

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



SEVENTEENTH ANNUAL REPORT

FOR THE YEAR ENDED

SEPTEMBER 30th

1945

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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*

R. H. LAWSON, *London, England*

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 Seventeenth Annual Report of the business and affairs of the Company for the fiscal year ended September 30, 1945, together with Financial Statements certified by your Auditors, Messrs. Price, Waterhouse & Co.

After deducting \$15,390.52 for Depreciation and \$286,742.28 for Income and Excess Profits Taxes, the operations for the year show a net profit of \$102,500.81 as compared with \$102,038.60 for the previous year. Ten per cent of this amount has been transferred to General Reserve as required by the By-Laws and after appropriating \$7,000.00 for the reduction of Goodwill there is a balance of \$84,000.00 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 5% (\$1.00 per share) on account of arrears. Such dividends were accordingly declared on November 29, 1945, payable on January 10, 1946, to Shareholders of record at the close of business on December 10th.

Capital Expenditures consisting of Land, Buildings, Machinery and equipment amounted to \$19,514.64.

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's affairs were renegotiated by the Department of Munitions and Supply, up to the period ended September 30, 1944, and the result of these renegotiations is reflected in the Balance Sheet.

Your Directors have been giving consideration to Post-War Plans and have authorized expenditures of approximately \$300,000.00 for improving the Company's manufacturing facilities. These improvements will consist of a new varnish plant in Montreal to replace the present one which is outdated; and remodelling your properties on Hutchison Street, Montreal, which, in future, will be used for shipping and storage purposes. It is also proposed to extend and modernize the Company's Plant in Vancouver. These plans have been given most careful consideration and your Directors are of the opinion that they should proceed without any further delay.

War Contracts have now ceased, and whilst there is a temporary shortage of raw materials for civilian use, your Directors look to the future with confidence.

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 12th, 1945.

International Paints (Canada) Limited
AND SUBSIDIARY COMPANIES

*Consolidated Statement of Profit
and Loss and Earned Surplus*

FOR THE YEAR ENDING SEPTEMBER 30, 1945

Profit from Operations, before provision for the undernoted items		\$452,674.02
Miscellaneous Income		6,144.93
		\$458,818.95
Directors' Fees	\$ 1,700.00	
Executive Salaries	34,381.44	
Legal Fees	647.83	
Pension Fund Contribution	17,456.07	54,185.34
		\$404,633.61
Provision for Depreciation	\$ 15,390.52	
Provision for Income and Excess Profits Taxes, including \$41,951.08 refundable portion of Excess Profits Tax	286,742.28	302,132.80
		\$102,500.81
Transferred to General Reserve	\$ 11,500.81	
Written off Goodwill	7,000.00	18,500.81
		\$ 84,000.00
Earned Surplus, Balance September 30, 1944.	\$ 97,275.28	
<i>Deduct:</i> Refund on renegotiation of miscellaneous war business to September 30, 1944	15,203.01	82,072.27
		\$166,072.27
Dividend paid on Preferred Stock		83,984.00
		\$ 82,088.27

International Paint AND SUBSIDIARIES

Consolidated

SEPTEMBER 30, 1944

Assets

CURRENT ASSETS:

Cash in Bank and on hand	\$238,889.54	
Dominion of Canada Bonds at par	175,000.00	
Accounts Receivable, less Reserve of \$31,000.00 for Bad and Doubtful Accounts	371,088.64	
Surrender Value of Life Insurance Policies	8,045.10	
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	435,936.44	\$1,228,959.72

PROPERTY ASSETS:

Carried at appraisal at February 29, 1940, by Canadian Appraisal Company Limited, plus subsequent additions (net) \$875,521.18

Deduct:

Reserve for Depreciation adjusted to amount shown by above appraisal, plus subsequent additions (net)	\$371,909.75	
Surplus arising from Appraisal of Properties	150,916.75	522,826.50
		\$352,694.68

TRADE MARKS, PATENTS, FORMULAE AND GOODWILL:

Balance, September 30, 1944	\$ 23,000.00	
<i>Less:</i> Written off during year	7,000.00	16,000.00
		368,694.68

OTHER ASSETS:

Refundable portion of Excess Profits Tax, contra	\$130,216.84	
Prepaid Insurance, Taxes, etc.	23,685.79	
Miscellaneous Investments at Cost, less Reserve of \$25,000.00	951.00	154,853.63

\$1,752,508.03

APPROVED ON BEHALF OF THE BOARD:

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

s (Canada) Limited

Y COMPANIES

Balance Sheet

30 1945

Liabilities

CURRENT LIABILITIES:

Accounts Payable and Accrued Liabilities	\$178,619.44	
Reserve for Income and Excess Profits Tax	\$286,296.28	
<i>Less:</i> Instalment Payments	82,650.00	203,646.28
Other Taxes	26,146.93	\$408,412.65

GENERAL RESERVE		204,790.27
RESERVE FOR FUTURE DEPRECIATION IN INVENTORY VALUES		87,000.00

CAPITAL STOCK AND SURPLUS:

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 \$3.50 per share have accumulated on the Preferred Shares, of which \$2.00 has since been declared payable on January 10, 1946.

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

COMMON SHARES:

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 the Directors to write down Goodwill, etc.	140,000.00	—

EARNED SURPLUS:

Balance, per statement attached	82,088.27	
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DEFERRED SURPLUS:

Refundable portion of Excess Profits Tax (after re-negotiation of war business to September 30, 1944)	130,216.84	1,052,305.11
		<u>\$1,752,508.03</u>

SUBMITTED WITH OUR REPORT TO THE SHAREHOLDERS,
DATED DECEMBER 7, 1945.

PRICE, WATERHOUSE & CO.,
Auditors.

International Paints (Canada) Limited
AND SUBSIDIARY COMPANIES

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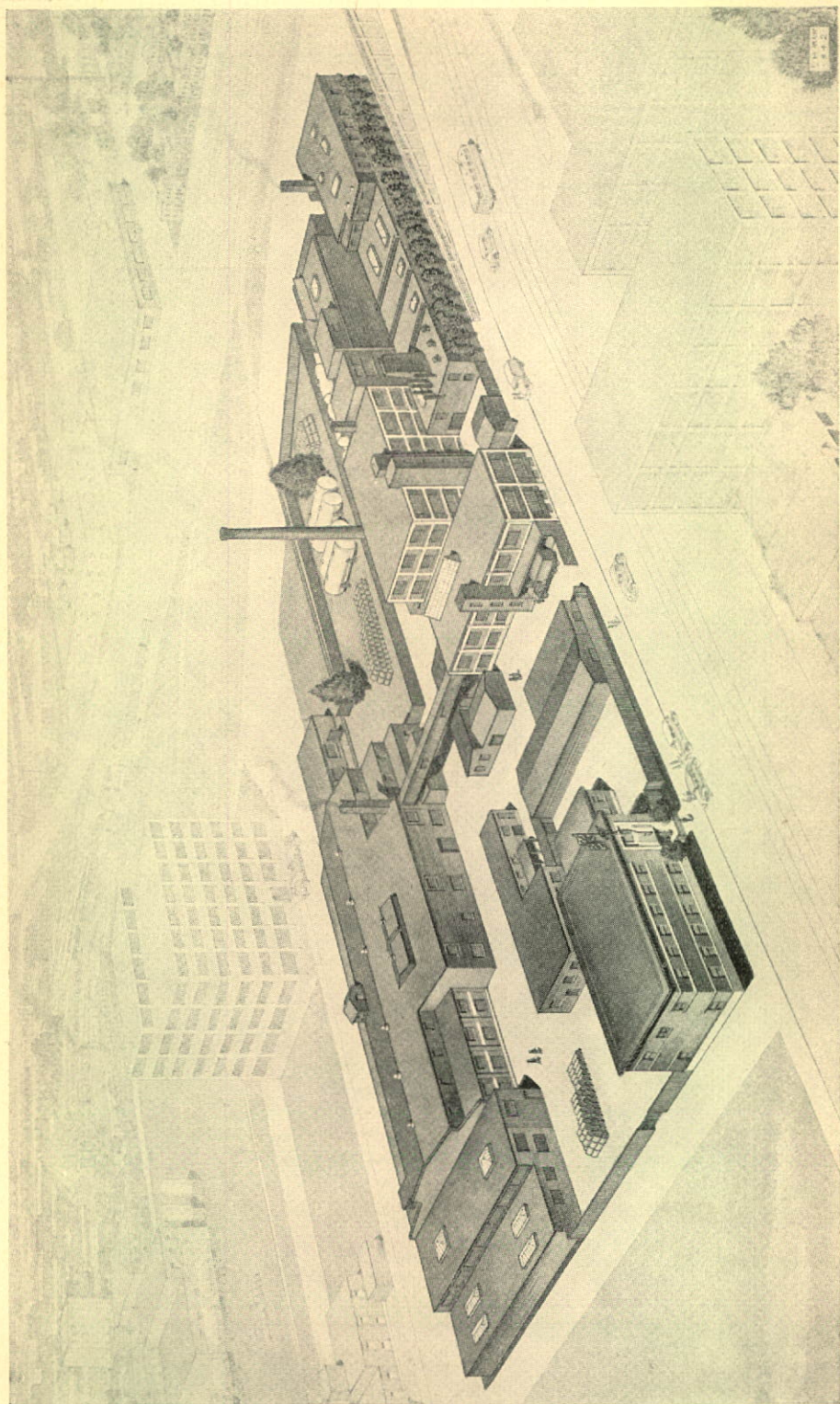
*Auditors' Report
to the Shareholders:*

We have made an examination of the books and accounts of International Paints (Canada) Limited and its Subsidiary Companies for the year ending September 30, 1945, with the exception of Stewart & 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 we have required, and we report that, in our opinion, the attached Consolidated Balance Sheet at September 30, 1945, 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 & Wood Limited.

PRICE, WATERHOUSE & CO.,

Auditors.

MONTREAL, December 7, 1945.



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”

