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Annual Report

FOR THE YEAR ENDED AUGUST 31

1951

THE SHERWIN-WILLIAMS Co.
of Canada, Limited

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THE SHERWIN-WILLIAMS Co.
of Canada, Limited

*Annual Report of Board of Directors
for the year ended August 31, 1951*

To the Shareholders:

Herewith is submitted on behalf of the Directors the Consolidated Balance Sheet showing Assets and Liabilities of your Company and its Wholly Owned Subsidiary Companies at the close of the fiscal year ended August 31, 1951, together with the Consolidated Statement of Profit and Loss and Earned Surplus for that year. The books and accounts of the Company have been examined by your auditors, Messrs. Price Waterhouse & Co., and their report is attached.

The sum of \$492,160.18 has been provided as an addition to the Reserve for Depreciation which now stands at \$4,864,306.03, 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.

Public demand for the Company's products continues to be most satisfactory and the newer special lines of Kem-Tone and Kem-Glo have met with national consumer acceptance to the extent of a gallonage already running into several million, all of which has been built up over a period of only four or five years. This year we are introducing another new product, Super Kem-Tone, which will have national distribution and merchandising before the end of the calendar year and which we believe from bookings already received will meet with a similar good reception and success.

As a result of these activities once again your Company attained a record level in sales for the year, and the combined profit from operations amounting to \$3,163,770.58, before deductions for depreciation and other purposes, was also the highest in the history of the Company, in the face

of constantly increasing costs of doing business. Provisions for interest, depreciation, etc., amounting to \$1,055,660.32 brought the balance of earnings before income taxes to \$2,116,700.26. Provision for taxes on income at \$1,108,756.21 was over twice the amount provided a year ago. The balance, therefore, of net profit available for dividends amounted to \$1,007,944.05 compared with \$891,428.24 last year. These earnings would provide \$29.12 per share on the Preferred Stock of the Company, and after payment of \$7.00 per share on the Preferred Stock the remainder would provide \$3.40 per share on the Ordinary Stock.

Dividends were paid for the period on the Preferred Stock in the amount of \$242,200.00 and on the Ordinary Stock in the amount of \$280,900.00.


The Total Current Assets of the Company amounted to \$15,678,966.70 and Current Liabilities to \$7,558,237.18, the balance of Net Current Assets thus being \$8,120,729.52 an improvement of \$579,316.72 during the year.

The Earned Surplus of the Company and its Wholly Owned Subsidiary Companies at August 31, 1951 amounted to \$8,734,681.60 as compared with an Earned Surplus at August 31, 1950 of \$8,249,837.55, an increase of \$484,844.05 during the year.

It is with deep regret that I record our loss through death in August last of Paul F. Sise, a member of the Board of Directors since 1935. He at all times faithfully discharged his duties in the service of the Company and his wise counsel and judgment will be greatly missed by his fellow Directors.

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 this co-operation and support.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "W. Seidel".

Chairman.

MONTREAL, QUE.
November 8, 1951

THE SHERWIN-WILLIAMS COMPANY

of Canada, Limited

and wholly owned subsidiary companies

Consolidated Statement of Profit and Loss and Earned Surplus

for the year ended August 31 1951

Combined profit from operations, before provisions for depreciation and other deductions shown below		\$3,163,770.58
<i>Add:</i> Dividends from partly owned subsidiary companies		8,590.00
		\$3,172,360.58
<i>Deduct:</i>		
Interest on bank loans	\$295,838.41	
Allowances paid to retired employees	71,877.80	
Legal fees	11,234.52	
Remuneration of executive officers and directors' fees	184,549.41	
Provision for depreciation	492,160.18	1,055,660.32
		\$2,116,700.26
<i>Deduct:</i> Provision for taxes on income		1,108,756.21
		\$1,007,944.05
Net profit for the year		\$1,007,944.05
Earned surplus at August 31 1950		8,249,837.55
		\$9,257,781.60
<i>Deduct:</i>		
Dividends paid during the year —		
Preferred — \$7.00 per share	\$242,200.00	
Ordinary — \$1.25 per share	280,900.00	523,100.00
		\$823,100.00
Earned surplus at August 31 1951		\$8,734,681.60

THE SHERWIN-WILLIAMS CO.

AND WHOLLY OWNED

Consolidated Balance

Assets

CURRENT ASSETS:

Cash on hand and in bank	\$	193,042.89	
Trade accounts receivable, less reserve		5,882,710.57	
Other accounts receivable		284,271.42	
Inventories of raw materials and supplies, goods in process and finished merchandise, stated on the basis of the lower of cost or market		8,744,744.33	
Portion of excess profits tax recoverable in 1952 . .		70,759.35	
Insurance, taxes and other prepaid expenses		266,687.47	
Advertising stock, stationery, etc.		236,750.67	

\$15,678,966.70

OTHER ASSETS:

Sundry accounts receivable, including \$4,180.29 owing by shareholders	\$	62,739.08	
Unamortized royalty payment		28,292.37	91,031.45

INVESTMENTS IN AND ADVANCES TO PARTLY OWNED SUBSIDIARY COMPANIES:

Investments	\$	30,775.20	
Advances		29,449.48	60,224.68

INVESTMENT IN AND ADVANCES TO AFFILIATED COMPANY:

Investment	\$	200,000.00	
Advances		48,977.32	248,977.32

CAPITAL ASSETS \$13,052,424.66

(Capital assets include land and buildings, leaseholds, machinery and equipment, together with formulae, trade-marks and goodwill (carried on the books at \$5,715,655.12) acquired in 1911, at cost measured by the par value of bonds and the stated value of shares issued as consideration for such assets; properties owned by three of the consolidated subsidiary companies are included on the basis of appraised values with subsequent additions at cost; other properties are included at cost.)

Less: Reserve for depreciation		4,864,306.03	8,188,118.63
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Note: The replacement value new, less depreciation, of land, buildings, machinery and equipment of one of the consolidated subsidiaries as of August 31 1948 as reported by Dominion Appraisal Company Limited was \$835,071.77; the replacement value new, less depreciation, of The Sherwin-Williams Company of Canada, Limited and the other consolidated subsidiaries as of June 30 1948 as reported by Canadian Appraisal Co. Limited was \$6,196,451.57. The total replacement value new, less depreciation, based on these 1948 appraisals was therefore \$7,031,523.34 which is \$4,559,059.83 in excess of the net amounts at which land, buildings, machinery and equipment are included under capital assets at August 31 1951.

\$24,267,318.78

COMPANY OF CANADA, LIMITED

SUBSIDIARY COMPANIES

Sheet - August 31 1951

Liabilities

CURRENT LIABILITIES:

Bank loans.....	\$ 3,600,000.00
Trade accounts payable and accrued liabilities..	2,724,867.07
Income and other taxes.....	1,233,370.11
	<hr/>
	\$ 7,558,237.18

RESERVE FOR ALLOWANCES TO RETIRED EMPLOYEES.....

20,000.00

CAPITAL STOCK AND SURPLUS:

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 — 224,720 shares \$4,494,400.00

Earned Surplus, per statement
attached..... 8,734,681.60 13,229,081.60 16,689,081.60

SIGNED ON BEHALF OF THE BOARD:

J. C. NEWMAN, *Director*

J. A. SIMARD, *Director*

\$24,267,318.78

Auditors' Report

To the Shareholders of

THE SHERWIN-WILLIAMS COMPANY OF CANADA, LIMITED:

We have examined the consolidated balance sheet of The Sherwin-Williams Company of Canada, Limited and its wholly owned subsidiary companies as at August 31 1951 and the consolidated statement of profit and loss and earned surplus for the fiscal year ended on that date and have obtained all the information and explanations which we have required. In our opinion, the attached consolidated balance sheet and the related consolidated statement of profit and loss and earned surplus are 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 as at August 31 1951 and the results of their operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the companies.

We also report that earnings of the subsidiary companies not consolidated are included in the accompanying financial statements only to the extent of dividends received.

PRICE WATERHOUSE & CO.,

Auditors

MONTREAL

October 17 1951.

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

Executive Offices

2875 CENTRE STREET

MONTREAL 22, CANADA

Factories, Offices and Branches in principal cities

Manufacturers of

Paints, Varnishes, Colours, Stains, Enamels, Lacquers,
Super Kem-Tone, Kem-Tone, Kem-Glo,
Lead Products, Dyes, Chemicals, Litharge, Linseed Oil, Dry Colours,
Insecticides, Herbicides, Fungicides,
Industrial, Railway, Marine and Transportation Finishes.

Directors

L. C. DEMERRALL

A. G. PINARD

V. M. DRURY

JOS. A. SIMARD

WILFRID GAGNON

A. W. STEUDEL

J. C. NEWMAN

D. A. WHITTAKER

Officers

A. W. STEUDEL

Chairman

D. A. WHITTAKER

President and Managing Director

A. G. PINARD

Executive Vice-President

L. C. DEMERRALL

Vice-President

P. W. HOLLINGWORTH

Secretary-Treasurer

Dividends and Wages

