

C  
stock

# ANNUAL REPORT 1·9·4·0



PURVIS HALL  
LIBRARIES  
JUN 21 1954  
MCGILL UNIVERSITY

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



# ***THE SHERWIN-WILLIAMS Co.***

*of Canada, Limited*

2875 CENTRE STREET - MONTREAL, CANADA

• • •

## *Manufacturers of*

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

• • •

## *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			

• • •

## *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

• • •

## *Officers*

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

• • •

## *Auditors*

PRICE, WATERHOUSE & CO.

# ANNUAL REPORT OF BOARD OF DIRECTORS

*For the year ending August 31, 1940*

## *To the Shareholders :*

I take pleasure in submitting, on behalf of your Directors, the Consolidated Balance Sheet showing Assets and Liabilities of your Company at the close of its fiscal year August 31, 1940, together with the Consolidated Statement of Earned Surplus and Profits for that year.

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

The plants and equipment of your Company have been maintained in good condition throughout the year, and we have provided the sum of \$80,198.10 as an addition to the Reserve for Depreciation, which now stands at \$2,035,071.40.

We have exercised our usual care in the taking of all inventories and they have been priced on the basis of cost or market, whichever was lower.

Our position during the year reported upon was well maintained, total sales showing an increase amounting to 16.2%, and we consider that prospects for maintaining a satisfactory sales volume are encouraging.

The Consolidated Statement of Earned Surplus and Profits shows that the net amount available for dividends, arising from the operations for the year and after making all deductions, amounted to \$538,921.11 as compared with \$510,181.67 for the year ending August 31, 1939. These earnings are at the rate of \$15.57 per share on the Preferred Stock of the Company and \$1.48 per share on the Common Stock.

In this connection it may be noted that the provision for Dominion and Provincial Income and Excess Profits Taxes amounted in the year ending August 31, 1939 to \$105,000.00, whereas the similar provision this year, largely owing to the incidence of the Excess Profits Tax, amounts to \$322,750.00.

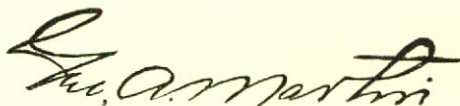
The Total Current Assets of your Company as shown on the Consolidated Balance Sheet amounted to \$5,137,810.56 and Current Liabilities to \$1,078,352.03, leaving a balance of Net Current Assets amounting to \$4,059,458.53.

During the year we paid dividends on the Preferred Stock amounting to \$363,300.00, leaving a balance of arrears on the Preferred amounting to \$10.50 per share, of which \$3.50 has since been paid.

The Earned Surplus of the Company at August 31, 1940 amounted to \$4,477,984.68 as compared with an Earned Surplus at August 31, 1939 of \$4,305,053.37, an increase of \$172,931.31 during the year.

I wish to again avail myself of the opportunity of thanking the staff in all the various factories, warehouses and offices for their continued and greatly appreciated loyalty and co-operation in serving the interests of the Company.

Respectfully submitted on behalf of the Board,



*President.*

MONTREAL, QUE.  
November 22, 1940.

# THE SHERWIN-WILLIAMS COMPANY

of Canada, Limited

AND WHOLLY OWNED SUBSIDIARY  
COMPANIES

## CONSOLIDATED STATEMENT OF EARNED SURPLUS AND PROFITS

AUGUST 31, 1940

Combined Profit from Operations:

After deducting all manufacturing, selling and general expenses (except those detailed below) including remuneration amounting in the aggregate to \$86,193.90 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.....

\$ 887,225.48

ADD:

Profit on sale of Investments.....	\$ 25,923.36	
Interest and Dividends on Investments.....	1,543.53	
Dividends from Partly Owned Subsidiary Companies.....	50,600.00	78,066.89
		<hr/>
		\$ 965,292.37

DEDUCT:

Provision for Depreciation.....	\$ 80,198.10	
Provision for Dominion and Provincial Income and Profits Taxes.....	322,750.00	
Allowances paid to Retired Employees.....	23,423.16	426,371.26
		<hr/>
NET PROFIT for the year.....		\$ 538,921.11

Earned Surplus, balance at August 31, 1939...	\$4,305,053.37	
DEDUCT: Prior year's adjustments.....	2,689.80	4,302,363.57
		<hr/>
		\$4,841,284.68

DEDUCT: Dividends of \$10.50 per share paid during the year to Preferred Shareholders of The Sherwin-Williams Company of Canada, Limited.....		363,300.00
		<hr/>

EARNED SURPLUS, balance at August 31, 1940.		<u><u>\$4,477,984.68</u></u>
---	--	------------------------------



# THE SHERWIN - WILLIAMS CO AND WHOLLY OWNED S

CONSOLIDATED  
AUGUST

## *Assets*

### PROPERTY ACCOUNT:

Balance, August 31, 1939, with subsequent additions, less deductions, at cost.....	\$9,358,012.85	
LESS: Reserve for Depreciation.....	2,035,071.40	\$ 7,322,941.45

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 \$3,515,118.90. 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.....	\$ 586,664.02	
Advances.....	260,719.64	847,383.66

### CURRENT ASSETS:

Inventories as determined and certified by the Management, and valued on basis of cost or market, whichever was the lower.....	\$3,108,623.48	
Trade Accounts and Bills Receivable, less reserve .....	1,622,791.24	
Other Accounts Receivable.....	76,848.22	
Amounts due from Shareholders.....	27,207.68	
Cash.....	302,339.94	5,137,810.56

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

61,258.41

\$13,369,394.08

# COMPANY OF CANADA, LIMITED

## SUBSIDIARY COMPANIES

### BALANCE SHEET

31, 1940

#### *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 \$10.50 per share have accumulated on the Preferred Shares of which \$3.50 has 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 333,057.37

#### CURRENT LIABILITIES:

Trade Accounts Payable and Accrued Liabilities..... \$ 546,472.50

Mortgage Payable, with Interest accrued..... 8,120.00

Deposit Accounts..... 150,305.10

Provision for Dominion, Provincial and Other Taxes..... 373,454.43 1,078,352.03

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

EARNED SURPLUS, as per statement attached..... 4,477,984.68

#### CONTINGENT LIABILITY:

In respect to guarantee of the Bank Loan  
of a partly owned subsidiary company... \$20,000.00

\$13,369,394.08

#### APPROVED ON BEHALF OF THE BOARD:

P. F. SISE, *Director*

JOHN C. NEWMAN, *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, 1940, and have obtained all the information and explanations which we have required; and we report that, in our opinion, the attached Consolidated Balance Sheet at August 31, 1940, 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 losses less profits for the year, amounting to \$27,195.91, have not been provided for in the above accounts, and are carried forward on the books of the respective Subsidiary Companies.

PRICE, WATERHOUSE & CO.

*Auditors.*

*Montreal, November 14, 1940.*









