

1st Stack

THE SHERWIN-WILLIAMS CO.



Annual Report

FOR THE YEAR ENDED AUGUST 31

1955

THE SHERWIN-WILLIAMS Co.
of Canada, Limited

PURVIS HALL
LIBRARIES
NOV 22 1955
MCGILL UNIVERSITY



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

*Annual Report of Board of Directors
for the year ended August 31, 1955*

To the Shareholders:

The Consolidated Balance Sheet showing Assets and Liabilities of your Company and its Wholly Owned Subsidiaries at the close of its fiscal year, August 31, 1955, is submitted herewith together with the Consolidated Statement of Profit and Loss and Earned Surplus for the year.

Your auditors, Messrs. Ernst & Ernst, have made an examination of the books and accounts of the Company and their report is attached.

As is our custom, all plants and properties of your Company have been maintained in good condition and the sum of \$373,387.84 has been added to Allowances for Depreciation which now amount to \$6,293,590.73.

We have now completed our warehouse expansion programme for Eastern Canada in Montreal, Toronto and Burlington at a cost of \$1,500,000.00, which has been paid for out of current funds, thus occasioning the increased bank borrowings shown on the Balance Sheet. These additional facilities will enable us to render more efficient service to our expanding markets.

Total sales for the year were slightly lower than last year due to a somewhat slower demand for industrial and transportation goods. On the other hand, sales to our dealer trade were well maintained

and volume for the first weeks of our new fiscal year shows substantial betterment.

During the year our Research Departments have developed a number of new products which are now being marketed by our selling force with encouraging results.

Earnings for the year amounted, before income taxes, to \$1,872,480.67 as compared with \$2,710,744.91 for the previous year, and after tax deductions to \$1,047,480.67 as against \$1,422,676.79 for the year ended August 31, 1954. The reduction in net earnings was brought about mainly by increased selling and operating expenses, upward adjustments in salaries and wages, and extraordinary and non-recurring costs in connection with our warehouse expansion.

Net earnings amounted to \$30.27 on the Preferred Stock, and after the regular 7% dividend thereon to \$3.58 per share on the Ordinary Stock.

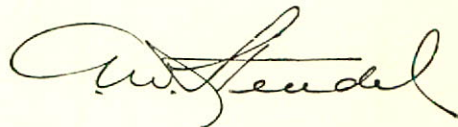
During the year Dividends paid to Shareholders amounted to \$680,404.00, an increase of \$89,888.00 on the Ordinary shares of the Company.

Total Current Assets of the Company as shown on the Consolidated Balance Sheet amounted to \$16,485,963.36 and Current Liabilities stood at \$7,142,525.81 leaving a balance of Net Current Assets amounting to \$9,343,437.55.

The Earned Surplus of the Company and its Wholly Owned Subsidiaries at August 31, 1955 amounted to \$10,538,368.39, an increase of \$367,076.67 during the year.

The employees of the Organization everywhere have discharged their duties during the year with loyalty and efficiency and the thanks of the Management are gratefully extended to them.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read 'W. Seidel', written in dark ink.

Chairman.

MONTREAL, QUE.

November 10, 1955.

Consolidated Profit and Loss and Earned Surplus
THE SHERWIN-WILLIAMS COMPANY
of Canada, Limited
and wholly-owned subsidiary companies

Year ended August 31, 1955

Profit and Loss

Profit from operations for the year, before provision for depreciation and other items shown below		\$ 2,811,809.46
Other Income:		
Dividends received on capital stock of unconsolidated subsidiaries		5,490.00
		\$ 2,817,299.46
Other deductions:		
Interest on bank loans	\$281,283.56	
Allowances paid to retired employees	90,004.97	
Legal fees	7,924.48	
Remuneration of executive officers and directors' fees	192,217.94	
Provision for depreciation	373,387.84	
		944,818.79
PROFIT BEFORE TAXES ON INCOME ..		\$ 1,872,480.67
Taxes on income for the year — estimated		825,000.00
NET PROFIT		\$ 1,047,480.67

Earned Surplus

Balance at September 1, 1954		\$10,171,291.72
Add net profit for the year		1,047,480.67
		\$11,218,772.39
<i>Deduct:</i>		
Dividends paid during the year:		
Preferred — \$7.00 per share	\$242,200.00	
Ordinary — \$1.95 per share	438,204.00	
		680,404.00
BALANCE AT AUGUST 31, 1955		\$10,538,368.39

Consolidated

THE SHERWIN-WILLIAMS COMPANY

AND WHOLLY-OWNED SUBSIDIARIES

August 31, 1934

Assets

CURRENT ASSETS

Cash on hand	\$	24,725.00	
Trade accounts receivable less allowance for doubtful accounts		6,734,439.06	
Other accounts receivable		157,650.54	
Inventories of raw materials and supplies, in pro- cess and finished merchandise at the lower of cost or market prices		9,145,863.32	
Insurance, taxes and other expenses prepaid		206,834.80	
Advertising stock, stationery and other supplies . .		216,450.64	\$16,485,963.36

INVESTMENT AND OTHER ASSETS

Investment in partly-owned subsidiary companies not consolidated	\$	100,757.37	
Capital stock of affiliated company		200,000.00	
Sundry accounts receivable, including \$108.73 owing by shareholders		98,421.24	399,178.61

PROPERTY, PLANT AND EQUIPMENT

Land, buildings, machinery and equipment— generally at cost	\$	9,527,204.29	
Less allowances for depreciation		6,293,590.73	3,233,613.56

INTANGIBLE ASSETS

Formulae, trade marks and goodwill			5,536,538.67
--	--	--	--------------

\$25,655,294.20

Balance Sheet

COMPANY OF CANADA, LIMITED

AND SUBSIDIARIES

1955

Liabilities, Capital Stock and Surplus

CURRENT LIABILITIES

Bank overdrafts (net)	\$ 2,530,728.68	
Trade accounts payable and accrued liabilities	4,180,177.73	
Owing to affiliated company	46,912.77	
Income and other taxes — estimated	384,706.63	\$ 7,142,525.81

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 10,538,368.39 18,492,768.39

SIGNED ON BEHALF OF THE BOARD:

R. C. VAUGHAN, *Director*

W. GAGNON, *Director*

\$25,655,294.20

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, 1955, 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, 1955, 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, 1955.

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, Kem-Var,
Lead Products, Dyes, Chemicals, Litharge, Linseed Oil, Dry Colours,
Insecticides, Herbicides, Fungicides,
Industrial, Railway, Marine, Automotive and 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 Vice-President and 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

