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# ANNUAL " " REPORT 1·9·4·1

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**THE SHERWIN-WILLIAMS Co.**  
of Canada, Limited

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# **THE SHERWIN-WILLIAMS Co.**

*of Canada, Limited*

2875 CENTRE STREET - MONTREAL, CANADA

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## *Manufacturers of*

PAINTS, VARNISHES, COLORS, STAINS, ENAMELS, LACQUERS,  
LEAD PRODUCTS, CHEMICALS, LITHARGE, LINSEED OIL,  
OIL CAKE, DRY COLORS, INSECTICIDES, CLEANERS,  
POLISHES AND LIN-X

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## *Main Plants and Branches*

MONTREAL	TORONTO	WINNIPEG	VANCOUVER
HALIFAX	SAINT JOHN	QUEBEC	RED MILL
OTTAWA	HAMILTON	WINDSOR	CHARLOTTETOWN
MOOSE JAW	REGINA	CALGARY	SASKATOON
FORT WILLIAM	KINGSTON	ROUYN	EDMONTON
SOREL	KITCHENER	BELLEVILLE	BRANTFORD
CHATHAM	LETHBRIDGE	GRANBY	NIAGARA FALLS

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## *Directors*

W. S. FALLIS	G. A. MARTIN	D. A. WHITTAKER
L. C. DE MERRALL	J. C. NEWMAN	V. M. DRURY
P. F. SISE	J. A. SIMARD	W. GAGNON

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## *Officers*

G. A. MARTIN, <i>Chairman</i>
D. A. WHITTAKER, <i>President and Managing Director</i>
L. C. DE MERRALL, <i>Vice-President and Director of Manufacturing</i>
P. W. HOLLINGWORTH, <i>Secretary-Treasurer</i>

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## *Auditors*

PRICE, WATERHOUSE & CO.

# ANNUAL REPORT OF BOARD OF DIRECTORS

*For the year ending August 31, 1941*

## *To the Shareholders :*

Herewith is submitted on behalf of the Directors, the Consolidated Balance Sheet showing Assets and Liabilities of the Company at the end of its fiscal year, August 31, 1941, also the Consolidated Statement of Earned Surplus and Profits for the year.

The books and accounts of the Company have been examined by your Auditors, Messrs. Price, Waterhouse & Company, and their certificate and report is attached.

The sum of \$83,282.05 has been provided as an addition to the Reserve for Depreciation, which now stands at \$2,103,618.75, and the plants and equipment of the Company throughout the country have been maintained in their usual good condition.

All inventories have been taken with care and have been priced on the basis of cost or market, whichever was lower. In addition, the sum of \$50,000.00 has been provided out of profits as a Reserve for Future Depreciation in Inventory Values.

A considerable volume of business during the year arose from direct participation in war contracts, and at the same time the regular business of your Company showed a substantial improvement, but increases in cost of operations in raw materials, wages, etc., have lowered the ratio of profit to sales. Total sales showed an increase amounting to 23.6%.

As shown by the Consolidated Statement of Earned Surplus and Profits, the net amount available for Dividends arising from the operations for the year, and after making all deductions, including Reserve for Future Depreciation in Inventory Values, amounted to \$523,631.36 as compared with \$538,921.11 for the year ending August 31, 1940. These earnings would provide \$15.13 per share on the Preferred Stock of the Company and \$1.40 per share on the Common Stock.

The provision for Dominion and Provincial Income and Excess Profits Taxes for the last three fiscal years was as follows:


Year ending August 31, 1939.....	\$105,000.00
“ “ “ 31, 1940.....	322,750.00
“ “ “ 31, 1941.....	440,591.00

The Total Current Assets of the Company amounted to \$6,038,775.54 and Current Liabilities to \$1,743,306.36, the balance of Net Current Assets thus being \$4,295,469.18.

During the year Dividends on the Preferred Stock were paid in the sum of \$484,400.00. The balance of arrears on the Preferred Stock was paid to shareholders of record the 15th day of September, 1941, so that arrears on the Preferred Stock, which at one time amounted to \$12.25 per share, have all been cleared away. After making all provisions for taxes, payments and reserves as stated above, the sum of \$39,231.36 was added to the Earned Surplus of the Company, which now stands at \$4,515,317.86.

The personnel of your Company continues to operate with fine loyalty and efficiency, and grateful thanks are extended to the staff throughout the country for its co-operation and support under war-time conditions.

Respectfully submitted on behalf of the Board,



*Chairman.*

MONTREAL, QUE.  
November 19, 1941.

# THE SHERWIN-WILLIAMS COMPANY

*of Canada, Limited*

AND WHOLLY OWNED SUBSIDIARY  
COMPANIES

## CONSOLIDATED STATEMENT OF EARNED SURPLUS AND PROFITS

AUGUST 31, 1941

Combined Profit from Operations:

After deducting all manufacturing, selling and general expenses (except those detailed below) including remuneration amounting in the aggregate to \$94,593.50 paid as fees of solicitors and counsel and salaries of executive officers and directors' fees, and after providing for bad debts, but before charging depreciation of buildings and equipment.....

\$1,074,135.00

ADD:

Dividends from Partly Owned Subsidiary Companies and interest on Investments....

50,936.21

\$1,125,071.21

DEDUCT:

Provision for Depreciation.....	\$ 83,282.05	
Provision for Income and Profits Taxes.....	440,591.00	
Allowances paid to Retired Employees.....	23,552.96	
Loss on Sale of Capital Assets and Sundry Investments.....	4,013.84	551,439.85

NET PROFIT for the year..... \$ 573,631.36

Earned Surplus, balance at August 31, 1940... \$4,477,984.68

DEDUCT: Prior years' adjustments..... 1,898.18 4,476,086.50

\$5,049,717.86

DEDUCT: Dividends of \$14.00 per share paid during the year to Preferred Shareholders of The Sherwin-Williams Company of Canada, Limited.....

\$ 484,400.00

Provision for future depreciation in inventory values..... 50,000.00 534,400.00

EARNED SURPLUS, balance at August 31, 1941.

\$4,515,317.86

# THE SHERWIN - WILLIAMS CO AND WHOLLY OWNED S

CONSOLIDATED  
AUGUST

## *Assets*

### PROPERTY ACCOUNT:

Balance, August 31, 1940, with subsequent additions, less deductions, at cost.....	\$9,385,428.63	
Less: Reserve for Depreciation.....	2,103,618.75	\$ 7,281,809.88

NOTE: The depreciated value as appraised by the Canadian Appraisal Company Limited, at December 31, 1934, plus net additions less depreciation provided since that date is \$3,473,987.33. The balance of the book value of Property Account is represented by Formulae, Trade Marks, Processes and Goodwill.

### INVESTMENTS IN AND ADVANCES TO PARTLY OWNED SUBSIDIARY COMPANIES:

Investments, at cost, less reserve.....	\$ 586,807.22	
Advances.....	266,967.16	853,774.38

### CURRENT ASSETS:

Inventories as determined and certified by the Management, and valued on basis of cost or market, whichever was the lower.....	\$3,640,057.27	
Trade Accounts and Bills Receivable, less reserve.....	2,068,135.98	
Other Accounts Receivable.....	93,782.95	
Amounts due from Shareholders.....	21,834.81	
Cash.....	214,964.53	6,038,775.54

### INSURANCE, TAXES AND OTHER PREPAID EXPENSES.....

60,373.02

\$14,234,732.82

# COMPANY OF CANADA, LIMITED

## SUBSIDIARY COMPANIES

### BALANCE SHEET

31, 1941

#### *Liabilities*

#### CAPITAL STOCK:

Seven per cent. Cumulative Preferred—

Authorized—40,000 shares of \$100.00 each..... \$4,000,000.00

Issued —34,600 shares of \$100.00 each..... \$3,460,000.00

NOTE: Dividends aggregating \$3.50 per share have accumulated on the Preferred Shares and have since been paid.

No Par Value Ordinary—

Authorized—225,000 shares

Issued —200,000 shares..... 4,000,000.00 \$ 7,460,000.00

DUE TO PARTLY OWNED SUBSIDIARY COMPANY 446,108.60

#### CURRENT LIABILITIES:

Trade Accounts Payable and Accrued Liabilities..... \$1,009,140.80

Deposit Accounts..... 121,007.60

Provision for Dominion, Provincial and Other Taxes..... 613,157.96 1,743,306.36

RESERVE FOR ALLOWANCES TO RETIRED EMPLOYEES..... 20,000.00

RESERVE FOR FUTURE DEPRECIATION IN INVENTORY VALUES..... 50,000.00

EARNED SURPLUS, as per statement attached..... 4,515,317.86

#### CONTINGENT LIABILITY:

In respect to guarantee of the Bank Loan  
of a partly owned subsidiary company... \$25,000.00

\$14,234,732.82

APPROVED ON BEHALF OF THE BOARD:

W. GAGNON, *Director*

D. A. WHITTAKER, *Director*

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the books and accounts of THE SHERWIN-WILLIAMS COMPANY OF CANADA, LIMITED and its WHOLLY OWNED SUBSIDIARY COMPANIES for the year ending August 31, 1941, and have obtained 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 August 31, 1941, is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of The Sherwin-Williams Company of Canada, Limited and its Wholly Owned Subsidiary Companies, according to the best of our information and the explanations given to us and as shown by the books of these Companies.

In accordance with Section 114 of the Companies Act 1934, we also report that in respect to two partly owned Subsidiary Companies the profits for the year were taken up in these accounts to the extent that dividends were declared therefrom; in respect to three other partly owned Subsidiary Companies, the profits exceed the losses for the year and these have not been taken up in the above accounts, but are carried forward on the books of the respective Subsidiary Companies.

PRICE, WATERHOUSE & CO.

*Auditors.*

*Montreal, November 14, 1941.*









