



Annual Report

FOR THE YEAR ENDED AUGUST 31

1953

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, 1953*

To the Shareholders:

The Consolidated Balance Sheet of your Company and its Wholly Owned Subsidiary Companies showing Assets and Liabilities at the end of its fiscal year, August 31, 1953, is submitted herewith together with the Consolidated Statement of Profit and Loss and Earned Surplus for the year.

The books and the accounts have been audited by Messrs. Price Waterhouse & Co., and their report is attached.

As has been customary, all the properties of your Company have been maintained in good condition and the sum of \$346,941.86 has been added to Accumulated Depreciation which now stands at \$5,639,482.63.

All inventories of raw materials and manufactured goods have been taken with care and have been priced on the basis of cost or market, whichever proved to be the lower.

Total sales volume of the Organization for the year was, by a substantial margin, the highest in the Company's history and this factor contributed to the generally improved operating results. Our Kem products — Kem-Tone, Kem-Glo and Super Kem-Tone — continued their remarkable advances in consumer acceptance, while our standard branded lines showed a steady growth in public demand.

Your attention is directed to the reduction of total inventory investments as compared with recent years and also to an improvement in our position with respect to bank indebtedness, whereby last year's bank loan amounting to \$2,800,000.00 has been reduced to a bank overdraft amounting to \$424,696.48 for the year just closed.

The combined profit from operations for the year amounted to \$3,561,318.57 compared to \$2,322,962.37 for the year ended August 31, 1952. After providing for interest, depreciation, etc., in the amount of \$875,052.71 there was left a balance of earnings before Income Taxes amounting to \$2,690,515.86. Provision for Income Taxes for the year stood at \$1,495,420.84 as compared with \$730,348.18 for the previous year. After deducting these highly increased taxes the net profit available for Dividends amounted to \$1,195,095.02 compared with \$585,554.31 last year.

These net earnings would provide \$34.54 per share on the Preferred Stock of the Company, and after the payment of \$7.00 per share on the Preferred Stock there would remain a balance of \$4.24 per share on the Ordinary Stock.

During the year Dividends to Shareholders amounted to \$242,200.00 on the Preferred Stock and to \$280,900.00 on the Ordinary Stock.

The Total Current Assets of the Company amounted to \$14,824,028.08 and Current Liabilities stood at \$5,598,738.44, leaving a balance of Net Current Assets amounting to \$9,225,289.64, an increase of \$661,445.24 during the year.

The Combined Surplus of the Company and its Wholly Owned Subsidiary Companies at August 31, 1953 amounted to \$9,339,130.93.

During the year we suffered a grievous loss through the death in June last of John C. Newman. Mr. Newman served for eighteen years on the Board of Directors of our Company where his advice and guidance were at all times highly valued.

As always, our grateful thanks are extended to our staff everywhere for faithful service and support during the year.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read 'W. Seidel', written in dark ink.

Chairman.

MONTREAL, QUE.
November 12, 1953.

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 1953

Combined profit from operations, before provisions for depreciation and other deductions shown below		\$3,561,318.57
Add: Dividends from partly owned subsidiary companies		4,250.00
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		\$3,565,568.57
<i>Deduct:</i>		
Interest on bank loans	\$242,739.44	
Allowances paid to retired employees	82,717.80	
Legal fees	7,608.88	
Remuneration of executive officers and directors' fees	195,044.73	
Provision for depreciation	346,941.86	875,052.71
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		\$2,690,515.86
<i>Deduct:</i> Provision for taxes on income		1,495,420.84
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Net profit for the year		\$1,195,095.02
Earned surplus at August 31 1952		8,797,135.91
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		\$9,992,230.93
<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
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Adjustment of prior years' taxes on income	130,000.00	653,100.00
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Earned surplus at August 31 1953		<u>\$9,339,130.93</u>

THE SHERWIN-WILLIAMS CO

AND WHOLLY OWNED

Consolidated Balance

Assets

CURRENT ASSETS:

Cash on hand	\$	36,635.50
Trade accounts receivable, less allowance for doubtful accounts		6,397,216.78
Other accounts receivable		178,890.25
Inventories of raw materials and supplies, goods in process and finished merchandise, stated on the basis of the lower of cost or market		7,869,260.28
Insurance, taxes and other prepaid expenses		153,735.31
Advertising stock, stationery, etc.		188,289.96

\$14,824,028.08

OTHER ASSETS:

Sundry accounts receivable, including \$3,824.22 owing by shareholders		90,526.11
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INVESTMENTS IN AND ADVANCES TO PARTLY OWNED SUBSIDIARY COMPANIES:

Investments	\$	30,775.20
Advances		9,533.07

40,308.27

INVESTMENT IN AFFILIATED COMPANY

200,000.00

CAPITAL ASSETS

\$13,520,320.94

Capital assets include land and buildings, leaseholds, machinery and equipment which, together with formulae, trade-marks and goodwill carried on the books at \$5,715,655.12, were acquired by The Sherwin-Williams Company of Canada, Limited 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: Accumulated depreciation	5,639,482.63	7,880,838.31
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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 April 1 1952 as reported by H. F. Cooper Appraisal Co., Limited was \$1,037,622.22; the replacement value new, less depreciation, of The Sherwin-Williams Company of Canada, Limited and the other consolidated subsidiaries as of June 30 1952 as reported by Canadian Appraisal Company Limited was \$8,403,704.58. The total replacement value new, less depreciation, based on these 1952 appraisals was therefore \$9,441,326.80 which is \$7,276,143.61 in excess of the net amounts at which land, buildings, machinery and equipment are included under capital assets at August 31 1953.

\$23,035,700.77

COMPANY OF CANADA, LIMITED

SUBSIDIARY COMPANIES

Sheet - August 31 1953

Liabilities

CURRENT LIABILITIES:

Bank overdrafts (net).....	\$ 424,696.48
Trade accounts payable and accrued liabilities..	3,894,334.79
Income and other taxes.....	1,279,707.17
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	\$ 5,598,738.44

OWING TO AFFILIATED COMPANY.. 123,431.40

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.....	<u>\$4,000,000.00</u>		
Issued — 31,600 shares			
of \$100.00 each.....		\$ 3,160,000.00	
No par value ordinary —			
Authorized— 225,000 shares			
Issued — 224,720 shares	\$4,494,400.00		
Earned Surplus, per statement			
attached.....	<u>9,339,130.93</u>	<u>13,833,530.93</u>	17,293,530.93

SIGNED ON BEHALF OF THE BOARD:

R. C. VAUGHAN, *Director*

J. A. SIMARD, *Director*

\$23,035,700.77

Auditors' Report

To the Shareholders,

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 1953 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 1953 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 29 1953.

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
V. M. DRURY
WILFRID GAGNON
A. G. PINARD

JOS. A. SIMARD
A. W. STEUDEL
R. C. VAUGHAN
D. A. WHITTAKER

Officers

A. W. STEUDEL
D. A. WHITTAKER
A. G. PINARD
L. C. DEMERRALL
P. W. HOLLINGWORTH

Chairman
President and Managing Director
Executive Vice-President
Vice-President
Secretary-Treasurer

Dividends, Salaries and Wages



