

International Paints (Canada) Limited

and Subsidiary Companies

Including

A. RAMSAY & SON COMPANY
STEWART & WOOD LIMITED
A. RAMSAY & SON COMPANY
OF BRITISH COLUMBIA LIMITED

Twelfth Annual Report



*For Year Ended
September 30th*

1940

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McGILL UNIVERSITY

OFFICERS

President

FRANK M. ROSS

Vice-President

W. W. HUTCHISON

Vice-President

J. F. BELYEA

Vice-President and Managing Director

J. H. DAVEY

Secretary-Treasurer

D. R. W. McKEAN

Board of Directors

H. N. BAIRD, MONTREAL

J. F. BELYEA, VANCOUVER

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.

FRANK M. ROSS, MONTREAL

COLIN W. WEBSTER, MONTREAL

DIRECTORS' REPORT

To the Shareholders of

INTERNATIONAL PAINTS (CANADA) LIMITED

Dear Sir or Madam:

Your Directors beg to submit herewith the Twelfth Annual Report of the business and affairs of the Company for the fiscal year ended September 30, 1940, together with Financial Statements certified by your Auditors, Messrs. Price, Waterhouse & Co.

After deducting \$37,640.35 for Depreciation, the operations for the year show a profit of \$197,716.91 as compared with \$142,769.88 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 amounting to \$86,187.62 and appropriating \$30,457.60 for the future redemption of the Company's Bonds which mature in 1943 and transferring \$8,800.00 to Bad Debt Reserve, there is a balance of \$52,500.00 which in accordance with the terms of the Compromise or Arrangement between the Company and its Shareholders approved by you on March 16, 1936, your Directors have determined as being the net earnings for the year available for the payment of dividends on the New Preferred Shares; these net earnings being sufficient to provide for the regular dividend at the rate of 5% per annum for the year ended September 30th last and for an additional dividend of 1¼% (25c per share) on account of arrears. Such dividends were accordingly declared on December 2, 1940, payable on January 10, 1941, to Shareholders of record at the close of business on December 11th.

During the year under review First Mortgage Ten Year 5½% Sterling Bonds amounting to £6,000 (\$29,199.99) have been redeemed and cancelled. Capital Expenditures consisting of Machinery, Equipment and miscellaneous additions to Buildings, amounted to \$23,746.88.

All inventories were priced at the end of the Company's fiscal year on the basis of cost or market, whichever proved to be the lower.

During the course of the year an appraisal of the value of the Property Assets of the Company has been made by the Canadian Appraisal Company; this discloses a value \$150,916.75 in excess of the value at which these Properties are now carried on the Company's books. Your Directors have not yet reached a decision as to how this excess is to be treated, and it is, therefore, not reflected in the annexed balance sheet.

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, Messrs. H. N. Baird, E. J. Coyle, J. H. Davey, Hon. A. K. Hugessen, K.C., Sir George Macdonogh, G.B.E., K.C.B., K.C.M.G., C. R. Petrie and Colin W. Webster retire at the ensuing Annual General Meeting and are eligible for re-election.

For the Directors,

FRANK M. ROSS,
President.

MONTREAL, QUE.
December 9, 1940.

International Paints (Canada) Limited

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS

FOR THE YEAR ENDING SEPTEMBER 30, 1940

Profit from Operations, before provision for the undernoted items.....		\$269,417.48	
Miscellaneous Income.....		928.08	
			<u>\$270,345.56</u>
Interest on Bonds and Mortgages.....	\$4,784.06		
Directors' Fees.....	2,000.00		
Executive Salaries.....	27,901.74		
Legal Fees.....	302.50	34,988.30	
			<u>\$235,357.26</u>
Provision for Depreciation.....		37,640.35	
			<u>\$197,716.91</u>
Provision for Dominion and Provincial Income and Profits Taxes.....	\$86,187.62		
Transferred to General Reserve.....	19,771.69	105,959.31	
			<u>\$ 91,757.60</u>
Appropriated for future redemption of Bonds.....	\$30,457.60		
Transferred to Reserve for Bad and Doubtful Accounts.....	8,800.00	39,257.60	
			<u>\$52,500.00</u>
Earned Surplus, Balance September 30, 1939..	\$64,900.35		
Exchange Profit on Redemption of Company's Bonds (£6,000.0.0).....	2,380.00	67,280.35	
			<u>\$119,780.35</u>
Dividend paid on Preferred Stock, December 21, 1939.....	\$52,490.00		
Net Loss on Sale of Capital Assets.....	2,022.41		
Adjustment in respect of Provincial Profits Taxes	422.88	54,935.29	
			<u>\$64,845.06</u>
Balance Earned Surplus, September 30, 1940..			<u><u>\$64,845.06</u></u>

INTERNATIONAL PAIN AND SUBSIDIA

CONSOLIDATED
SEPTEMBER

Assets

CURRENT ASSETS:

Cash in Bank and on Hand.....	\$135,321.69	
Accounts Receivable, less Reserve of \$20,000.00 for Doubtful Accounts.....	327,426.28	
Surrender Value of Life Insurance Policies.....	5,431.20	
Physical Inventory as certified by the Management, valued in respect of Raw Materials and Supplies at the lower of cost or market and as to Goods in Process and Manufactured Stock at Standard Costs, estimated by the Management.....	404,217.56	\$872,396.73

INVESTMENTS AT COST, LESS RESERVE OF \$25,000.00....		6,652.08
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DEFERRED CHARGES TO OPERATIONS:

Prepaid Insurance, Taxes, etc.....		12,296.48
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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 in November, 1931, viz.: \$25,000.00 plus subsequent additions at cost.....	\$632,777.15	
Less: Reserve for Depreciation.....	320,928.82	311,848.33

TRADE MARKS, PATENTS, FORMULAE AND GOODWILL....		190,001.00
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\$1,393,194.62

APPROVED ON BEHALF OF THE BOARD:

J. EDOUARD LABELLE, *Director.*
J. H. DAVEY, *Director.*

TS (CANADA) LIMITED

RY COMPANIES

BALANCE SHEET

R 30, 1940

Liabilities

CURRENT LIABILITIES:

Accounts Payable.....		\$119,837.01	
Accrued Liabilities.....		940.16	
Provision for Dominion, Provincial and Other Taxes..		93,862.99	\$ 214,640.16

FIRST MORTGAGE TEN YEAR 5½% STERLING BONDS:

Due September 1, 1943.....	£30,000.0.0	\$146,000.00	
Less: Redeemed and cancelled.....	18,000.0.0	87,600.00	58,400.00
	£12,000.0.0		

GENERAL RESERVE..... 68,527.71

5% CUMULATIVE PARTICIPATING PREFERRED STOCK:

Authorized and Issued—42,000 shares of \$20.00 each.. 840,000.00

Note: Dividends aggregating \$6.00 per share have accumulated on the Preferred Stock of which \$1.25 has since been declared payable on January 10, 1941.

When all arrears of dividends have been fully paid up, the dividend rate will increase to 6%.

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, and applied by Directors to write down Goodwill, etc. 140,000.00

CAPITAL SURPLUS..... 10,087.69

EARNED SURPLUS:

Balance at September 30, 1940, as per statement attached.....		\$64,845.06	
Appropriated for redemption of Bonds—			
For Bonds redeemed.....	\$87,600.00		
For future redemption of Bonds.....	49,094.00	136,694.00	201,539.06
			\$1,393,194.62

SUBMITTED WITH OUR REPORT TO THE SHAREHOLDERS
DATED DECEMBER 6, 1940.

PRICE, WATERHOUSE & CO.,

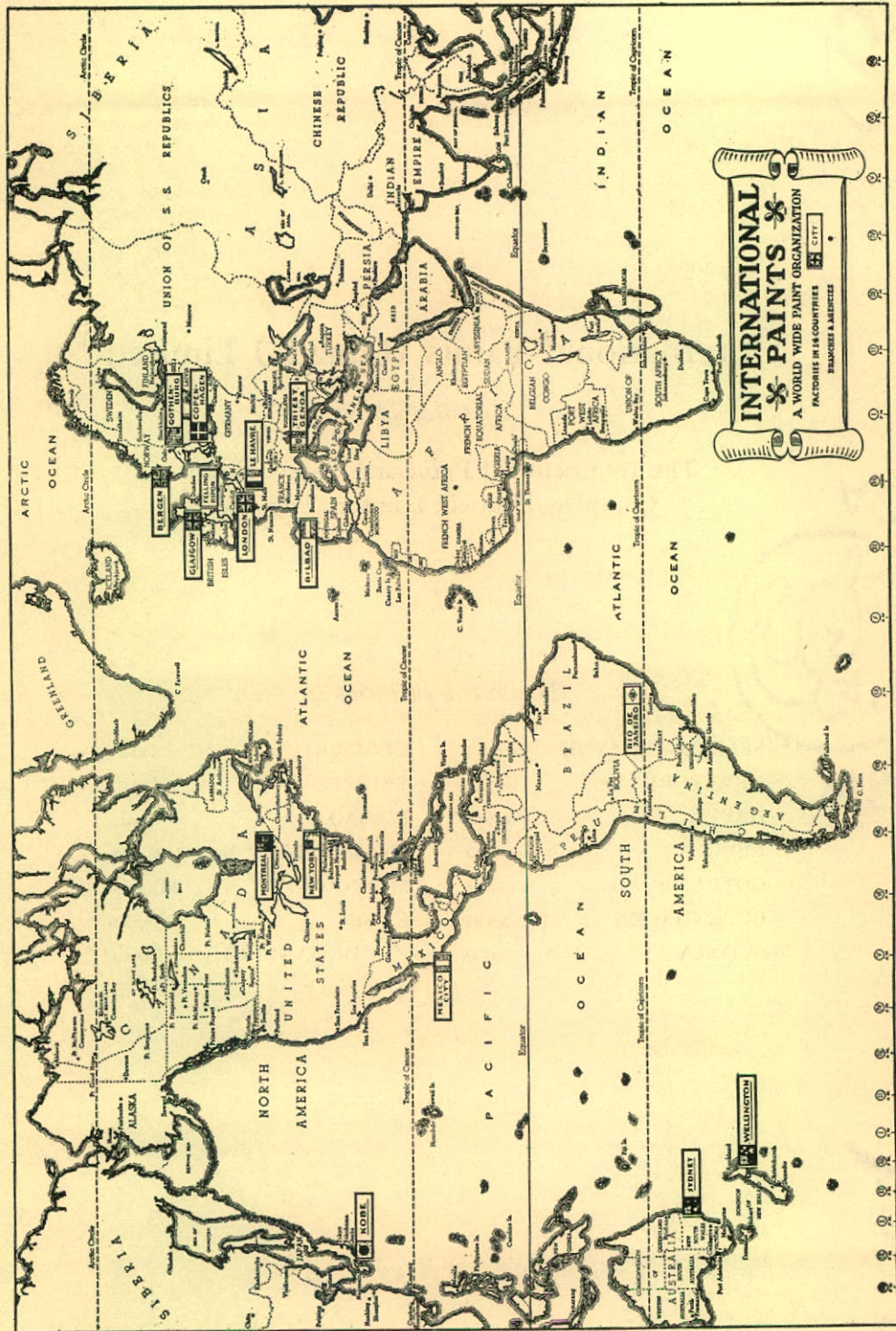
Auditors.

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 companies for the year ending September 30, 1940, with the exception of Stewart and Wood Limited, in respect of which, we have accepted accounts audited by another firm of Chartered Accountants. 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, 1940, 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 the companies which we have examined and by the audited accounts of Stewart and Wood Limited.

PRICE, WATERHOUSE & CO.,
Auditors.

MONTREAL, December 6, 1940.



**INTERNATIONAL
& PAINTS & CO.**
 A WORLD WIDE PAINT ORGANIZATION
 FACTORIES IN 18 COUNTRIES
 NEW YORK CITY
 BERKELEY & ASTORIA

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	WELLINGTON	NEW ZEALAND
GOTHENBURG	SWEDEN	MEXICO CITY	MEXICO
COPENHAGEN	DENMARK	KOBE	JAPAN
SYDNEY	AUSTRALIA	RIO DE JANEIRO	BRAZIL

