
International Paints (Canada) Limited

and Subsidiary Companies

Including

A. RAMSAY & SON COMPANY

STEWART & WOOD LIMITED

HENRY DARLING & SON LIMITED

A. RAMSAY & SON COMPANY

OF BRITISH COLUMBIA LIMITED



FOURTEENTH ANNUAL REPORT

FOR THE YEAR ENDED
SEPTEMBER 30th

1942

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International Paints (Canada) Limited

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*

E. F. NEWCOMBE, K.C., *Ottawa*

C. R. PETRIE, *London, England*

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 Fourteenth Annual Report of the business and affairs of the Company for the fiscal year ended September 30, 1942, together with Financial Statements certified by your Auditors, Messrs. Price, Waterhouse & Co.

Your Directors deeply regret to record the death of their valued and esteemed colleague, Sir George Macdonogh, G. B. E., K. C. B., K. C. M. G., who has been a Director of the Company since its inception.

To fill the vacancy thus created, the Directors have appointed Mr. D. R. W. McKean, Secretary of the Company, as a Director.

After deducting \$47,126.32 for Depreciation, the operations for the year show a profit of \$453,839.01 as compared with \$322,892.11 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 Excess Profits Taxes amounting to \$292,676.47 and appropriating \$52,000.00 to Reserve for future depreciation in inventory values, there is a balance of \$63,000.00 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 30 last and for an additional dividend of 2½% (50c per share) on account of arrears. Such dividends were accordingly declared on December 1, 1942, payable on January 12, 1943, to Shareholders of record at the close of business on December 12th.

The outstanding balance of the First Mortgage Ten Year 5½% Sterling Bonds amounting to £6,000 (\$29,200.00) has been redeemed and cancelled. Appropriated surplus resulting from the redemption of these Bonds has been applied towards the reduction of Goodwill, etc., and this amount is now shown on the Balance Sheet as \$38,913.31 compared with \$63,113.31 last year. Capital Expenditures consisting of Buildings, Machinery and Equipment amounted to \$96,656.86.

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 year under review your Company acquired the business of Henry Darling & Son Limited, paint manufacturers of Vancouver, B. C., and this transaction is reflected in the Balance Sheet. The acquisition of this Company will provide manufacturing facilities in Vancouver thus enabling the Company to give better service to its customers on the Pacific Coast and, at the same time, relieve the strain on the main manufacturing unit in Montreal.

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. Covle, J. H. Davey, Hon. A. K. Hugessen, K. C., D. R. W. McKean, 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 18th, 1942.

International Paints (Canada) Limited
AND SUBSIDIARY COMPANIES

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*Consolidated Statement of Profit
and Loss and Earned Surplus*

FOR THE YEAR ENDING SEPTEMBER 30, 1942

Profit from Operations, before provision for the undernoted items		\$535,861.54	
Miscellaneous Income		409.50	
		\$536,271.04	
Interest on Bonds	\$ 1,472.35		
Directors' Fees	2,040.00		
Executive Salaries	31,714.43		
Legal Fees	78.93	35,305.71	
		\$500,965.33	
Provision for Depreciation, including Special Amortization		47,126.32	
		\$453,839.01	
Provision for Income and Excess Profits Taxes	\$292,676.47		
Transferred to General Reserve	46,162.54		
Provision for future depreciation in Inventory values	52,000.00	390,839.01	
		\$ 63,000.00	
Earned Surplus, Balance September 30, 1941.	\$64,215.98		
Exchange Profit on Redemption of Company's Bonds (£6,000.0.0)	2,380.00		
Adjustment in respect of Provincial Taxes...	908.73	67,504.71	
		\$130,504.71	
Dividend paid on Preferred Stock, January 12, 1942	\$52,490.00		
Net Loss on sale of Capital Assets	1,763.43	54,253.43	
		\$ 76,251.28	
Balance Earned Surplus, September 30, 1942		\$ 76,251.28	

International Paint AND SUBSIDIARIES

Consolidated

SEPTEMBER 30, 1940

Assets

CURRENT ASSETS:

Cash in bank and on hand	\$196,841.65	
Accounts Receivable, less Reserve of \$29,000.00 for Bad and Doubtful Accounts	520,422.74	
Surrender value of Life Insurance Policies	6,415.90	
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	638,777.89	\$1,362,458.18

INVESTMENTS AT COST, LESS RESERVE OF \$25,000.00

		4,015.02
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REFUNDABLE PORTION OF EXCESS PROFITS TAX

		14,535.80
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DEFERRED CHARGES TO OPERATIONS:

Prepaid Insurance, Taxes, etc.		11,572.74
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PROPERTY ASSETS:

Carried at appraisal at February 29, 1940, by Canadian Appraisal Company Limited, plus subsequent additions (net)	\$806,803.02	
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Deduct:

Reserve for Depreciation adjusted to amount shown by above appraisal plus subsequent additions (net)	\$306,508.91	
Surplus arising from appraisal of Properties	150,916.75	457,425.66
		349,377.36

TRADE MARKS, PATENTS, FORMULAE AND GOODWILL		\$195,001.00
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Less:

Surplus appropriated for Bonds redeemed	\$146,000.00	
Capital Surplus	10,087.69	156,087.69

		\$1,780,872.41
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APPROVED ON BEHALF OF THE BOARD:

J. EDOUARD LABELLE, *Director.*

J. H. DAVEY, *Director.*

s (Canada) Limited
RY COMPANIES

Balance Sheet

30, 1942

Liabilities

CURRENT LIABILITIES:

Accounts Payable	\$268,465.33	
Accrued Liabilities	7,916.53	
Reserve for Income and Excess Profits and Other Taxes	339,350.92	\$ 615,732.78

FIRST MORTGAGE TEN YEAR 5½% STERLING BONDS:

due September 1, 1943:		
Issued	£30,000.0.0	\$146,000.00
Less: Redeemed and cancelled	30,000.0.0	146,000.00

GENERAL RESERVE

147,352.55

RESERVE FOR FUTURE DEPRECIATION IN INVENTORY VALUES

87,000.00

5% CUMULATIVE PARTICIPATING PREFERRED STOCK:

Authorized and Issued— 42,000 shares of \$20.00 each		840,000.00
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Note—Dividends aggregating \$5.50 per share have accumulated on the Preferred Shares of which \$1.50 has since been declared payable on January 12, 1943.

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

COMMON STOCK:

Authorized and Issued—		
Class "A"—20,850 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 the Directors to write down Goodwill, etc.

140,000.00

EARNED SURPLUS:

Balance at September 30, 1942, as per statement attached	\$ 76,251.28
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DEFERRED SURPLUS:

Refundable portion of Excess Profits Tax	14,535.80	90,787.08
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\$1,780,872.41

SUBMITTED WITH OUR REPORT TO THE SHAREHOLDERS,
DATED DECEMBER 11, 1942.

PRICE, WATERHOUSE & CO.,
Auditors.

International Paints (Canada) Limited
AND SUBSIDIARY COMPANIES

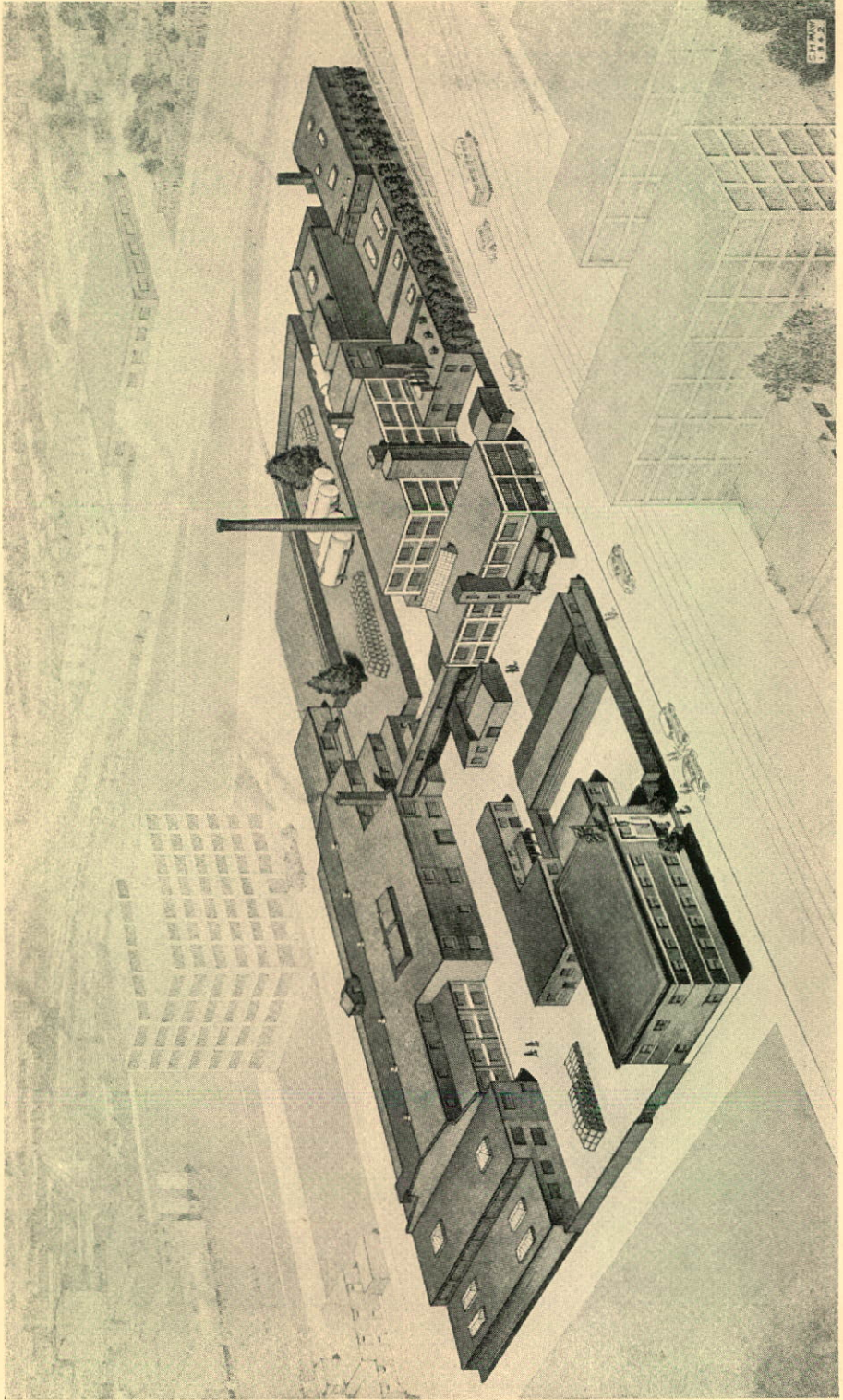
Auditors' Report
to the Shareholders:

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, 1942, 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, 1942, 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, QUE.,
December 11, 1942



HEAD OFFICE AND FACTORY — 6700 PARK AVENUE, MONTREAL

International Paints (Canada) Limited

Affiliated with

THE INTERNATIONAL PAINT
AND COMPOSITIONS COMPANY LIMITED
LONDON, ENGLAND



Associated factories:

FELLING-ON-TYNE, ENGLAND

RIPON, ENGLAND

GLASGOW, SCOTLAND

NEW YORK, U.S.A.

HAVRE, FRANCE

BERGEN, NORWAY

GOTHENBURG, SWEDEN

COPENHAGEN, DENMARK

SYDNEY, AUSTRALIA

BILBAO, SPAIN

WELLINGTON, NEW ZEALAND

MEXICO CITY, MEXICO

RIO DE JANEIRO, BRAZIL

"A WORLD-WIDE PAINT ORGANIZATION"

