

# International Paints (Canada) Limited

*and Subsidiary Companies*

*Including*

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

## Thirteenth Annual Report



*For Year Ended  
September 30th*

1941

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# OFFICERS

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*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 Thirteenth Annual Report of the business and affairs of the Company for the fiscal year ended September 30, 1941, together with Financial Statements certified by your Auditors, Messrs. Price, Waterhouse & Co.

After deducting \$49,279.50 for Depreciation, the operations for the year show a profit of \$322,892.11 as compared with \$197,716.91 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 \$184,423.81 and appropriating \$9,306.00 for the future redemption of the Company's Bonds which mature in 1943, transferring \$9,000.00 to Bad Debt Reserve and creating a Reserve of \$35,000.00 for Depreciation of Inventory, 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 1, 1941, payable on January 12, 1942, to Shareholders of record at the close of business on December 12th.

During the year under review First Mortgage Ten Year 5½% Sterling Bonds amounting to £6,000 (\$29,200.00) have been redeemed and cancelled. Capital Expenditures consisting of Machinery, Equipment and miscellaneous additions to Buildings amounted to \$27,581.43.

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.

In last year's Report your Directors pointed out that an appraisal had been made of the Company's properties which disclosed a value \$150,916.75 in excess of the value at which these properties were carried on the books. During the present fiscal year these appraised values have been entered into the Company's books and are reflected in the annexed Balance Sheet from which it will be noted that the surplus arising from the appraisal has been treated as a special deduction so that the final figure for the property assets is on the same basis as in previous years. Appropriated Surplus resulting from the redemption of bonds amounting to \$116,800.00 together with capital surplus of \$10,087.69 has been applied towards the reduction of Goodwill, etc., and this amount is now shown on the Balance Sheet as \$63,113.31 as compared with \$190,001.00 last year.

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, five of your Directors, Messrs. J. F. Belyea, W. W. Hutchison, J. E. Labelle, K.C., E. F. Newcombe, K.C. and Frank M. Ross retire at the ensuing Annual General Meeting and are eligible for re-election.

For the Directors,

FRANK M. ROSS,  
*President.*

MONTREAL, QUE.  
December 12, 1941.

# International Paints (Canada) Limited

AND SUBSIDIARY COMPANIES

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS

FOR THE YEAR ENDING SEPTEMBER 30, 1941

Profit from Operations, before provision for the undernoted items.....		\$405,485.26	
Miscellaneous Income.....		533.77	
		<u>406,019.03</u>	
Interest on Bonds.....	\$ 3,078.19		
Directors' Fees.....	1,770.00		
Executive Salaries.....	28,551.23		
Legal Fees.....	448.00	33,847.42	
		<u>372,171.61</u>	
Provision for Depreciation, including special amortization.....		49,279.50	
		<u>322,892.11</u>	
Provision for Dominion and Provincial Income and Excess Profits Taxes.....	\$184,423.81		
Transferred to General Reserve.....	32,662.30	217,086.11	
		<u>105,806.00</u>	
Appropriated for future redemption of Bonds.	\$ 9,306.00		
Provision for future depreciation in Inventory values.....	35,000.00		
Transferred to Reserve for Bad and Doubtful Accounts.....	9,000.00	53,306.00	
		<u>52,500.00</u>	
Earned Surplus, Balance September 30, 1940..	\$ 64,845.06		
Exchange Profit on Redemption of Company's Bonds (£6,000.00).....	2,380.00	67,225.06	
		<u>119,725.06</u>	
Dividend paid on Preferred Stock, January 10, 1941.....	\$ 52,490.00		
Net Loss on sale of Capital Assets.....	2,827.60		
Adjustment in respect of Provincial Profits Taxes.....	191.48	55,509.08	
		<u>64,215.98</u>	
Balance Earned Surplus, September 30, 1941.		<u><u>\$ 64,215.98</u></u>	

# INTERNATIONAL PAIN AND SUBSIDIA

CONSOLIDATED  
SEPTEMBER

## *Assets*

CURRENT ASSETS:

Cash in Bank and on Hand.....	\$123,124.04	
Accounts Receivable, less Reserve of \$29,000.00 for Bad and Doubtful Accounts.....	450,519.74	
Surrender Value of Life Insurance Policies.....	5,913.45	
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 Pro- cess and Manufactured Stock at Standard Costs, estimated by the Management.....	582,504.63	\$1,162,061.86

INVESTMENTS AT COST, LESS RESERVE OF \$25,000.00,....		5,744.36
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DEFERRED CHARGES TO OPERATIONS:

Prepaid Insurance, Taxes, etc.....		12,631.14
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PROPERTY ASSETS:

Carried at appraisal at February 29, 1940, by Canadian Appraisal Company Limited, plus subsequent addi- tions (net).....	\$702,736.66	
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*Deduct:*

Reserve for Depreciation adjusted to amount shown by above appraisal, plus subsequent additions (net).....	\$260,167.05	
Surplus arising from appraisal of Prop- erties.....	150,916.75	411,083.80
		291,652.86

TRADE MARKS, PATENTS, FORMULAE AND GOODWILL.....	\$190,001.00	
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*Less:*

Surplus appropriated for Bonds redeemed.	\$116,800.00	
Capital Surplus.....	10,087.69	126,887.69
		63,113.31

\$1,535,203.53

APPROVED ON BEHALF OF THE BOARD:

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

# TS (CANADA) LIMITED

## RY COMPANIES

### BALANCE SHEET

30, 1941

#### *Liabilities*

##### CURRENT LIABILITIES:

Accounts Payable.....		\$234,377.04	
Accrued Liabilities.....		2,776.55	
Provision for Dominion, Provincial and Other Taxes..		199,243.95	\$ 436,397.54

##### FIRST MORTGAGE TEN YEAR 5½% STERLING BONDS:

Due September 1, 1943—Issued.....	£30,000.0.0	\$146,000.00	
Less: Redeemed and cancelled.....	24,000.0.0	116,800.00	29,200.00
	<u>£6,000.0.0</u>		

GENERAL RESERVE..... 101,190.01

RESERVE FOR FUTURE DEPRECIATION IN INVENTORY  
VALUES..... 35,000.00

##### 5% CUMULATIVE PARTICIPATING PREFERRED STOCK:

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

*Note:* Dividends aggregating \$5.75 per share have accumulated on the Preferred Shares of which \$1.25 has since been declared payable on January 12, 1942.

When all arrears of dividends have been 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	
		<u>\$140,000.00</u>	

of which the total amount was attributed to Surplus  
and applied by Directors to write down Goodwill, etc. 140,000.00

##### EARNED SURPLUS:

Balance at September 30, 1941, as per statement at- tached.....	\$64,215.98	
Appropriated for future redemption of Bonds.....	29,200.00	93,415.98
		<u>\$1,535,203.53</u>

SUBMITTED WITH OUR REPORT TO THE SHAREHOLDERS  
DATED DECEMBER 11, 1941.

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, 1941, 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. Provision has been made for Income and Profits Taxes in amounts considered by the Directors to be sufficient and this provision is subject to final determination by the Income Tax Department. On this basis we report that, in our opinion, the attached Consolidated Balance Sheet at September 30, 1941, 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 11, 1941.



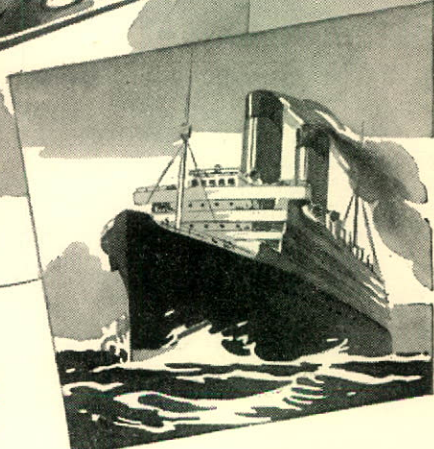
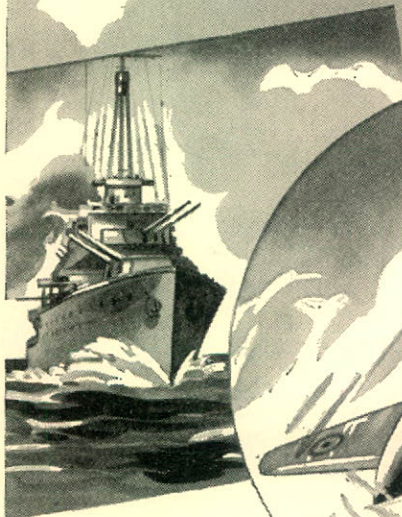
FROM ALL PARTS OF THE EMPIRE!

AUSTRALIA

GREAT  
BRITAIN

NEW ZEALAND

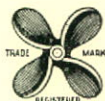
CANADA



**INTERNATIONAL  
PAINTS PRODUCTS**

*answer the call!*

From the Pacific to the Atlantic, on all continents, International Paints are daily playing their part in the fight for democracy. Warships and Merchantships are sailing the seven seas, Airplanes are racing through the clouds and International takes due pride in contributing to these so essential branches of the Empire's Defenses.



**INTERNATIONAL PAINTS (Canada) LIMITED**

HALIFAX - ST. JOHN - MONTREAL - TORONTO - WINNIPEG - VANCOUVER

# International Paints (Canada) Limited

*Affiliated with*

The International Paint and Compositions  
Company Limited, London, England

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*Associated factories in*

FELLING-ON-TYNE	ENG.	GOTHENBURG	SWEDEN
RIPON	ENG.	COPENHAGEN	DENMARK
GLASGOW	SCOTLAND	SYDNEY	AUSTRALIA
NEW YORK	U.S.A.	BILBAO	SPAIN
HAVRE	FRANCE	WELLINGTON	NEW ZEALAND
BERGEN	NORWAY	MEXICO CITY	MEXICO
	RIO DE JANEIRO	BRAZIL	

A WORLD-WIDE PAINT ORGANIZATION



