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International Paints (Canada) Limited

and Subsidiary Companies

Including

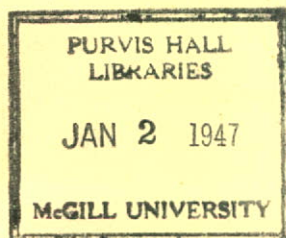
A. RAMSAY & SON COMPANY
STEWART & WOOD LIMITED
HENRY DARLING & SON LIMITED
A. RAMSAY & SON COMPANY
OF BRITISH COLUMBIA LIMITED



EIGHTEENTH ANNUAL REPORT

FOR THE YEAR ENDED
SEPTEMBER 30th

1946



International Paints (Canada) Limited

Officers

CHAIRMAN OF THE BOARD

FRANK M. ROSS

PRESIDENT AND MANAGING DIRECTOR

J. H. DAVEY

VICE-PRESIDENT

J. F. BELYEA

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*

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*

ERNEST J. TROTT, *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 Eighteenth Annual Report of the business and affairs of the Company for the fiscal year ended September 30, 1946, 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, Mr. W. W. Hutchison, who has been a Director of the Company for fifteen years and a Vice-President for eight years.

To fill the vacancy thus created the Directors have appointed Mr. E. J. Trott, Works Manager of the Company, as a Director.

You will be asked to sanction the action of your Directors in amending the General By-Laws of the Company to provide for the office of Chairman of the Board.

After deducting \$16,547.03 for depreciation and \$196,302.03 for income and excess profits taxes, the operations for the year show a net profit of \$161,931.07 as compared with \$102,500.81 for the previous year. Ten per cent of this amount has been transferred to General Reserve, as required by the By-Laws, while \$5,000. has been appropriated to Development Expense and \$16,000. has been applied to writing off the remainder of the item "Trade Marks, Patents, Formulae and Goodwill" previously appearing on the Balance Sheet. Of the amount remaining the sum of \$105,000. will provide for payment of the regular dividend at the rate of 5% per annum and of an additional dividend of 7½% (\$1.50 per Share) on the New Preferred Shares, thus completing payment in full of the arrears of dividend on such Shares called for by the Compromise or Arrangement between the Company and its Shareholders approved by you on March 16, 1936. These dividends have accordingly been declared and will be payable on January 14, 1947, to Shareholders of record at the close of business on December 12, 1946. The remaining balance of \$19,737.96 has been added to Earned Surplus.

As the arrears of dividend on the New Preferred Shares are being paid off during the current fiscal year, the rate

of annual dividend on such Shares will increase from 5% to 6% for the fiscal years commencing on and after October 1 next, as provided by the Compromise or Arrangement.

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.

The Company's affairs were renegotiated by the Department of Reconstruction and Supply for the year ended September 30, 1945, and the result of these renegotiations is reflected in the Balance Sheet.

During the year under review your Company has experienced an unprecedented demand for its products and sales have been limited only by the amount of raw materials available. There has been no improvement in the raw material position, and it is more serious now than at any time during or after the war. Costs have also increased substantially, particularly during the past four months, and with no change in ceiling prices it is difficult to estimate future results.

In last year's Report your Directors referred to plans for improving the Company's manufacturing facilities. This work has been retarded due to non-delivery of machinery and shortage of materials, and up to the end of the fiscal year the amount expended was \$35,077.36. The Contract for the new Vancouver Plant has been let and work has already commenced. Some progress has been made in the remodelling of the Hutchison Street properties, including extension of the power plant, and a new boiler and oil fuel burning equipment are now being installed.

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., R. H. Lawson, 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, *Chairman of the Board.*

Montreal, Que., December 17, 1946.

International Paint
AND SUBSIDIARIES
Consolidated

SEPTEMBER 30, 1946

Assets

CURRENT ASSETS:

Cash in Bank and on hand	\$362,477.17	
Dominion of Canada Bonds at par	40,000.00	
Accounts Receivable, less Reserve of \$31,000.00 for Bad and Doubtful Accounts	418,344.77	
Surrender Value of Life Insurance Policies	8,546.50	
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	424,699.91	\$1,254,068.35

PROPERTY ASSETS:

Carried at appraisal at February 29, 1940, by Canadian Appraisal Company Limited, plus subsequent additions (net) \$910,598.54

Deduct:

Reserve for Depreciation adjusted to amount shown by above appraisal, plus subsequent additions (net) . . . \$387,075.57

Surplus arising from Appraisal of Properties 150,916.75 537,992.32

\$372,606.22

TRADE MARKS, PATENTS, FORMULAE AND GOODWILL:

Balance, September 30, 1945 \$ 16,000.00

Less: Written off during year 16,000.00 — 372,606.22

OTHER ASSETS:

Refundable portion of Excess Profits Tax, contra \$133,239.19

Prepaid Insurance, Taxes, etc. 22,032.25

Miscellaneous Investments at Cost, less Reserve of \$25,000.00 . . . 951.00 156,222.44

\$1,782,897.01

APPROVED ON BEHALF OF THE BOARD:

J. EDOUARD LABELLE, *Director.*

J. H. DAVEY, *Director.*

*Auditor.
to the Shareholders*

We have made an examination of the books and accounts of International Paints (Canada) Limited, excepting Stewart & Wood Limited, in respect of which we have accepted accounts audited by independent auditors. In addition to the examinations we have required, and we report that, in our opinion, the attached Consolidated Balance Sheet shows a true and correct statement of the state of the combined affairs of International Paints (Canada) Limited and its Subsidiary Companies, and as shown by the books of the Companies which we have examined and by the audited

MONTREAL, December 10, 1946.

Balance Sheet

30, 1946

Liabilities

CURRENT LIABILITIES:

Accounts Payable and Accrued Liabilities	\$229,259.66	
Reserve for Income and Excess Profits Taxes	\$197,295.14	
Less: Instalment Payments	74,450.00	122,845.14
Other Taxes	26,727.41	\$ 378,832.21

GENERAL RESERVE	220,983.38
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

Note—Dividends aggregating \$2.50 per share have accumulated on the Preferred Shares and have since been declared payable January 14, 1947, eliminating all arrears.

The annual dividend rate will increase to 6% in respect of fiscal years commencing on and after October 1, 1947.

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	122,842.23
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DEFERRED SURPLUS:

Refundable portion of Excess Profits Tax (after renegotiation of war business to September 30, 1945)	133,239.19	1,096,081.42
		<u>\$1,782,897.01</u>

SUBMITTED WITH OUR REPORT TO THE SHAREHOLDERS,
DATED DECEMBER 10, 1946.

PRICE, WATERHOUSE & CO.,
Auditors.

Report
Shareholders:

Stewart & Wood Limited and its Subsidiary Companies for the year ending September 30, 1946, with the report of the firm of Chartered Accountants. We have received all the information and explanation in the Balance Sheet at September 30, 1946, is properly drawn up so as to show a true and correct view of the financial position of the companies at that date, according to the best of our information and the explanations given to us by the management and accounts of Stewart & Wood Limited.

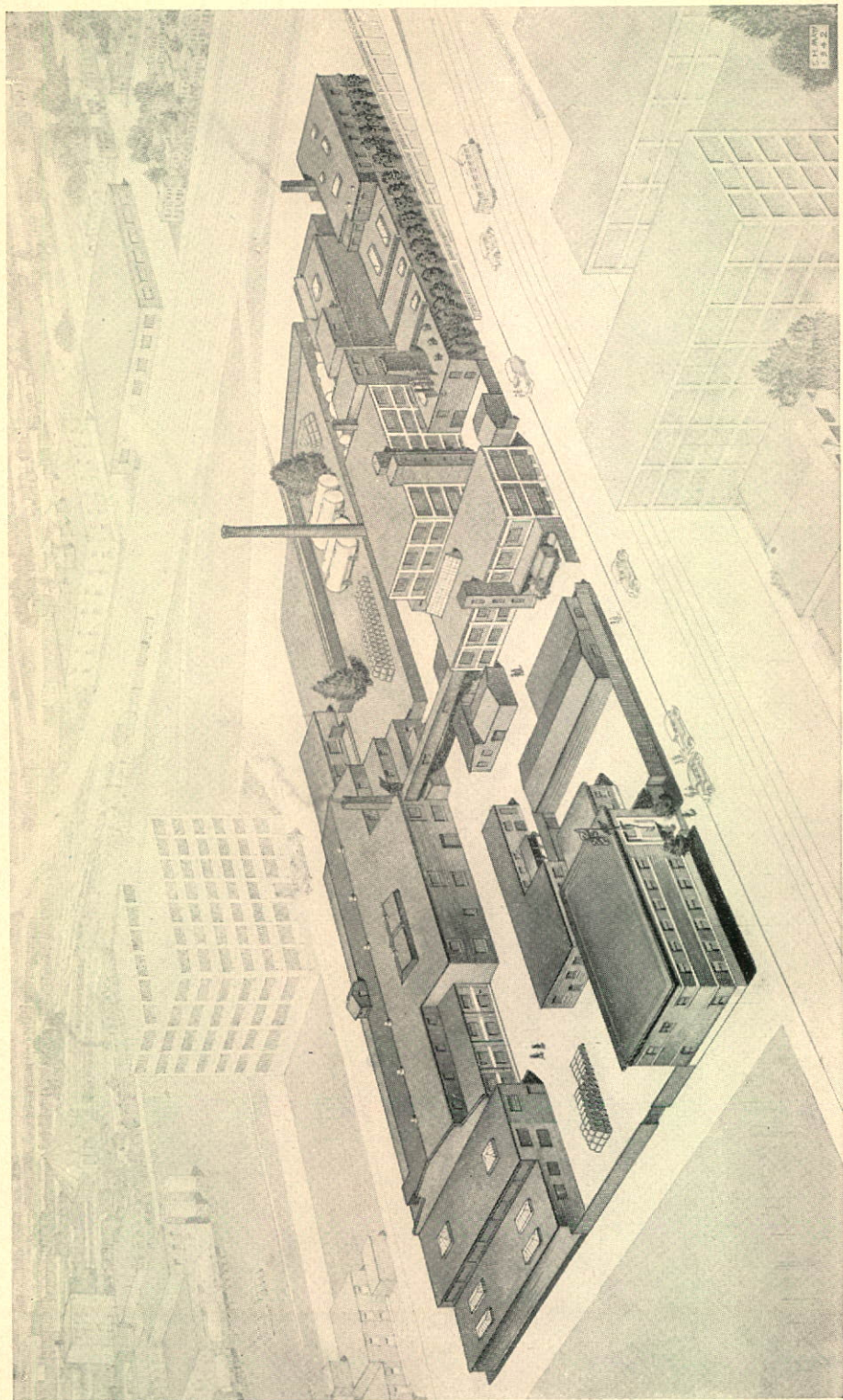
PRICE, WATERHOUSE & CO.,
Auditors.

International Paints (Canada) Limited
AND SUBSIDIARY COMPANIES

*Consolidated Statement of Profit
and Loss and Earned Surplus*

FOR THE YEAR ENDING SEPTEMBER 30, 1946

Profit from Operations, before provision for the undernoted items		\$438,350.66
Miscellaneous Income		7,294.76
		\$445,645.42
Directors' Fees	\$ 1,980.00	
Executive Salaries	47,234.75	
Legal Fees	1,476.69	
Pension Fund Contribution	20,173.85	70,865.29
		\$374,780.13
Provision for Depreciation	\$ 16,547.03	
Provision for Income and Excess Profits Taxes, including \$8,347.95 refundable portion of Excess Profits Tax	196,302.03	212,849.06
		\$161,931.07
Transferred to General Reserve	\$ 16,193.11	
Provision for Development Expense	5,000.00	
Written off Goodwill	16,000.00	37,193.11
		\$124,737.96
Earned Surplus, Balance September 30, 1945		82,088.27
		\$206,826.23
Dividend paid on Preferred Stock		83,984.00
Earned Surplus, Balance September 30, 1946		\$122,842.23



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

TRIESTE, ITALY

GENOA, ITALY

KOBE, JAPAN

HAMBURG, GERMANY

“A WORLD-WIDE PAINT ORGANIZATION”

