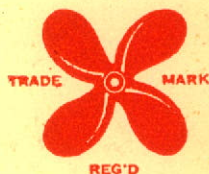


Art. stack

INTERNATIONAL PAINTS (CANADA) LIMITED

AND WHOLLY OWNED SUBSIDIARY COMPANIES



INCLUDING



A. RAMSAY & SON COMPANY

STEWART & WOOD LIMITED

INTERNATIONAL PAINTS
(WESTERN) LIMITED

A. RAMSAY & SON COMPANY
OF BRITISH COLUMBIA LIMITED

20th Annual Report

FOR THE YEAR ENDED SEPTEMBER 30th 1948

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MCGILL UNIVERSITY

INTERNATIONAL PAINTS (CANADA) LIMITED

OFFICERS

CHAIRMAN OF THE BOARD

FRANK M. ROSS, C.M.G., M.C.

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., O.B.E., *Montreal*

R. H. LAWSON, *London, England*

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

C. R. PETRIE, *London, England*

FRANK M. ROSS, C.M.G., M.C., *Vancouver*

ERNEST J. TROTT, *Montreal*

COLIN W. WEBSTER, *Montreal*

D I R E C T O R S ' R E P O R T

To the Shareholders of International Paints (Canada) Limited

Dear Sir or Madam:

Your Directors beg to submit herewith the Twentieth Annual Report of the business and affairs of the Company for the fiscal year ended September 30, 1948, together with Financial Statements certified by your Auditors, Messrs. Price, Waterhouse & Co.

After deducting \$41,223.72 for Depreciation, and \$146,569.09 for Income Taxes, the operations for the year show a net profit of \$234,515.23 as compared with \$237,990.90 for the previous year. As required by the By-Laws, \$31,274.29 has been transferred to General Reserve, while \$5,000.00 has been appropriated to Development Expense. The remaining balance has been added to Earned Surplus. Net Working Capital has increased from \$785,004.92 to \$941,221.89.

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 experienced a record volume of sales. Cost of raw materials, wages, manufacturing expenses, freight rates, etc., have increased substantially, selling prices remaining the same, consequently the percentage of profit earned was lower than the previous year. It is difficult, therefore, to forecast future earnings.

Capital Expenditures for the year amounted to \$109,962.27. The new plant in Vancouver is now in operation, and the results, so far, have been satisfactory. In Montreal, the remodelling of the Hutchison Street property is now complete and it has been in operation for some time.

As indicated in previous Reports, your Directors have had under consideration the construction of a new varnish plant to replace the present obsolete plant which is over thirty years old. Plans and specifications have been prepared and work will commence in the near future. The estimated cost of this project is \$300,000.00, and in order to maintain adequate Working Capital your Directors were of the opinion that it would be advisable to secure new capital. Various plans were considered and it was finally decided that the best plan would be to issue Debentures. These Debentures were sold on December 1st, 1948, for $99\frac{3}{4}$, or a total sum of \$299,250.00, bearing interest at the rate of $3\frac{1}{2}$ % and maturing as to \$30,000.00 principal amount on December 1st in each of the years 1949 to 1958 inclusive. Debentures were issued under a Trust Indenture in favour of The Royal Trust Company as Trustee but are not secured by any lien or charge upon the property or assets of the Company.

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 28th, 1948.

I N T E R N A T I O N A L P A I N T S (C A N A D A) L I M I T E D
A N D S U B S I D I A R Y C O M P A N I E S

*Consolidated Statement of Profit
and Loss and Earned Surplus*

F O R T H E Y E A R E N D I N G S E P T E M B E R 3 0 , 1 9 4 8

Profits from operations, before provision for the following items		\$503,574.34	
Miscellaneous income		935.46	
		\$504,509.80	
Directors' fees	\$ 6,320.00		
Executive salaries	51,062.51		
Legal fees	1,921.59		
Pension fund contribution	22,897.66	82,201.76	
		\$422,308.04	
Provision for depreciation	\$ 41,223.72		
Provision for Dominion and Provincial taxes on income	146,569.09	187,792.81	
		\$234,515.23	
Transferred to general reserve	\$ 31,274.29		
Provision for development expense	5,000.00	36,274.29	
		\$198,240.94	
Earned surplus, balance September 30, 1947	\$185,047.26		
Balance of investment reserve, after deducting loss on sale of investment	\$7,797.50		
Adjustment arising from revaluation of subsidiary company's plant	3,286.82	4,510.68	189,557.94
		\$387,798.88	
Dividends paid on Preferred Stock—			
In respect of period to September 30, 1947—2½%	\$ 20,996.00		
Interim dividend for year ending September 30, 1948—3%	25,195.20	46,191.20	
		\$341,607.68	
Transferred from deferred surplus, representing refundable portion of excess profits tax		130,422.92	
Earned surplus, balance September 30, 1948		\$472,030.60	

I N T E R N A T I O N A L P A I N T S
A N D S U B S I D I A R I E S

C O N S O L I D A T E D

S e p t e m b e r

A S S E T S

CURRENT ASSETS:

Cash in banks and on hand.....	\$ 156,124.37	
Accounts receivable, less reserve of \$31,000.00 for bad and doubtful accounts.....	459,145.45	
Portion of excess profits tax recoverable in 1949.....	32,577.49	
Surrender value of life insurance policies.....	9,567.20	
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.....	641,868.17	\$1,299,282.68

SUNDRY ASSETS:

Portion of excess profits tax recoverable in 1950-52.....	\$ 85,602.39	
Prepaid insurance, taxes, etc.....	33,954.00	
Miscellaneous investments, at cost.....	826.00	120,382.39

PROPERTY ASSETS:

Carried at appraisal at February 29, 1940, by Canadian Appraisal Company Limited, plus subsequent additions (net).....	\$1,236,567.92	
<i>Deduct:</i>		
Reserve for depreciation adjusted to amount shown by above appraisal, plus subsequent additions (net). \$451,157.31		
Surplus arising from appraisal of properties.....	150,916.75	602,074.06
	\$ 634,493.86	
Trademarks, patents, formulae and goodwill (written off).....	—	634,493.86
		<u>\$2,054,158.93</u>

APPROVED ON BEHALF OF THE BOARD:

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

AUDITORS' REPORT

We have examined the attached consolidated balance sheet of International Paints (Canada) Limited, statement of profit and loss and earned surplus for the year ending on that date, having accepted the auditors for inclusion therein, and have received all the information and explanations which we considered necessary in the circumstances.

In our opinion, the attached consolidated balance sheet is properly drawn up so as to show the assets, liabilities and surplus of International Paints (Canada) Limited and its subsidiary companies and the related statement of profit and loss presents fairly the explanations furnished to us and as shown by the books of the companies.

MONTREAL, December 22, 1948.

B A L A N C E S H E E T

September 30, 1948

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities.....	\$ 224,397.88	
Reserve for Dominion and Provincial taxes on income. \$155,542.48		
<i>Less:</i> Instalment payments.....	45,450.00	110,092.48
Other taxes.....	23,570.43	\$ 358,060.79

GENERAL RESERVE.....		284,067.54
RESERVE FOR FUTURE DEPRECIATION IN INVENTORY VALUES.....		100,000.00

CAPITAL STOCK AND SURPLUS:

6% Cumulative Participating Preferred Stock—		
Authorized and issued—		
42,000 shares of \$20.00 each.....	\$ 840,000.00	
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.....	472,030.60	1,312,030.60

\$2,054,158.93

Note: \$300,000, 3½%-10 year Serial Debentures were issued under date of December 1, 1948.

SUBMITTED WITH OUR REPORT TO THE SHAREHOLDERS
DATED DECEMBER 22, 1948.

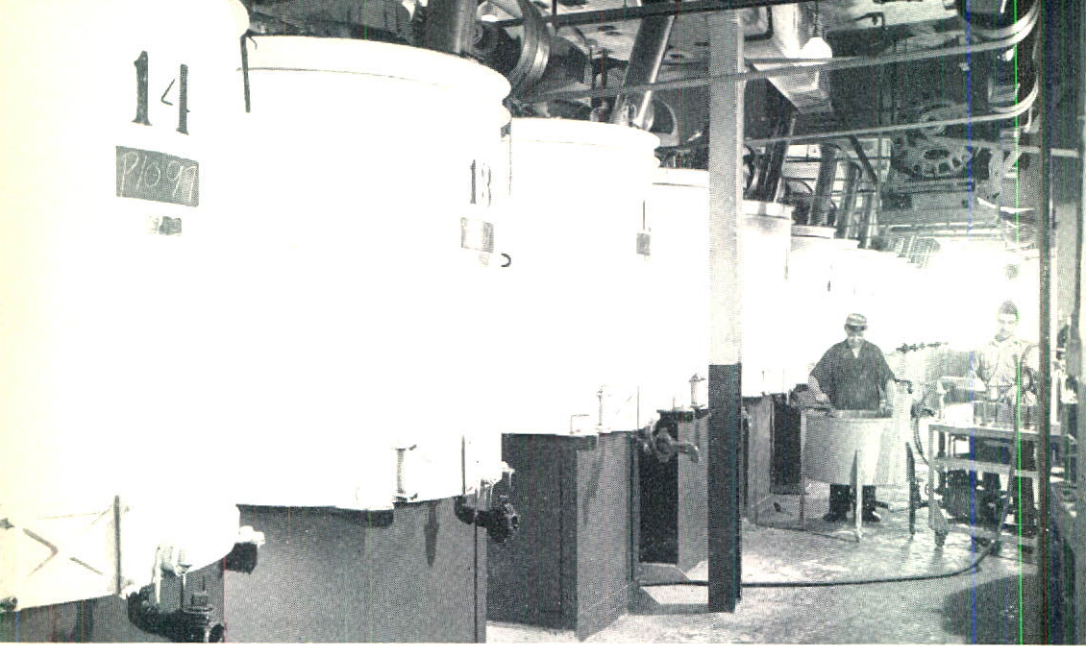
PRICE, WATERHOUSE & CO.,
Auditors.

TO THE SHAREHOLDERS

International Paints (Canada) Limited and its subsidiary companies as at September 30, 1948, and the related consolidated financial statements of one of the subsidiary companies as reported on by that company's auditors are set forth in the accompanying report. Our examination included such tests of the accounting records and such other procedures as we considered necessary to enable us to express an opinion on the financial statements.

In our opinion, the financial statements present fairly the combined results of operations for the year, according to the best of our information and the accounting principles applied.

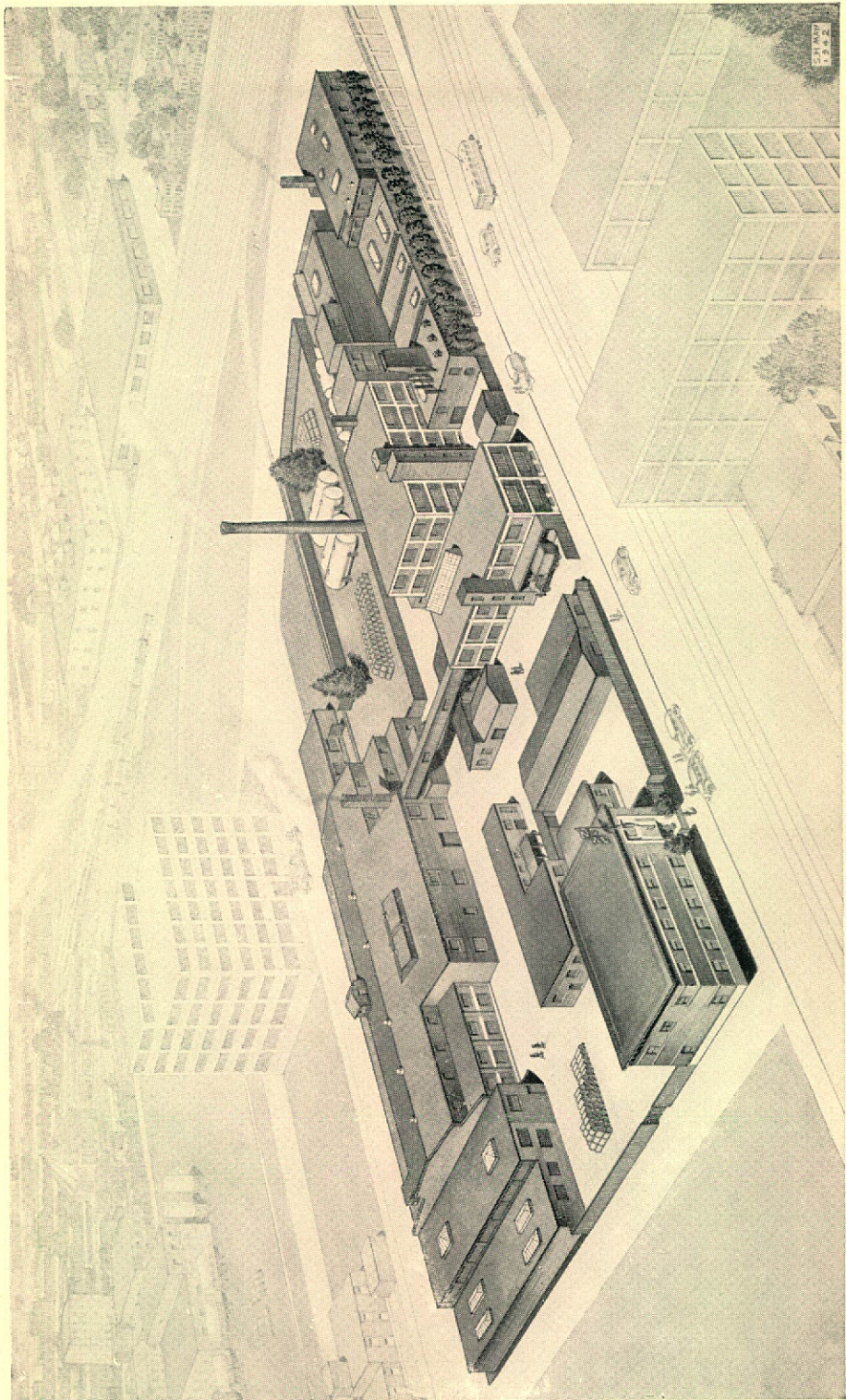
PRICE, WATERHOUSE & CO.,
Auditors.



TANK FLOOR, MONTREAL FACTORY



SHIPPING DEPARTMENT, MONTREAL FACTORY



HEAD OFFICE AND FACTORY — 6700 PARK AVENUE, MONTREAL

INTERNATIONAL PAINTS (CANADA) LIMITED

Affiliated with
INTERNATIONAL PAINTS LIMITED
LONDON, ENGLAND

Associated Factories:

VANCOUVER, CANADA
FELLING-ON-TYNE, ENGLAND
RIPON, ENGLAND
GLASGOW, SCOTLAND
NEW YORK, U.S.A.
SAN FRANCISCO, 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”

