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THE SHERWIN-WILLIAMS Co.
of Canada, Limited



Annual Report

for the year ending August 31 1949



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Annual Report
to
Shareholders

for the year ending August 31 1949

THE SHERWIN-WILLIAMS Co.
of Canada, Limited

Officers and Directors

OFFICERS:

- A. W. STEUDEL
Chairman
- D. A. WHITTAKER
President and Managing Director
- A. G. PINARD
Executive Vice-President
- L. C. de MERRALL
Vice-President
- P. W. HOLLINGWORTH
Secretary-Treasurer

DIRECTORS:

- L. C. de MERRALL
- V. M. DRURY
- WILFRID GAGNON
- J. C. NEWMAN
- A. G. PINARD
- JOS. A. SIMARD
- PAUL F. SISE
- A. W. STEUDEL
- D. A. WHITTAKER

Annual Report

of Board of Directors

For the Year Ending August 31 1949

To the Shareholders:

On behalf of your Directors, I have pleasure in submitting 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 1949.

Also included is the Consolidated Statement of Profit and Loss and Earned Surplus for the last fiscal year.

The books and accounts of the Company have been examined by your auditors, Messrs. Price, Waterhouse & Company, and their certificate and report is attached.

According to our usual custom, the properties and plants of your Company have been maintained in proper condition and the sum of \$469,121.12 has been added to Reserve for Depreciation which now stands at \$3,846,015.84. It may be pointed out that the increase in the provision for depreciation in recent years arises from Government regulations whereby on certain portions of the expansion programme of your Company, now practically completed, double depreciation has been allowed.

All Inventories have been taken with care and have been priced on the basis of cost or market, whichever proved to be the lower.

While sales volume of the Organization attained its second highest peak, having been exceeded only by that of the year just preceding, the reduction in sales volume accounted for half of the drop in earnings, the other half arising from constantly increasing operating and selling costs over almost the entire field of our operations.

Reference is made to reductions of \$1,120,000.00 in Bank Loans, \$620,000.00 in Inventories and \$267,000.00 in Accounts Payable, all of which indicate an improvement in the current position.

Your Directors are pleased to report that for the first months of the new fiscal year, beginning September 1 1949, encouraging sales gains have been shown as against the same period in the fiscal year just closed.

As a result of a change in the capitalization of one of the Partly Owned Subsidiary Companies, distribution of the surplus of this Company was made, and the treatment of the proceeds is disclosed in the Consolidated Statement of Profit and Loss under Dividends Received.

The Net Earnings of the Company available for dividends, after making all deductions as shown on the Consolidated Statement of Profit and Loss and Earned Surplus, amounted to \$987,476.58 as compared with \$1,348,681.57 for the year immediately preceding. These earnings were equivalent to \$28.54 per share on the Preferred Stock of your Company and to \$3.32 per share on the Ordinary Stock.

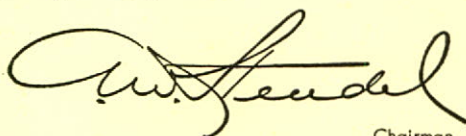
Total Current Assets of your Company as shown on the Consolidated Balance Sheet amounted to \$12,924,526.35 and Current Liabilities to \$6,124,857.64 leaving Net Current Assets of \$6,799,668.71, an improvement of \$846,428.53 during the year.

The Earned Surplus of your Company as at August 31 1949 stood at \$7,897,000.14 as compared with an Earned Surplus at August 31 1948 of \$7,376,443.56, an increase of \$520,556.58.

Dividends were paid for the period on the Preferred Stock of your Company in the amount of \$242,200.00 and on the Ordinary Stock in the amount of \$224,720.00.

Tribute is again due to the staff of the Organization throughout the country who continue, through loyal co-operation, to further the progress of your Company.

Respectfully submitted,



THE SHERWIN-WILLIAMS CO.

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Consolidated Balance Sheet

ASSETS

CURRENT ASSETS:

Cash on hand and in bank	\$ 244,270.56	
Trade accounts receivable, less reserve	4,929,871.65	
Other accounts receivable	140,196.84	
Inventories of raw materials and supplies, goods in process and finished merchandise, stated on the basis of the lower of cost or market	7,179,040.90	
Portion of excess profits tax recoverable in 1950	203,220.52	
Insurance, taxes and other prepaid expenses	227,925.88	\$12,924,526.35

OTHER ASSETS:

Portion of excess profits tax recoverable in 1951 and 1952	\$ 256,992.95	
Sundry accounts receivable, including \$6,958.31 owing by shareholders	56,332.91	313,325.86

INVESTMENTS IN AND ADVANCES TO PARTLY OWNED SUBSIDIARY COMPANIES:

Investments, at cost, less reserve	\$ 230,775.20	
Advances	11,028.70	241,803.90

PROPERTY ACCOUNTS

\$12,483,342.20

(Property accounts include land and buildings, leaseholds, machinery and equipment, formulae, trademarks and goodwill acquired in 1911, at cost measured by the par value of bonds and 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	3,846,015.84	8,637,326.36
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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.

\$22,116,982.47

APPROVED ON BEHALF OF THE BOARD:

P. F. SISE, Director
J. A. SIMARD, Director

AUDITORS' REPORT T

We have examined the consolidated balance sheet of The Sherwin-Williams Company and 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 above balance sheet and the statement of profit and loss and earned surplus of The Sherwin-Williams Company of Canada, Limited and its subsidiaries are correct and as shown by the books of the companies.

We also report that dividends from partly owned subsidiary companies taken up in the consolidated statement of profit and loss and earned surplus for the year and, to the extent of \$192,700.00, a distribution from accumulated profit

COMPANY OF CANADA LIMITED

SUBSIDIARY COMPANIES

» » » » August 31 1949

LIABILITIES

CURRENT LIABILITIES:

Bank loans	\$ 1,770,000.00	
Trade accounts payable and accrued liabilities	3,323,287.02	
Deposit accounts	10,507.80	
Income and other taxes	1,021,062.82	\$ 6,124,857.64

OWING TO PARTLY OWNED SUBSIDIARY COMPANY 120,724.69

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	7,897,000.14	12,391,400.14	15,851,400.14

\$22,116,982.47

THE SHAREHOLDERS

Canada, Limited and its wholly owned subsidiary companies as at August 31 1949 and the consolidated statement of profit and loss and earned surplus represent, in part, the earnings of the companies. We have obtained all the information from the books of the companies. The sheet as at August 31 1949 is properly drawn up so as to exhibit a true and correct view of the financial position of the wholly owned subsidiary companies, according to the best of our information and explanations.

PRICE, WATERHOUSE & CO., Auditors.

THE SHERWIN-WILLIAMS COMPANY

of Canada, Limited

and Wholly Owned Subsidiary Companies

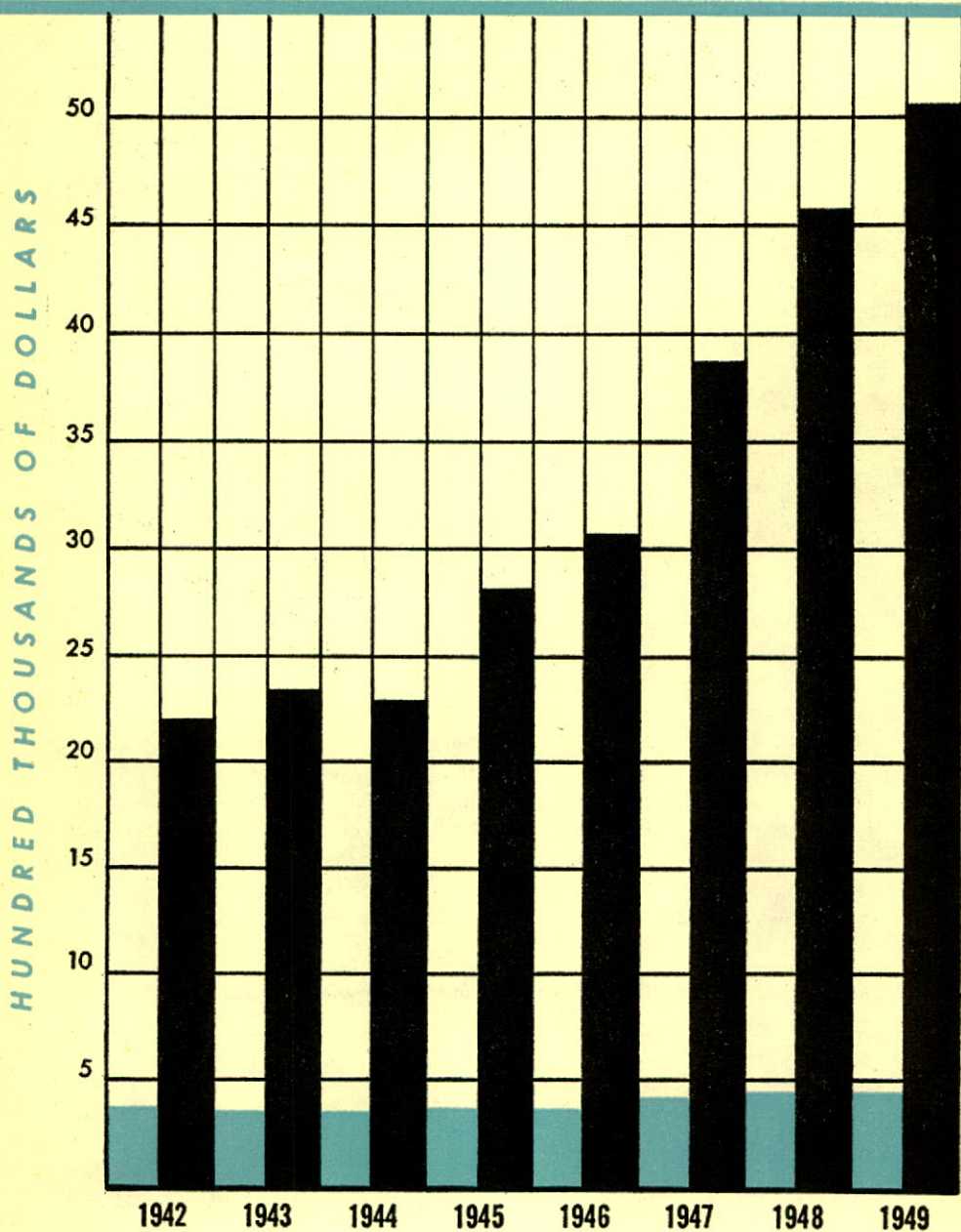
Consolidated Statement of Profit and Loss and Earned Surplus

FOR THE YEAR ENDING

August 31 1949

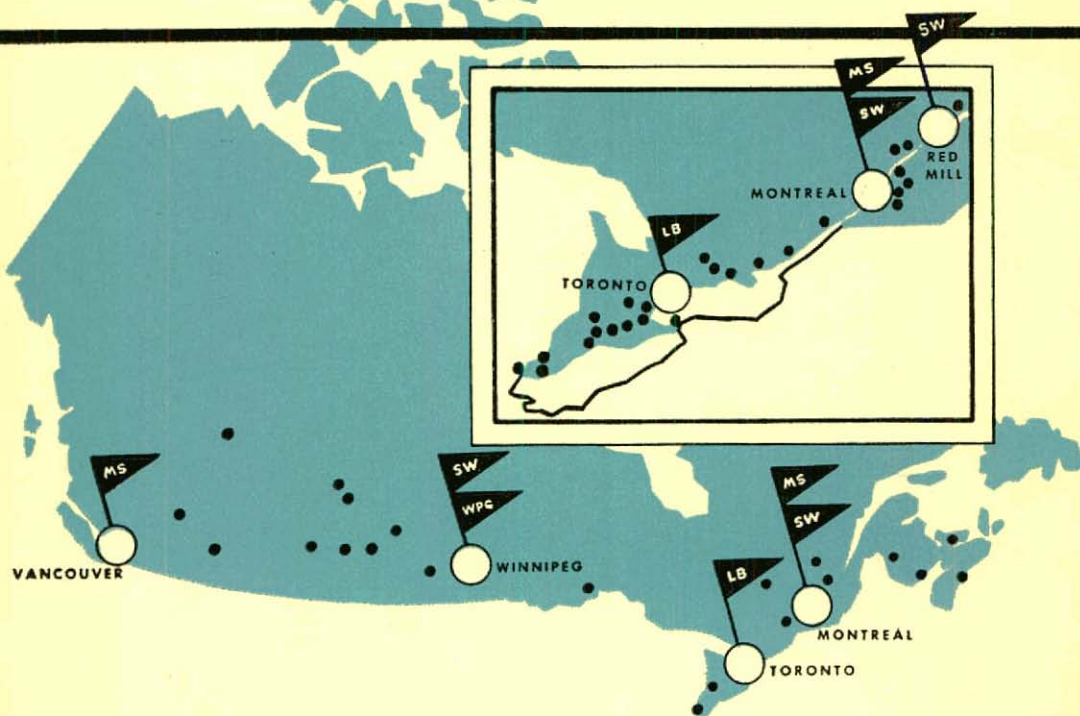
Combined profit from operations, after deducting remuneration, amounting in the aggregate to \$178,372.63, for services of solicitors and counsel, executive officers and directors, but before provision for depreciation.		\$1,849,465.82
<u>Add:</u> Dividends from partly owned subsidiary companies. . .	\$429,402.90	
Less: Applied in reduction of book value of investment. . .	120,400.00	309,002.90
		<hr/>
		\$2,158,468.72
<u>Deduct:</u>		
Interest on bank loans.	\$250,888.93	
Provision for depreciation.	469,121.12	
Allowances paid to retired employees.	53,762.80	773,772.85
		<hr/>
		\$1,384,695.87
<u>Deduct:</u> Provision for Dominion and Provincial taxes on income.		397,219.29
		<hr/>
Net profit for the year ending August 31 1949. . .		\$ 987,476.58
Earned surplus, balance August 31 1948.		7,376,443.56
		<hr/>
		\$8,363,920.14
<u>Deduct:</u>		
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
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Earned surplus, balance August 31 1949.		\$7,897,000.14
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Dividends and Wages



Legend: dividends wages

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.

Distribution Branches in the following cities:

BELLEVILLE	GUELPH	OTTAWA	SOREL
BRANDON	HALIFAX	PETERBOROUGH	STRATFORD
BRANTFORD	HAMILTON	QUEBEC	SWIFT CURRENT
BROCKVILLE	KINGSTON	REGINA	THREE RIVERS
CALGARY	KITCHENER	ROUYN	TORONTO
CHARLOTTETOWN	LETHBRIDGE	ST. CATHARINES	VANCOUVER
CHATHAM	LINDSAY	SAINT JOHN, N.B.	VERDUN
CHICOUTIMI	LONDON	ST. HYACINTHE	WESTMOUNT
CORNWALL	MONTREAL	ST. THOMAS	WINDSOR
DRUMMONDVILLE	MOOSE JAW	SARNIA	WINNIPEG
EDMONTON	NIAGARA FALLS	SASKATOON	WOODSTOCK, N.B.
FORT WILLIAM	NORTH BATTLEFORD	SHAWINIGAN FALLS	YORKTON
GRANBY			

