

International Paints (Canada) Limited

and Subsidiary Companies

including

A. RAMSAY & SON COMPANY
STEWART & WOOD LIMITED

Eighth Annual Report

FOR YEAR ENDED
SEPTEMBER 30

1936



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MCGILL UNIVERSITY

OFFICERS

President

GENERAL J. W. STEWART

Vice-President

FRANK M. ROSS

Managing Director

J. H. DAVEY

Secretary-Treasurer

D. R. W. MCKEAN

Board of Directors

H. N. BAIRD, MONTREAL

E. J. COYLE, VANCOUVER

J. H. DAVEY, MONTREAL

HON. A. K. HUGESSEN, K.C., MONTREAL

W. W. HUTCHISON, MONTREAL

J. E. LABELLE, K.C., MONTREAL

SIR GEORGE MACDONOGH, K.C.M.G.,
etc., LONDON, ENG.

E. F. NEWCOMBE, K.C., OTTAWA

C. R. PETRIE, LONDON, ENG.

JAMES PLAYFAIR, MIDLAND

FRANK M. ROSS, MONTREAL

GENERAL J. W. STEWART, VANCOUVER

Directors' Report

To the Shareholders of
INTERNATIONAL PAINTS (CANADA) LIMITED

Dear Sir or Madam:

Your Directors beg to submit herewith the Eighth Annual Report of the business and affairs of the Company for the fiscal year ended September 30, 1936, together with Financial Statements certified by your Auditors, Messrs. Price, Waterhouse & Co.

During the year under review a Compromise or Arrangement between the Company and its shareholders was approved by you at a Special General Meeting held on March 16, 1936, and following this, Supplementary Letters Patent were granted by the Secretary of State on April 28, 1936. The resulting change in the capital structure of the Company is reflected in the Balance Sheet.

After deducting \$34,192.25 for Depreciation, the operations for the year show a profit of \$71,801.34 as compared with \$41,108.78 last year. Ten per cent of this amount has been transferred to General Reserve as required by the By-Laws, and after allowing for income and profits taxes and transferring \$8,565.90 to a reserve for amortization of the Company's bonds which mature in 1943, there is a balance of \$42,000, which your Directors have determined as being the net earnings for the year available for the payment of dividends on the new preferred shares, in accordance with the terms of the Compromise or Arrangement; these net earnings being sufficient to provide for the regular dividend at the rate of 5% per annum for the period of nine months ended September 30th last and for an additional dividend of $1\frac{1}{4}\%$ (25c per share) on account of arrears. Such dividends were accordingly declared on November 25, payable on December 21 to shareholders of record at the close of business on December 9.

An amount of \$5,000 has been transferred from General Reserve to Investment Reserve. Your Directors have deemed it advisable to strengthen this Reserve on account of the depreciation in value of certain investments.

All inventories have been priced on the basis of cost or market, whichever proved to be the lower.

Your Directors desire to express to the officials and all employees sincere appreciation of their services rendered during the past year.

In accordance with the By-laws, seven of your Directors, Sir George Macdonogh, K.C.M.G., and Messrs. H. N. Baird, E. J. Coyle, J. H. Davey, A. K. Hugessen, K.C., C. R. Petrie and General J. W. Stewart, retire at the ensuing Annual General Meeting and are eligible for re-election.

For the Directors,

J. W. STEWART,
President.

Montreal, Que.,

November 30, 1936.

International Paint
and Subsidiaries

Consolidated
September 30, 1932

ASSETS

CURRENT ASSETS:

Cash in Bank and on Hand.....	\$	61,316.11
Accounts Receivable, less Reserve of \$3,000.00 for Doubtful Accounts....		214,985.50
Surrender Value of Life Insurance Policies.....		3,490.00
Physical Inventory as certified to by the Management, valued in respect of Manufactured Stock and Goods in Process at Standard Costs estimated by the Management and as to Raw Materials and Supplies at cost.		277,317.34
	\$	557,108.95

INVESTMENTS IN PROPERTY AND SECURITIES CARRIED AT COST, LESS RESERVE OF \$25,000.00.....		12,419.38
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DEFERRED CHARGES TO OPERATIONS:

Prepaid Insurance, Taxes, etc.....		11,343.59
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PROPERTY ASSETS:

Land at cost, less write-down resulting from expropriation, buildings, leasehold, machinery, plant and equipment, at cost, with the exception of certain properties which are carried at a value determined by the Chartered Trust and Executor Company at November, 1931, \$25,000.00 plus subsequent additions at cost.....		571,962.32
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GOODWILL, TRADE MARKS, PATENTS AND FORMULAE.....		190,001.00
		\$1,342,835.24

Approved on behalf of the Board:

J. EDOUARD LABELLE, K.C., Director.
J. H. DAVEY, Director.

(Canada) Limited

Companies

Balance Sheet

30, 1936

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable.....	\$	50,440.04	
Accrued Liabilities.....		1,051.67	
Provision for Dominion, Provincial and Other Taxes.....		16,916.23	\$ 68,407.94

MORTGAGES PAYABLE:

Due April 1, 1937.....	\$	4,460.00	
Due March 1, 1938.....		6,000.00	

10,460.00

FIRST MORTGAGE TEN YEAR 5½% STERLING BONDS, DUE SEPTEMBER 1, 1943, £30,000.0.0.....			146,000.00
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GENERAL RESERVE.....			19,399.67
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RESERVE FOR AMORTIZATION OF BONDS.....			8,565.90
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RESERVE FOR DEPRECIATION OF BUILDINGS, MACHINERY AND EQUIPMENT...			184,398.58
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5% CUMULATIVE PARTICIPATING PREFERRED STOCK:

Authorized and Issued—42,000 shares of \$20.00 each.....			840,000.00
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Note.—By Supplementary Letters Patent dated April 28, 1936, these shares were increased in number from 28,000 to 42,000 and the par value was reduced from \$30.00 to \$20.00 per share.

Unpaid Dividends on the new shares amount to \$6.75 per share at September 30, 1936.

The Dividend rate on the new shares will increase to 6% when all arrears of Dividend are fully paid up.

COMMON STOCK:

Authorized and Issued—

Class "A" 20,860 shares without par value.....	\$	104,300.00	
Class "B" 7,140 shares without par value.....		35,700.00	

\$ 140,000.00

of which the total amount was attributed to Surplus.....		140,000.00	
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CAPITAL SURPLUS.....			10,087.69
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EARNED SURPLUS, Balance at September 30, 1936, as per statement attached.			55,515.46
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\$1,342,835.24

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of International Paints (Canada) Limited and its Wholly Owned Subsidiary, A. Ramsay & Son Company, and have received the audited accounts of its other wholly owned subsidiary, Stewart & Wood Limited, for the year ending September 30, 1936. We have received all the information and explanations which we have required; and we report that, in our opinion, the attached Consolidated Balance Sheet at September 30, 1936, is properly drawn up so as to show a true and correct view of the state of the combined affairs of International Paints (Canada) Limited and its subsidiary companies at that date, according to the best of our information and the explanations given to us, and as shown by the books of International Paints (Canada) Limited and A. Ramsay & Son Company, which we have examined, and the audited accounts of Stewart & Wood Limited.

PRICE, WATERHOUSE & CO.,

Auditors.

MONTREAL, NOVEMBER 27, 1936.

International Paints (Canada) Limited

and Subsidiary Companies

Consolidated Statement of Profit and Loss and Earned Surplus for the Year Ending September 30, 1936

Profit from operations, before provision for the undernoted items.....		\$	138,160.38
Income from Investments and Rented Property.....	\$		1,482.85
Miscellaneous Income.....			65.85
			1,548.70
		\$	139,709.08
Interest on Bonds and Mortgages.....	\$		8,715.75
Directors' Fees.....			2,400.00
Executive Salaries.....			18,845.28
Legal Fees.....			3,754.46
			33,715.49
		\$	105,993.59
Provision for Depreciation.....			34,192.25
		\$	71,801.34
Provision for Dominion and Provincial Income and Profits Taxes.....	\$		14,055.31
Transferred to General Reserve.....			7,180.13
			21,235.44
		\$	50,565.90
Transferred to Reserve for Amortization of Bonds.....			8,565.90
		\$	42,000.00
Earned Surplus, Balance September 30, 1935.....			48,255.44
		\$	90,255.44
Organization Expenses written off.....	\$		3,239.98
Dividend paid on Preferred Stock January 15, 1936.....			31,500.00
			34,739.98
Balance of Earned Surplus, September 30, 1936.....		\$	55,515.46

International Paints (Canada) Limited

affiliated with

The International Paint and Compositions Company Limited
London, England

Associated Factories in

FELLING-ON-TYNE	ENG.	GENOA	ITALY
NEW YORK	U.S.A.	TRIESTE	ITALY
HAVRE	FRANCE	BILBAO	SPAIN
BERGEN	NORWAY	HAMBURG	GERMANY
GOTHENBURG	SWEDEN	VIENNA	AUSTRIA
COPENHAGEN	DENMARK	KOBE	JAPAN
SYDNEY	AUSTRALIA	RIO DE JANEIRO	BRAZIL

