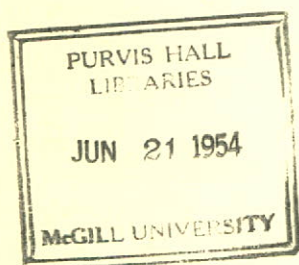


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**ANNUAL
REPORT
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THE SHERWIN-WILLIAMS Co.
of Canada, Limited

THE SHERWIN-WILLIAMS COMPANY

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

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Directors

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

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Officers

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

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Auditors

PRICE, WATERHOUSE & CO.

ANNUAL REPORT OF BOARD OF DIRECTORS

For the year ending August 31, 1942

To the Shareholders:

Herewith I have pleasure in submitting, on behalf of the Directors, the Consolidated Balance Sheet of your Company showing Assets and Liabilities at the end of its fiscal year, August 31, 1942, together with the Consolidated Statement of Earned Surplus and Profits for the year.

Your Auditors, Messrs. Price, Waterhouse & Company, have examined the books and accounts of the Company and their certificate and report is submitted herewith.

In accordance with our custom, all the properties of your Company have been maintained in good condition and the sum of \$95,160.46 has been added to the Reserve for Depreciation which now amounts to \$2,195,831.22.

Our usual care has been exercised in the taking of all inventories which have been priced on the basis of cost or market, whichever proved to be the lower. The increase in total inventory values arises from advisable additional provision for raw materials and for manufactured stocks under the present abnormal conditions.

The portion of your Company's business devoted to direct and indirect war production increased during the year and this was also true of the regular business of the Company, so that the total sales volume reached the highest figure in its history. The increase in sales amounted to 21%. At the same time cost of operations, including raw materials, wages, etc., continued its upward tendency, and the ratio of profit per unit of sale was therefore considerably lower. How far future operations will be affected by wartime restrictions and scarcities it is impossible to say.

The Consolidated Statement of Earned Surplus and Profits showed a net amount available for dividends, after all deductions, amounting to \$641,865.10 as compared with \$573,631.36 for the year ending August 31, 1941. These earnings are at the rate of \$18.55 per share on the Preferred Stock of the Company and \$1.99 per share on the Ordinary Stock.

The new provisions of the Excess Profits Tax Act applied to two months only of the fiscal year, but future provision will be on a higher basis for the full twelve months' operations. The refundable portion of the Excess Profits Tax is shown on both sides of the Balance Sheet.

Total tax provisions for the last four fiscal years were as follows:

Year ending August 31, 1939.....	\$105,000.00
“ “ “ 31, 1940.....	322,750.00
“ “ “ 31, 1941.....	440,591.00
“ “ “ 31, 1942.....	622,000.00

The Total Current Assets of the Company stood at \$6,781,775.35 and Current Liabilities at \$1,970,769.28, leaving a balance of Net Current Assets amounting to \$4,811,006.07.

In the first quarter of the fiscal year the final arrears on the Preferred Stock were paid to shareholders and dividends on the Ordinary Stock were resumed, a total of \$90,000.00 being paid to Ordinary Shareholders during the year.

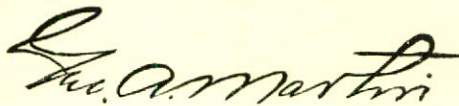
The Earned Surplus of the Company which now stands at \$4,764,432.96 was increased by \$249,115.10, being the balance remaining after all provisions for taxes, payments, dividends and reserves as stated above.

Many of our employees have enlisted in the Armed Forces of the Dominion, but we have been able to replace them to a great extent with women workers.

I desire to extend to our staff everywhere sincere thanks for whole-hearted service and co-operation.

Respectfully submitted on behalf of the Board.

MONTREAL, QUE.
November 18, 1942.



Chairman.

THE SHERWIN-WILLIAMS COMPANY

of Canada, Limited

AND WHOLLY OWNED SUBSIDIARY
COMPANIES

CONSOLIDATED STATEMENT OF EARNED SURPLUS AND PROFITS

AUGUST 31, 1942

Combined Profit from Operations:

After deducting all manufacturing, selling and general expenses (except those detailed below) including remuneration amounting in the aggregate to \$97,417.62 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.....

\$1,332,396.35

ADD:

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

52,031.27

\$1,384,427.62

DEDUCT:

Provision for Depreciation..... \$ 95,160.46

Provision for Income and Profits Taxes..... 622,000.00

Allowances paid to Retired Employees..... 24,777.06

Loss on Sale of Investments..... 625.00

742,562.52

NET PROFIT for the year.....

\$ 641,865.10

Earned Surplus, balance at August 31, 1941....

4,515,317.86

\$5,157,182.96

DEDUCT:

Dividends of \$8.75 per share paid during the year to Preferred Shareholders of The Sherwin-Williams Company of Canada, Limited \$302,750.00

Dividends on Common Stock..... 90,000.00

392,750.00

EARNED SURPLUS, balance at August 31, 1942..

\$4,764,432.96

THE SHERWIN - WILLIAMS CO AND WHOLLY OWNED SUBSIDIARIES

CONSOLIDATED
AUGUST 31, 1941

Assets

PROPERTY ACCOUNT:

Balance, August 31, 1941, with subsequent additions, less deductions, at cost.....	\$9,463,490.37	
LESS: Reserve for Depreciation.....	2,195,831.22	\$ 7,267,659.15

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 \$3,459,836.60. 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.....	\$ 579,535.98	
Advances.....	71,280.71	650,816.69

CURRENT ASSETS:

Inventories as determined and certified by the management, and valued on basis of cost or market, whichever was the lower.....	\$4,449,896.25	
Prepayments on account of Raw Materials in transit.....	92,467.65	
Trade Accounts and Bills Receivable, less reserve.....	1,922,927.46	
Other Accounts Receivable.....	124,085.43	
Amounts due from Shareholders.....	19,126.85	
Cash.....	173,271.71	6,781,775.35

REFUNDABLE PORTION OF EXCESS PROFITS TAX..		15,723.81
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INSURANCE, TAXES AND OTHER PREPAID EXPENSES.....		116,473.07
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\$14,832,448.07

APPROVED ON BEHALF OF THE BOARD:

JOHN C. NEWMAN, *Director*

L. C. DE MERRALL, *Director*

COMPANY OF CANADA, LIMITED

SUBSIDIARY COMPANIES

BALANCE SHEET

31, 1942

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

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 551,522.02

CURRENT LIABILITIES:

Trade Accounts Payable and Accrued Liabilities..... \$1,096,192.55

Deposit Accounts..... 113,353.01

Reserve for Government and Other Taxes..... 761,223.72 1,970,769.28

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..... \$4,764,432.96

DEFERRED SURPLUS:

Refundable portion of excess profits tax..... 15,723.81 4,780,156.77

CONTINGENT LIABILITY:

In respect to guarantee of the Bank Loan
of a partly owned subsidiary company.. \$210,000.00

\$14,832,448.07

SUBMITTED WITH OUR REPORT TO THE SHAREHOLDERS, DATED NOVEMBER 16, 1942

PRICE, WATERHOUSE & CO.

Auditors

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, 1942, 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, 1942, 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 three 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 two other partly owned Subsidiary Companies, the profits for the year have not been taken up in these accounts, but are carried forward on the books of the respective Subsidiary Companies.

PRICE, WATERHOUSE & CO.

Auditors.

Montreal, November 16, 1942.



