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"It flows from our Mills  
to the Homes and  
Industries of Canada"



SHERWIN-WILLIAMS CO. OF CANADA, LTD.

# Your Annual Report...



FOR THE YEAR ENDING AUGUST THIRTY-FIRST 1948

*The cover of this year's Annual  
Report has been finished with  
a product of your company —  
Sherwin-Williams Label Varnish.*

*Your  
Annual  
Report*

*FOR THE YEAR ENDING AUGUST THIRTY-FIRST 1948*



# *Officers and Directors*

## **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

## **DIRECTORS:**

L. C. deMERRALL

V. M. DRURY

WILFRID GAGNON

J. C. NEWMAN

A. G. PINARD

JOS. A. SIMARD

PAUL F. SISE

A. W. STEUDEL

D. A. WHITTAKER



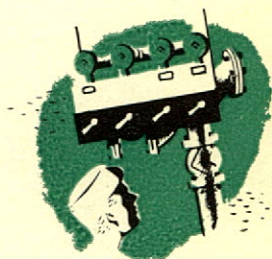
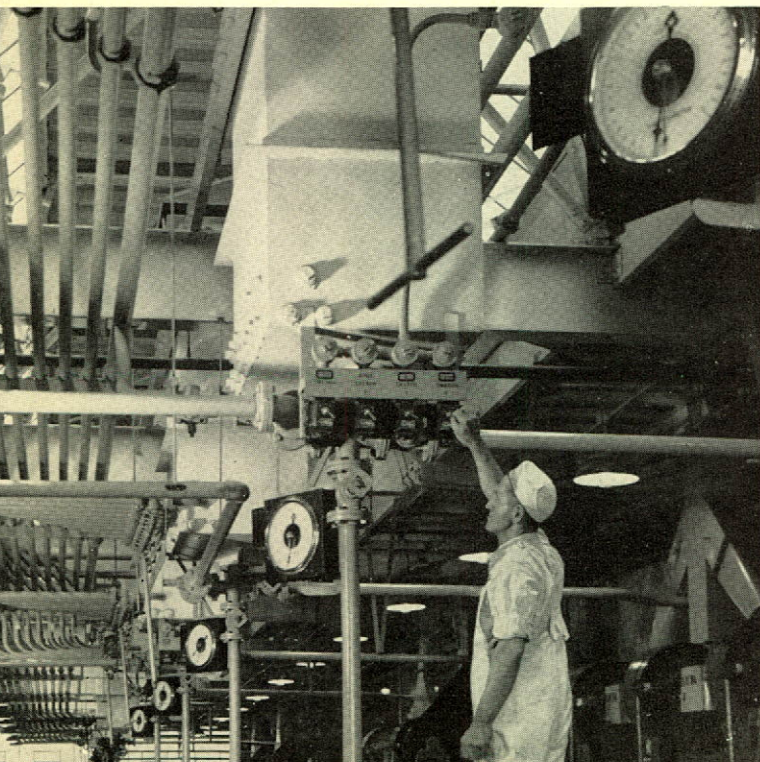
# For Greater Efficiency...

Recent additions to our manufacturing plants and warehouses, and the installation of new equipment have greatly improved our manufacturing and distributing facilities.

These improvements have made possible efficient manufacturing and country-wide distribution of Kem-Tone, Green Cross Insecticides, Lin-X Home Brighteners, Alkyd resins and other products developed in our Research Laboratories—and at the same time they have enabled us to materially increase production of our standard lines of products. In addition to the new products already announced, other far-reaching merchandising plans are in the stage

of development, and our enlarged and improved facilities will make it possible for us to implement them economically and efficiently.

We pay tribute to the engineers, technicians and all the others of our personnel who were responsible for the planning and execution of our post-war expansion programme. Despite severe shortages and other unforeseen problems, their efforts have given your company manufacturing facilities second to none . . . manufacturing facilities which will enable us to better serve our many customers among Canada's homeowners, farmers and rapidly expanding industries.



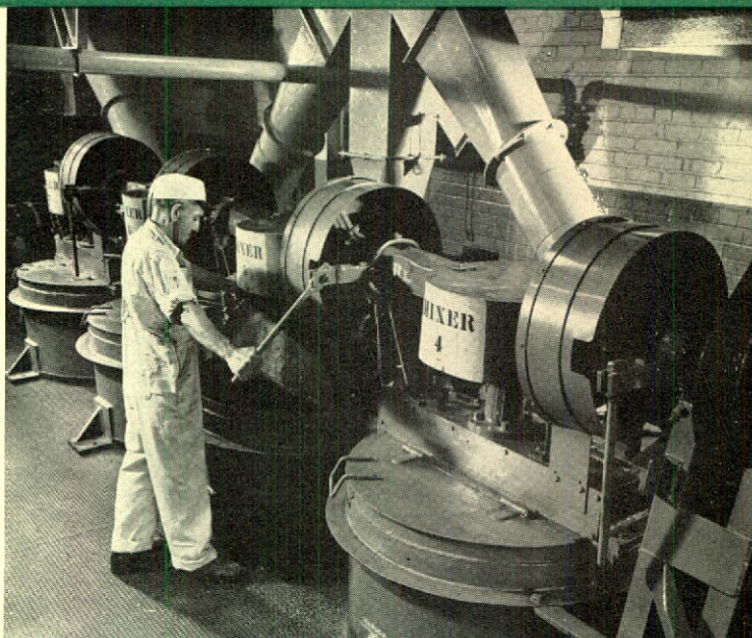
Over five miles of piping convey liquids from our storage tanks, varnish plant and linseed oil mill to the automatic measuring units of the grinding and mixing departments.



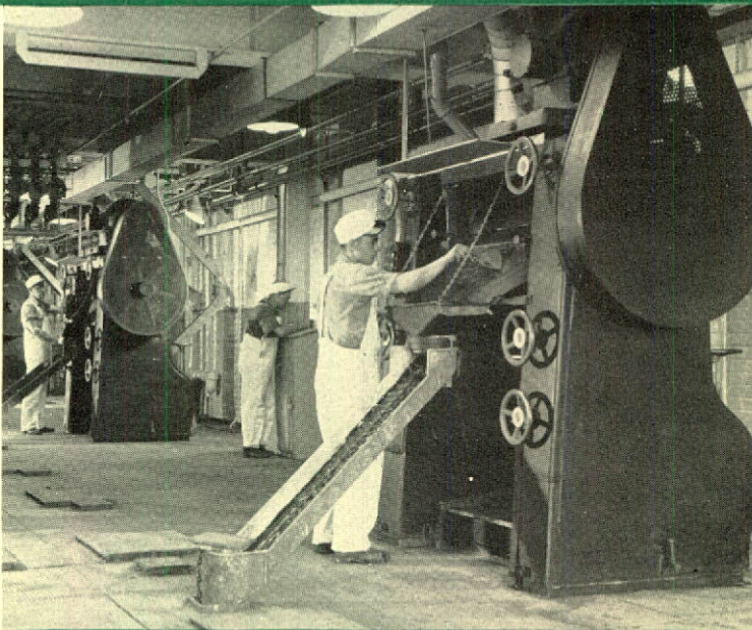
# For Greater Efficiency...



A battery of powerful paint mixers. Before pigments and liquids flow to the grinding mills, they are processed to a semi-paste form in these mixers.

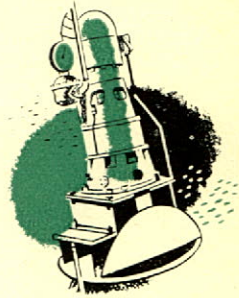
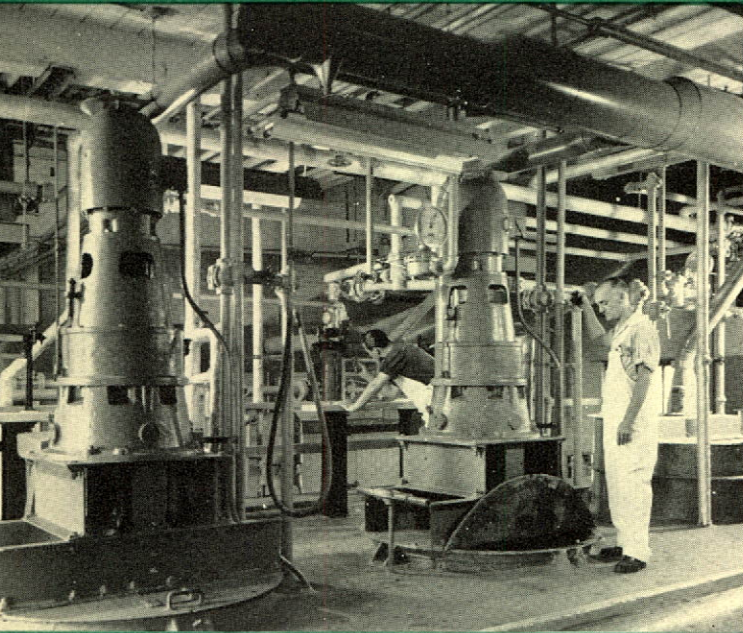


High speed five-roll mills each capable of producing approximately 2000 gallons of industrial and household finishes each full operating day.

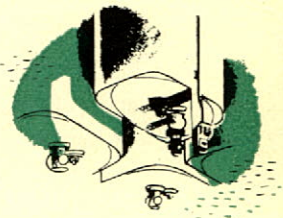
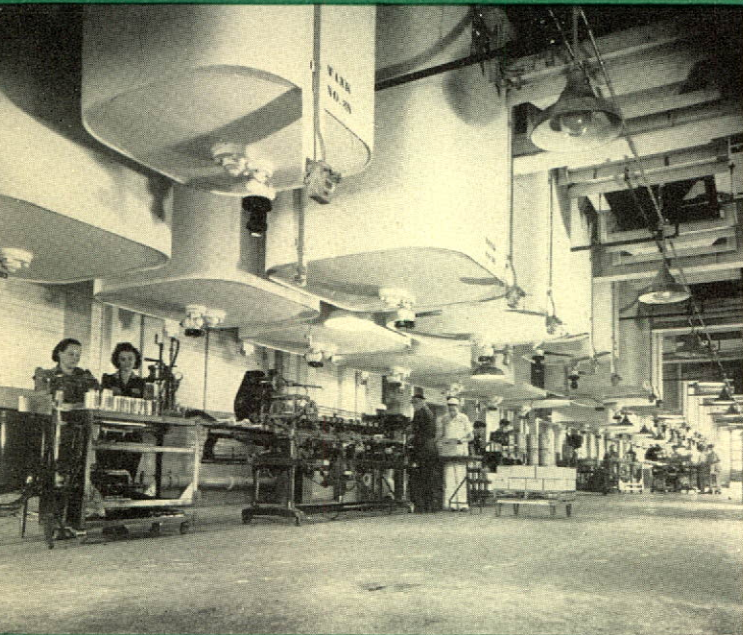




Automatic equipment has been installed in our plants to accurately weigh and measure all pigments and liquids and to control mixing and grinding operations.



View of specially designed equipment for the production of Kem-Tone, the miracle wall finish, which enjoyed an outstanding consumer acceptance in its first year on the Canadian market.



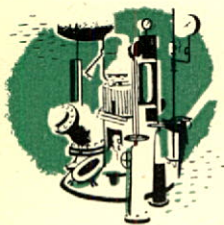
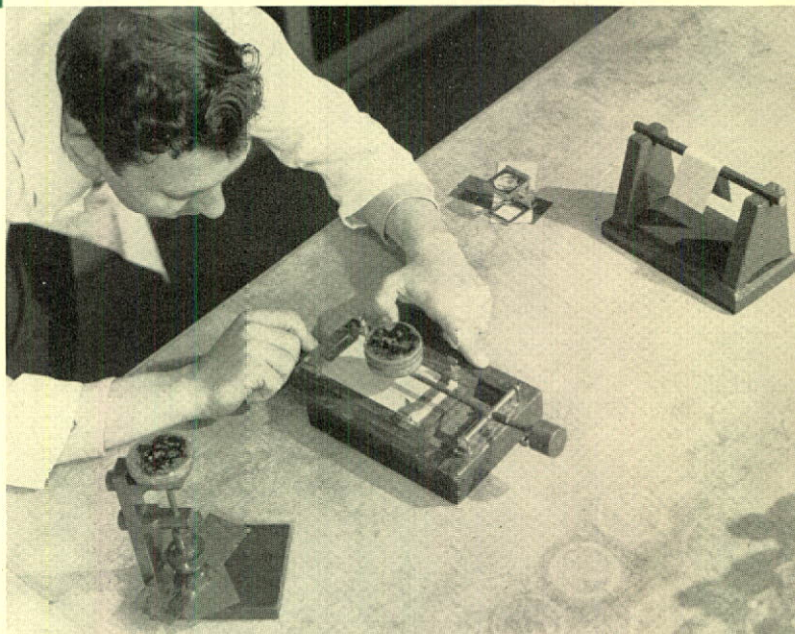
Following the grinding process the paint flows into these large tanks, where it is shaded, reduced, tested and approved. It is then automatically filtered, and the cans are filled, labelled and packed.



# For Greater Efficiency...



To maintain the high standard of all products, each step from the purchasing of raw materials on through every phase of manufacture is scientifically checked and controlled in our laboratories.



New "Dyals" plant, regarded as one of the most modern of its type on the North American Continent used for the manufacture of industrial, transportation and maintenance finishes. Capacity is 1,500,000 gallons per year.





# Annual Report of Board of Directors

For the Year Ending August 31 1948



## To the Shareholders:

Herewith is submitted, on behalf of your Directors, the Consolidated Balance Sheet showing Assets and Liabilities of your Company and its Wholly Owned Subsidiary Companies at the close of its fiscal year August 31 1948, together with the Consolidated Statement of Profit and Loss and Earned Surplus.

Your auditors, Messrs. Price, Waterhouse & Co., have examined the books and accounts of the Company and their certificate and report to the Shareholders is attached.

As has been our custom, all properties and plants of your Company have been maintained in proper condition and the sum of \$428,125.65 has been added to Reserve for Depreciation which now stands at \$3,382,410.42.

The expansion of the Company's production facilities, which has been proceeding since 1944, was completed during the year, with some minor exceptions, and it is expected that expenditures for these purposes will be in more normal amounts in the immediate future. The total cost of the programme amounted to over \$2,500,000.00 for the period from 1944 to 1948 and has been provided for out of earnings, notwithstanding which, Working Capital of the Company has been increased since 1944 by \$172,513.36.

Bank indebtedness amounted to slightly less than a year ago in spite of greatly increased sales volume with consequent higher Inventories and Accounts Receivable. Manufacturing and raw material costs also increased during the year, although we had no compensating increases in the selling prices of our products. Attention is also directed to higher freight rates, wage and labour costs, interest charges and depreciation.

Sales and Net Profit results for the year reached new high records but increased operating costs referred to above had a direct bearing upon our Net Profit position so that the improvement there has not kept pace with our sales achievement.

Shareholders will be interested in learning that the newer products of the Company in the Insecticide field, Green Cross Insecticides and Agricultural Weed-No-More, together with Kem-Tone, the largest selling wall finish on the market, and Lin-X Home Brighteners, a complete line of household waxes, polishes and cleaners, have contributed largely to the sales increases shown by the Company during the year, and our research facilities are constantly working on the development of new lines.

The Net Earnings of the Company, after making all deductions as shown on the Consolidated Statement of Profit and Loss and Earned Surplus, amounted to \$1,348,681.57 as compared with \$1,029,443.89 for the previous year. These earnings are equivalent to \$38.97 per share on the Preferred Stock of your Company as against \$29.68 in the previous year, and to \$4.92 per share on the Ordinary Stock as against \$3.49 per share for the year before.

Total Current Assets of your Company as shown on the Consolidated Balance Sheet amounted to \$13,602,470.78 and Current Liabilities to \$7,649,230.60, leaving Net Current Assets of \$5,953,240.18.

During the year dividends were paid on the Preferred Stock in the amount of \$242,200.00 and on the Ordinary Stock in the amount of \$224,720.00.

The Earned Surplus at the end of the fiscal year amounted to \$7,376,443.56 as compared with \$6,494,681.99 at August 31 1947, an increase of \$881,761.57.

The staff of the Organization discharged their duties throughout the year loyally and efficiently and to them the Management extends cordial thanks.

Respectfully submitted,

A large, stylized cursive signature in black ink, appearing to read 'W. Seudel'.

Chairman.



# THE SHERWIN-WILLIAMS CO.

AND WHOLLY OWNED S

## Consolidated Balance Sheet

### ASSETS

#### CURRENT ASSETS:

Cash on hand and in bank . . . . .	\$ 309,215.00	
Trade accounts receivable, less reserve . . . . .	4,974,842.61	
Other accounts receivable . . . . .	96,585.61	
Inventories of raw materials and supplies, goods in process and finished merchandise, stated on the basis of the lower of cost or market . . . . .	7,799,378.72	
Portion of excess profits tax recoverable in 1949 . . . . .	105,618.61	
Insurance, taxes and other prepaid expenses . . . . .	316,830.23	\$13,602,470.78

#### OTHER ASSETS:

Portion of excess profits tax recoverable in 1950-52 . . . . .	\$ 459,587.11	
Sundry accounts receivable, including \$9,497.49 owing by shareholders . . . . .	80,530.26	540,117.37

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

Investments, at cost, less reserve . . . . .	\$ 351,175.20	
Advances . . . . .	13,591.77	364,766.97

#### PROPERTY ACCOUNTS:

(Land and buildings, leaseholds, machinery and equipment, formulae, trademarks and goodwill acquired in 1911 are included at cost measured by the par value of bonds and the stated value of shares issued as consideration for such assets; other properties are included at cost, with the exception of properties owned by three of the con- solidated subsidiary companies which are stated at appraised values plus subsequent additions at cost.)	\$12,229,861.38	
Less: Reserve for depreciation . . . . .	\$ 3,382,410.42	8,847,450.96

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.

\$23,354,806.08

APPROVED ON BEHALF OF THE BOARD:

JOHN C. NEWMAN, *Director*  
WILFRID GAGNON, *Director*

#### AUDITORS' REPORT T

We have examined the consolidated balance sheet of The Sherwin-Williams Company of consolidated statement of profit and loss and earned surplus for the year ending on that date and explanations which we have required and we report that, in our opinion, the correct view of the state of the combined affairs of The Sherwin-Williams Company of Canada and 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

Montreal, November 18 1948.



# COMPANY OF CANADA LIMITED

SUBSIDIARY COMPANIES

AUGUST 31 1948

## LIABILITIES

### CURRENT LIABILITIES:

Bank loans.....	\$ 2,890,000.00	
Trade accounts payable and accrued liabilities.....	3,590,957.19	
Deposit accounts.....	10,591.00	
Income and other taxes.....	1,157,682.41	\$ 7,649,230.60

### OWING TO PARTLY OWNED SUBSIDIARY COMPANY.....

354,731.92

### 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 as per statement  
attached.....

7,376,443.56

11,870,843.56

15,330,843.56

\$23,354,806.08

## THE SHAREHOLDERS

Canada, Limited and its wholly owned subsidiary companies as at August 31 1948 and the balance sheet as at August 31 1948 is properly drawn up so as to exhibit a true and correct view of the financial position of the company and its wholly owned subsidiary companies, according to the best of our information and belief.

The accompanying financial statements only to the extent of dividends received.

PRICE, WATERHOUSE & CO., Auditors.

# THE SHERWIN-WILLIAMS COMPANY

of Canada, Limited

AND WHOLLY OWNED SUBSIDIARY COMPANIES

Consolidated Statement of Profit and Loss and Earned Surplus

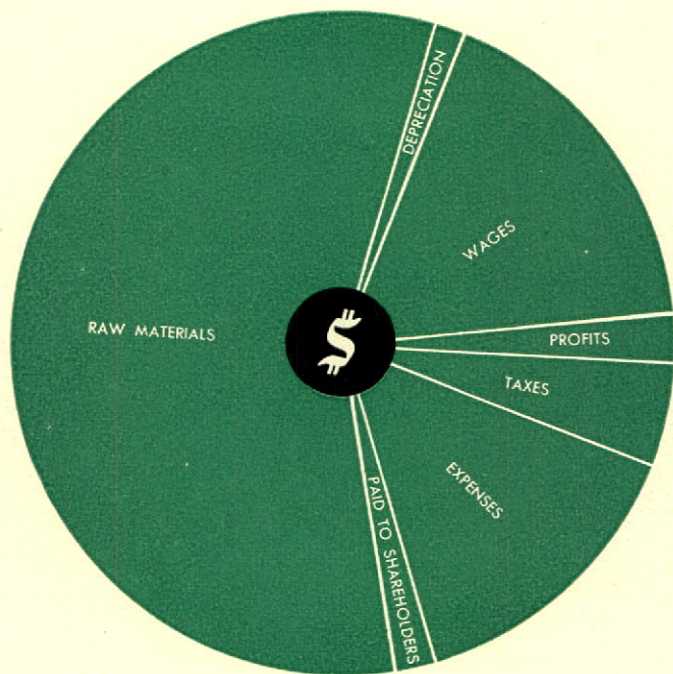
FOR THE YEAR ENDING AUGUST 31 1948

Combined profit from operations, after deducting remuneration amounting in the aggregate to \$170,584.98 for services of solicitors and counsel, executive officers and directors, but before provision for depreciation.....		\$2,836,525.36
Add: Dividends from partly owned subsidiary companies.....		55,470.00
		<u>\$2,891,995.36</u>
Deduct:		
Interest on bank loans.....	\$ 252,742.44	
Provision for depreciation.....	428,125.65	
Allowances paid to retired employees.....	50,470.30	731,338.39
		<u>\$2,160,656.97</u>
Deduct: Provision for Dominion and Provincial taxes on income		811,975.40
Net profit for the year ending August 31 1948....		<u>\$1,348,681.57</u>
Earned surplus, balance at August 31 1947.....		6,494,681.99
		<u>\$7,843,363.56</u>
Deduct:		
Dividends of \$7.00 per share on preferred stock.....	\$ 242,200.00	
Dividends on no par value ordinary stock.....	224,720.00	466,920.00
Earned surplus, balance August 31 1948.....		<u>\$7,376,443.56</u>



# *Distribution of the Company Dollar*

Each "sales dollar" received by your company from the sale of its manufactured goods was distributed in the proportions shown in the chart below, during the year 1948.



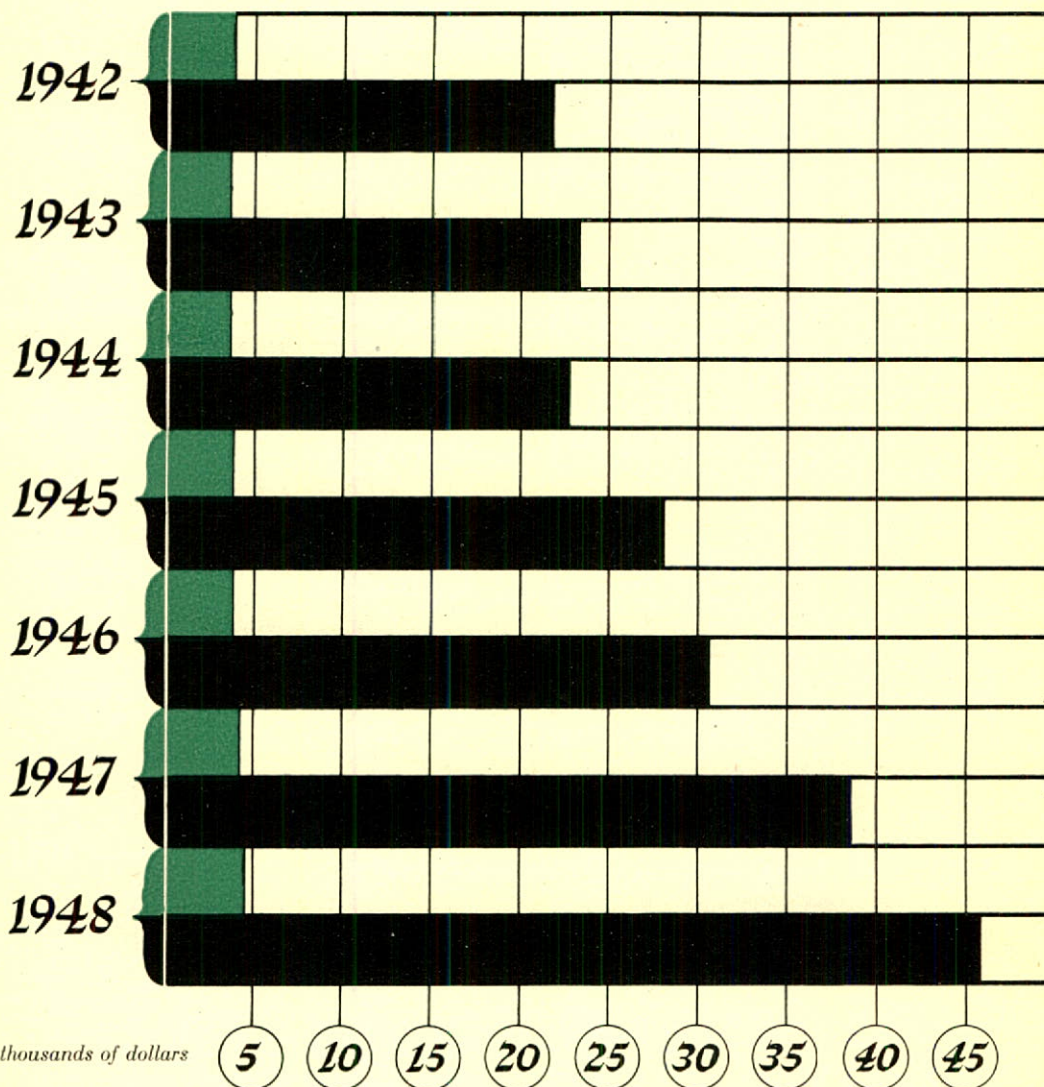
The chart illustrates that out of each sales dollar received during the year, 95 1/2c. was spent for raw materials, wages, expenses, depreciation and government taxes. This leaves 2c. for distribution to shareholders, and 2 1/2c. to be added to the surplus account to be used for the future requirements of the business.

# Dividends and Wages

Legend

Dividends

Wages



hundred thousands of dollars

5

10

15

20

25

30

35

40

45



# *A loyal and efficient staff*

The Board of Directors and Management take just pride in the personnel who are responsible for the efficient production and distribution of our products and the maintenance of buildings and equipment.

Realizing its responsibilities to the health and welfare of the company's loyal employees, Management has provided the facilities for the administration of a company plan for employee welfare.

This plan includes such things as:

**Cafeterias:** Operated by the company, where luncheons are provided at low cost.

**Education:** Financial assistance to employees who have the ambition and will to improve their education through night courses. It is a matter of record that many of our superintendents and department managers have attained their positions and increased their value to the company through this plan.

**Medical Services:** Free medical clinics under the supervision of doctors and nurses attend to the general health of employees, while sick benefit insurance alleviates financial worries if an employee is overtaken by illness.

**Vacations:** During the summer all plants and offices are closed entirely for two weeks to enable employees to enjoy a vacation, with pay, with their family and friends.

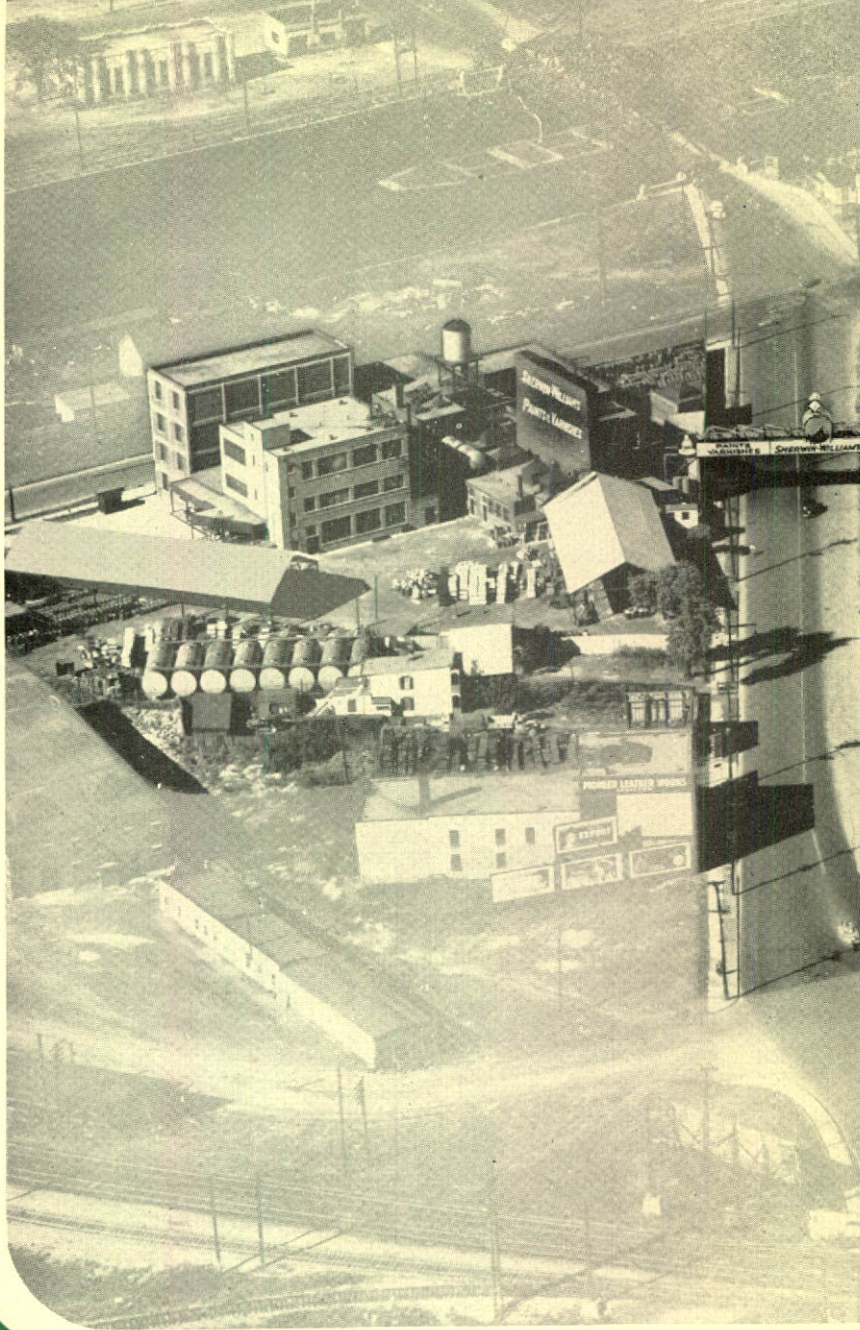
**Retirement Plan:** A generous retirement arrangement is sponsored by the company which bears the entire cost. No employee with reasonable length of service has ever been discharged for reasons of advancing age, disability or illness.

**Company Associations:** Over 358 employees have each completed 25 years service with the company and are joined together in an organization known as the "Old Guard." They have received special tokens of the company's esteem in the form of engraved gold watches and long service certificates.

The Cadet Association is made up of younger employees and functions to foster a better understanding between employees of all departments. The management of your company believes that these employee benefits are appreciated, and no effort will be spared in the future to expand and add to these services as circumstances warrant.

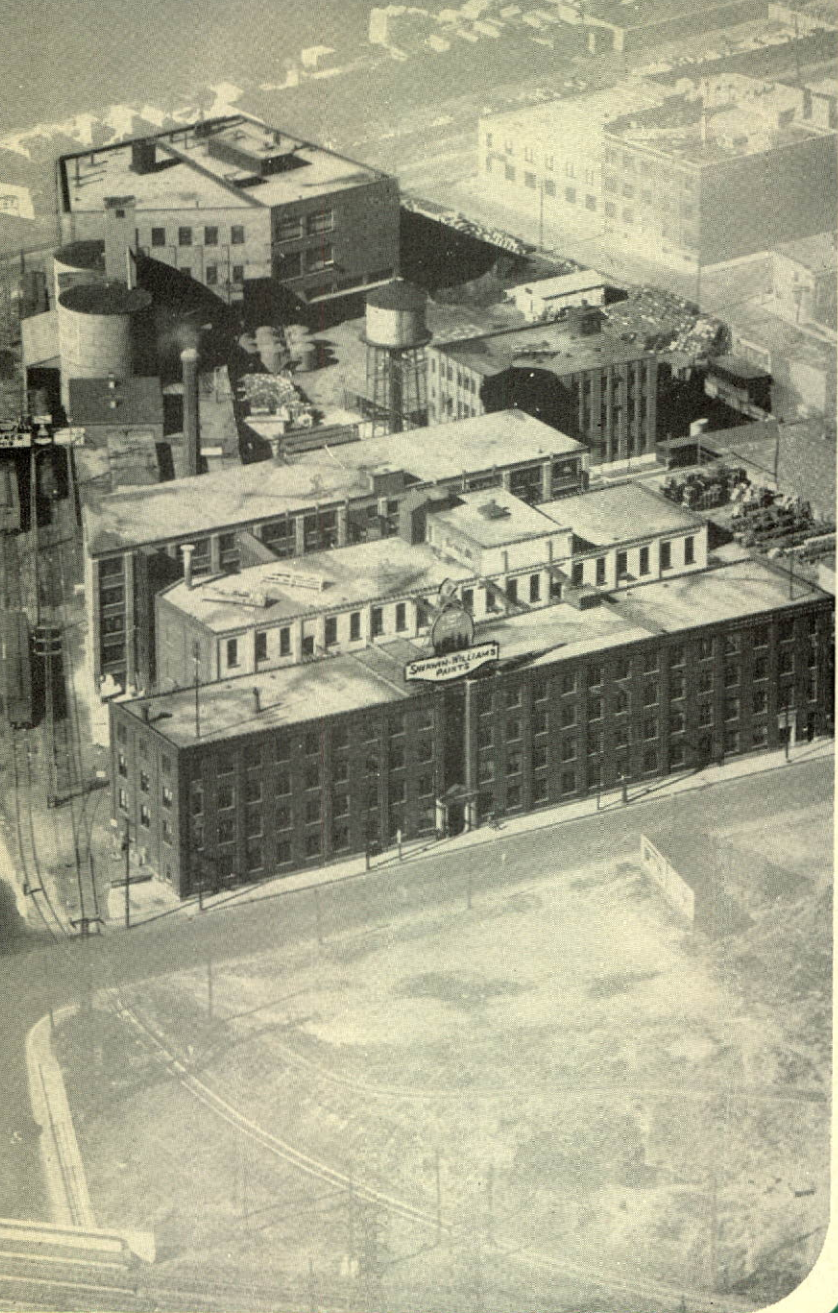






***THE SHERWIN-WILLIAMS CO.***  
*of Canada, Limited*

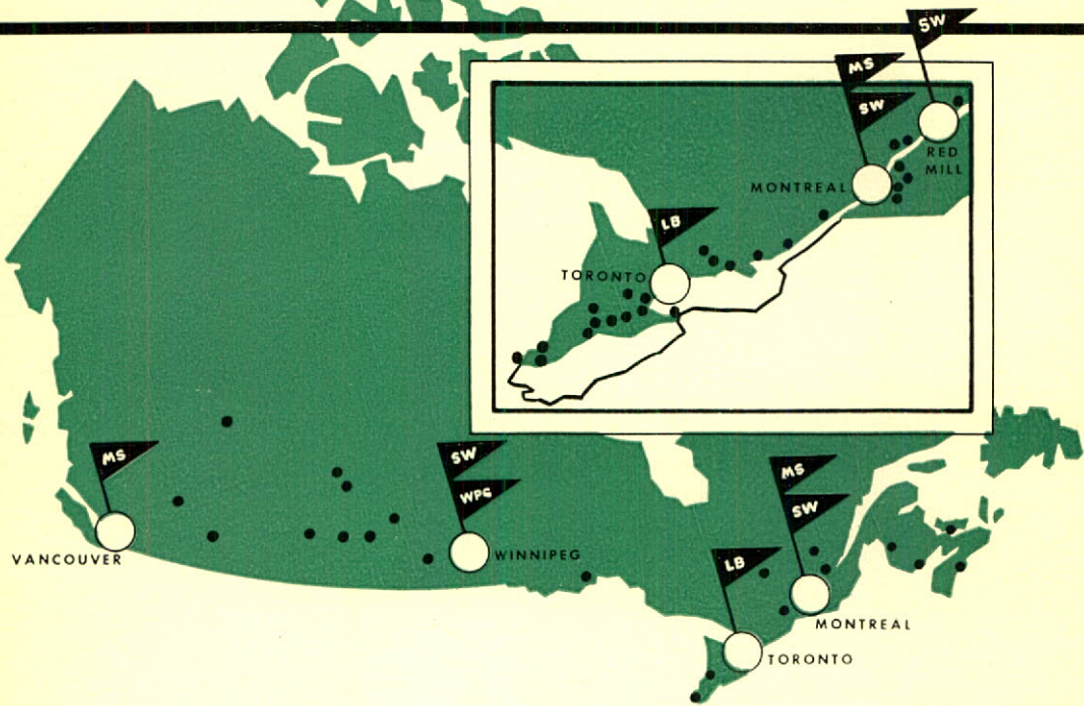




*Head Office and Main Plant:*  
2875 CENTRE STREET, MONTREAL



# Distribution Facilities



Plants of The Sherwin-Williams Co. of Canada, Limited and wholly owned subsidiaries are located as shown on the accompanying map: The Sherwin-Williams Co. of Canada, Limited, Montreal and Winnipeg; The Martin-Senour Co. Limited, Montreal and Vancouver; The Lowe Brothers Co. Limited, Toronto; The Canada Paint Co. Ltd., Montreal; The Winnipeg Paint and Glass Co. Limited, Winnipeg. In addition your company owns and operates at Red Mill, Quebec, a plant which processes bog oxide ore mined on the property. This plant is also used for the processing of zinc.

## *Distribution Branches in the following cities:*

BELLEVILLE  
BRANDON  
BRANTFORD  
BROCKVILLE  
CALGARY  
CHARLOTTETOWN  
CHATHAM  
CHICOUTIMI  
CORNWALL  
DRUMMONDVILLE  
EDMONTON  
FORT WILLIAM  
GRANBY

GUELPH  
HALIFAX  
HAMILTON  
KINGSTON  
KITCHENER  
LETHBRIDGE  
LINDSAY  
LONDON  
MONTREAL  
MOOSE JAW  
NIAGARA FALLS  
NORTH  
BATTLEFORD

OTTAWA  
PETERBOROUGH  
QUEBEC  
REGINA  
ROUYN  
ST. CATHARINES  
SAINT JOHN, N.B.  
ST. HYACINTHE  
ST. THOMAS  
SARNIA  
SASKATOON  
SHAWINIGAN  
FALLS

SOREL  
STRATFORD  
SWIFT CURRENT  
THREE RIVERS  
TORONTO  
VANCOUVER  
VERDUN  
WESTMOUNT  
WINDSOR  
WINNIPEG  
WOODSTOCK, N.B.  
YORKTON







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

*Head Office: Montreal*