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Annual Report

FOR THE YEAR ENDED AUGUST 31

1952

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, 1952*

To the Shareholders:

Herewith I beg to submit on behalf of the Directors the Consolidated Balance Sheet of your Company and its Wholly Owned Subsidiary Companies, showing Assets and Liabilities at the close of the fiscal year ending August 31, 1952, together with the Consolidated Statement of Profit and Loss and Earned Surplus for that year.

Your Auditors, Messrs. Price, Waterhouse & Company, have examined the books and accounts of the Company and their report is attached.

In accordance with our custom, all the properties of your Company have been maintained in good condition and the sum of \$437,473.99 has been added to the Reserve for Depreciation which now amounts to \$5,295,495.74.

Our usual care has been exercised in the taking of all inventories which have been priced on the basis of cost or market, whichever proved to be the lower.

Our advertising and merchandising policies and plans have kept the Company's products in the forefront of public demand in Canada, and our well established household lines of paint and varnish for inside and outside use have had wide distribution and acceptance. To these have been added in recent years newer lines of finishes beginning with Kem-Tone some five years ago, which was a revolutionary product in wall finishes; followed a year later by Kem-Glo, the enamel which "looks and washes like baked enamel," and thirdly, during the year just closed, by Super Kem-Tone, the new deluxe interior paint whose acceptance by the public has been phenomenal.

Although total sales were well maintained, reaching the second largest volume in the Company's history, several departments of the business suffered sales and operating losses during the year which had an adverse effect upon our profit position. In addition, operating costs such as salaries and wages, travelling and selling expenses, taxes, etc., were very considerably increased over the previous year.

The combined profit from operations amounted to \$2,322,962.37 compared to a similar profit in the previous year of \$3,163,770.58. After providing for interest, depreciation, etc., in the amount of \$1,011,929.88 there remained a balance of earnings before Income Taxes of \$1,315,902.49. After deduction of Income Taxes amounting to \$730,348.18 the net profit available for Dividends stood at \$585,554.31 compared with \$1,007,944.05 last year. These earnings were at the rate of \$16.92 per share on the Preferred Stock of the Company and after payment of \$7.00 per share on the Preferred Stock there remained a balance of \$1.52 per share on the Ordinary Stock.

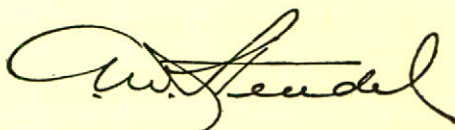
Dividends to Shareholders for the year amounted to \$242,200.00 on the Preferred Stock and \$280,900.00 on the Ordinary Stock.

The Total Current Assets of the Company stood at \$15,526,892.66 and Current Liabilities at \$6,963,048.26, the balance of Net Current Assets thus being \$8,563,844.40, an increase of \$443,114.88 during the year.

The Earned Surplus of the Company and its Wholly Owned Subsidiary Companies at August 31, 1952, was \$8,797,135.91.

In conclusion I desire to extend to our staff everywhere sincere thanks for their fine service and co-operation during the year.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'W. Leudel', written in a cursive style.

Chairman.

MONTREAL, QUE.

November 13, 1952

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 1952

Combined profit from operations, before provisions for depreciation and other deductions shown below.....		\$2,322,962.37
<i>Add:</i> Dividends from partly owned subsidiary companies.....		4,870.00
		\$2,327,832.37
<i>Deduct:</i>		
Interest on bank loans.....	\$293,290.08	
Allowances paid to retired employees.....	78,732.80	
Legal fees.....	6,138.95	
Remuneration of executive officers and directors' fees.....	196,294.06	
Provision for depreciation.....	437,473.99	1,011,929.88
		\$1,315,902.49
<i>Deduct:</i> Provision for taxes on income.....		730,348.18
		\$ 585,554.31
Earned surplus at August 31 1951.....		8,734,681.60
		\$9,320,235.91
<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
		\$8,797,135.91
Earned surplus at August 31 1952.....		\$8,797,135.91

THE SHERWIN-WILLIAMS CO.

AND WHOLLY OWNED

Consolidated Balance

Assets

CURRENT ASSETS:

Cash on hand and in bank	\$	126,407.36	
Trade accounts receivable, less reserve		5,960,195.68	
Other accounts receivable		326,920.77	
Inventories of raw materials and supplies, goods in process and finished merchandise, stated on the basis of the lower of cost or market		8,538,111.33	
Insurance, taxes and other prepaid expenses		248,898.23	
Advertising stock, stationery, etc.		326,359.29	
			<u>\$15,526,892.66</u>

OTHER ASSETS:

Sundry accounts receivable, including \$4,490.49 owing by shareholders	\$	64,501.73	
Unamortized royalty payment		18,861.58	83,363.31
			<u>83,363.31</u>

INVESTMENTS IN AND ADVANCES TO PARTLY OWNED SUBSIDIARY COMPANIES:

Investments	\$	30,775.20	
Advances		21,636.50	52,411.70
			<u>52,411.70</u>

INVESTMENTS IN AFFILIATED COMPANY

200,000.00

CAPITAL ASSETS \$13,213,597.06

(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	5,295,495.74	7,918,101.32
		<u>7,918,101.32</u>

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 \$3,403,704.58. The total replacement value new, less depreciation, based on these 1952 appraisals was therefore \$9,441,326.80 which is \$7,238,880.60 in excess of the net amounts at which land, buildings, machinery and equipment are included under capital assets at August 31 1952.

\$23,780,768.99

COMPANY OF CANADA, LIMITED

SUBSIDIARY COMPANIES

Sheet - August 31 1952

Liabilities

CURRENT LIABILITIES:

Bank loans.....	\$ 2,800,000.00
Trade accounts payable and accrued liabilities..	3,330,498.13
Income and other taxes.....	832,550.13
	<u>\$ 6,963,048.26</u>

OWING TO AFFILIATED COMPANY 46,184.82

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..... 8,797,135.91 13,291,535.91 16,751,535.91

SIGNED ON BEHALF OF THE BOARD:

WILFRID GAGNON, *Director*

R. C. VAUGHAN, *Director*

\$23,780,768.99

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 1952 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 1952 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 24 1952.

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

R. C. VAUGHAN

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, Salaries and Wages

