



Annual Report

FOR THE YEAR ENDED AUGUST 31

1954

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, 1954*

To the Shareholders:

Herewith is submitted on behalf of the Board of Directors the Consolidated Balance Sheet of your Company and its Wholly Owned Subsidiaries showing Assets and Liabilities at the end of its fiscal year, August 31, 1954, together with the Consolidated Statement of Profit and Loss and Earned Surplus for the year.

An examination of the books and accounts of the Company has been made by your auditors, Messrs. Ernst & Ernst, and their report is attached.

All plants and properties of your Company have been maintained in good condition and the sum of \$330,645.62 has been added to Allowances for Depreciation which now stand at \$5,960,450.64.

Raw material and manufactured goods inventories have been taken with our usual care and have been priced at the lower of cost or market.

All our research and product development resources are being maintained in full activity with our world-wide affiliations, and improvements in present lines and the introduction of new products go on with increased emphasis year by year. Our new and revolutionary decorative development, Applikay, for interior use with Super Kem-Tone, is now being introduced to the Canadian market with encouraging success.

During the year a new paint warehouse was built on our Leslie Street property in the City of Toronto, and a warehouse and office building was constructed at Burlington, Ontario, and occupied on a long-lease basis to house the office and warehousing facilities of our Green Cross Insecticide Division. These additional facilities were necessitated by the continued growth and expansion of our operations in Ontario.

We have purchased 12 acres of desirable land in Ville LaSalle, near Montreal, and are now constructing on this site one of the largest

warehouses in Canada exclusively devoted to paints and varnishes and allied products. When completed this and the Ontario buildings will have added floor space totalling 160,000 square feet to our previous post-war developments, and plans are in preparation for further expansion in Western Canada.

As a result of expenditures connected with this programme, together with increased inventory values and larger customer outstandings, our bank indebtedness increased during the year to \$1,517,444.10.

Our sales volume for the year just closed was on a parity with the previous year thus making total sales for these two years the highest on record for the Company. The result was contributed to by our regular branded lines, by increased consumer demand for our Kem products, Green Cross Insecticides and our many other activities.

Profit figures for the year amounted, before income taxes, to \$2,710,744.91 as compared with \$2,690,515.86 for the previous year, and after tax deductions to \$1,422,676.79 as against \$1,195,095.02 for the year ended August 31, 1953.

The net earnings figure worked out at \$41.11 on the Preferred Stock, and after the regular 7% dividend thereon to \$5.25 per share on the Ordinary Stock as compared with \$4.24 in the previous year.

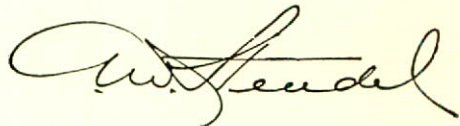
During the year Dividends paid to Shareholders amounted to \$590,516.00, an increase of \$67,416.00 on the Ordinary shares of the Company.

Total Current Assets of the Company as shown on the Consolidated Balance Sheet amounted to \$16,568,267.21 and Current Liabilities stood at \$6,993,841.71, leaving a balance of Net Current Assets amounting to \$9,574,425.50.

The Earned Surplus of the Company and its Wholly Owned Subsidiaries at August 31, 1954 amounted to \$10,171,291.72, an increase of \$832,160.79 during the year.

We are happy to extend our grateful thanks to our staff everywhere for faithful service and support given during the year.

Respectfully submitted,

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

Chairman.

Consolidated Profit and Loss and Earned Surplus
THE SHERWIN-WILLIAMS COMPANY
of Canada, Limited
and wholly-owned subsidiaries
Year ended August 31, 1954

Profit and Loss

Profit from operations for the year, before provisions for depreciation and other items shown below		\$ 3,503,656.14
Other income:		
Dividends received on capital stock of unconsolidated subsidiaries and affiliate		73,980.46
		\$ 3,577,636.60
Other deductions:		
Interest on bank loans	\$226,997.41	
Allowances paid to retired employees	89,671.75	
Legal fees	10,106.45	
Remuneration of executive officers and directors' fees	209,470.46	
Provision for depreciation	330,645.62	866,891.69
PROFIT BEFORE TAXES ON INCOME		\$ 2,710,744.91
Taxes on income for the year — estimated		1,288,068.12
NET PROFIT		\$ 1,422,676.79

Earned Surplus

Balance at September 1, 1953		\$ 9,339,130.93
Add net profit for the year		1,422,676.79
		\$10,761,807.72
<i>Deduct:</i>		
Dividends paid during the year:		
Preferred — \$7.00 per share	\$242,200.00	
Ordinary — \$1.55 per share	348,316.00	590,516.00
BALANCE AT AUGUST 31, 1954		\$10,171,291.72

Consolidated

THE SHERWIN-WILLIAMS CO.

AND WHOLLY-OWNED

August

Assets

CURRENT ASSETS

Cash on hand	\$	25,160.00	
Trade accounts receivable less allowance for doubtful accounts		6,697,472.44	
Other accounts receivable		171,451.29	
Inventories of raw materials and supplies, in process and finished merchandise at the lower of cost or market prices		9,101,823.13	
Insurance, taxes, and other expense prepaid		350,812.70	
Advertising stock, stationery and other supplies		221,547.65	\$16,568,267.21

INVESTMENT AND OTHER ASSETS

Investment in partly owned subsidiary companies not consolidated	\$	26,393.95	
Capital stock of affiliated company — at cost		200,000.00	
Sundry accounts receivable, including \$1,577.98 owing by shareholders		93,159.44	319,553.39

PROPERTY, PLANT AND EQUIPMENT

Land, buildings, machinery and equipment — generally at cost	\$	8,675,624.80	
Less allowances for depreciation		5,960,450.64	2,715,174.16

INTANGIBLE ASSETS

Formulae, trade marks and goodwill		5,536,538.67	
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\$25,139,533.43

Balance Sheet

COMPANY OF CANADA, LIMITED

AND SUBSIDIARIES

1, 1954

Liabilities, Capital Stock and Surplus

CURRENT LIABILITIES

Bank overdrafts (net).....	\$ 1,517,444.10	
Trade accounts payable and accrued liabilities..	4,393,815.81	
Owing to affiliated company.....	18,166.81	
Income and other taxes — estimated.....	<u>1,064,414.99</u>	\$ 6,993,841.71

RESERVE FOR ALLOWANCES TO RETIRED EMPLOYEES.....

20,000.00

CAPITAL STOCK AND SURPLUS

Capital stock:

Seven percent cumulative preferred par
value \$100.00 per share

Authorized — 40,000 shares

Outstanding — 34,600 shares..... \$ 3,460,000.00

No par value ordinary

Authorized — 225,000 shares

Outstanding — 224,720 shares..... 4,494,400.00

Earned surplus..... 10,171,291.72 18,125,691.72

SIGNED ON BEHALF OF THE BOARD.

V. M. DRURY, *Director*

J. A. SIMARD, *Director*

\$25,139,533.43

Auditors' Report

To the Shareholders,

THE SHERWIN-WILLIAMS COMPANY OF CANADA, LIMITED,
MONTREAL, QUEBEC.

We have examined the consolidated balance sheet of The Sherwin-Williams Company of Canada, Limited and its wholly-owned subsidiary companies as of August 31, 1954, and the related statements of consolidated profit and loss and surplus for the year then ended, and have obtained all the information and explanations which we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the attached balance sheet and statements of profit and loss and 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 subsidiaries at August 31, 1954, and the consolidated results of their operations for the year then ended, according to the best of our information and the explanations given us, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year and as shown by the books of the companies.

In accordance with the provisions of The Companies' Act (1934), we report that earnings of subsidiary companies not consolidated are reflected in the accompanying financial statements only to the extent of dividends received.

ERNST & ERNST

MONTREAL

October 25, 1954

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 Automotive Transportation Finishes.

Directors

L. C. DEMERRALL	P. W. HOLLINGWORTH	A. W. STEUDEL
V. M. DRURY	A. G. PINARD	R. C. VAUGHAN
WILFRID GAGNON	JOS. A. SIMARD	D. A. WHITTAKER

Officers

A. W. STEUDEL	<i>Chairman</i>
D. A. WHITTAKER	<i>President and Managing Director</i>
A. G. PINARD	<i>Executive Vice-President</i>
L. C. DEMERRALL	<i>Vice-President</i>
P. W. HOLLINGWORTH	<i>Secretary-Treasurer</i>

THE CANADA PAINT COMPANY LIMITED

Head Office, 2859 Centre Street, Montreal, P.Q.

President, D. A. WHITTAKER General Manager, W. J. Tardiff

THE LOWE BROTHERS COMPANY LIMITED

Head Office, 263 Sorauren Ave., Toronto, Ont.

President, A. G. PINARD Vice-President and General Manager, R. G. MONTEITH

THE MARTIN-SENOUR COMPANY LIMITED

Head Office, 6833 de l'Epee Ave., Montreal 15, P.Q.

President, A. G. PINARD Vice-President and General Manager, H. C. CULLEY

THE WINNIPEG PAINT & GLASS COMPANY LIMITED

Head Office, 179 Notre Dame Avenue East, Winnipeg, Man.

President, D. A. WHITTAKER Vice-President and General Manager, W. A. STAPLEY

Dividends, Salaries and Wages

