, 1917.

PROFITS FROM OPERATIONS of Standard Chemical Iron & Lumber Company of Canada, Limited, and Subsidiary Companies before charging interest, depreciation, etc., as under.		\$563,123.32
DEDUCT:		
Depreciation of Buildings and Plants, etc., for 1917.	\$150,972.50	
Interest on Debentures and Notes.....	53,047.57	
Interest on Bank Loans, etc.:		
Standard Chemical Iron & Lumber Company of Canada, Limited.....	43,262.90	
Wood Products Company, Limited.....	9,449.46	
	<hr/>	256,732.43
BALANCE.....		\$306,390.89
DEDUCT:		
Donations to Patriotic Funds, etc.....		6,814.43
BALANCE.....		<hr/> \$299,576.46
ADD:		
Surplus as at January 1st, 1917.....		3,776.49
BALANCE.....		<hr/> \$303,352.95
DEDUCT:		
Special Reserve for excess valuation of Iron Furnaces, Timber Limits and other Investments.....	\$136,967.20	
Reserve for Income Tax.....	11,983.05	
	<hr/>	148,950.25
SURPLUS CARRIED TO BALANCE SHEET.....		<hr/> <hr/> \$154,402.70

