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# *Annual Report*

FOR THE YEAR ENDED AUGUST 31

1958

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

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

*Annual Report of the Board of Directors  
for the year ended August 31, 1958*

*To the Shareholders:*

On behalf of the Board of Directors, herewith are presented the Consolidated Balance Sheet and the Consolidated Statement of Profit and Loss and Earned Surplus for The Sherwin-Williams Company of Canada, Limited and its wholly-owned subsidiaries at the close of the fiscal year August 31, 1958. Also presented is a statement on the examination of the books and accounts of the company by your auditors, Messrs. Ernst & Ernst.

Profits from operations, after depreciation and after all deductions but before taxes on income, amounted to \$1,489,992.33. Net profit, after provision for income tax, amounted to \$1,006,807.82. This net profit amounts to \$29.09 per share on the preferred stock and after a dividend of 7% on the preferred stock, to \$3.40 per share on the common stock. Total dividends paid to shareholders during the year amounted to \$702,876.00.

The earned surplus of the company and its wholly-owned subsidiaries for the year ending August 31, 1958, amounted to \$10,454,083.40 as compared with \$9,853,777.17 at the end of the previous year. The increase in earned surplus results in part from retained earnings and to approximately an equal extent from consolidation of the accounts of Duford Limited, which is now a wholly-owned subsidiary. A considerable proportion of the increase in surplus through the consolidation of Duford Limited, resulted from the sale of property at substantially more than book value.

As shown on the Consolidated Balance Sheet, total current assets amounted to \$16,010,440.52 as compared to \$16,330,937.12 last year. Current liabilities amounted to \$5,654,271.36 as compared to \$6,308,545.07 in the previous year. Net working capital increased by \$333,777.11.

Completion of the new paint plant and warehouse at Annacis Island in the Vancouver area was delayed as a result of prolonged strikes of electrical workers and plumbers. Since the settlement of those two strikes, work has been progressing rapidly so that there is every expectation that the plant will be in operation before the end of this calendar year.

During this past fiscal year, parts of the Winnipeg properties used by The Winnipeg Paint and Glass Company Limited have been sold, with the result that operations for that company are on a very much more satisfactory basis.

In order adequately to serve the growing market in Manitoba, Saskatchewan and Alberta, construction of new warehouse facilities has been started in Winnipeg on 12 acres of land purchased in the community of St. James. Completion of this project is expected by early spring.

As a result of an aggressive program of expansion of company operated branches, the total number of such branches is now 97. These branches, in addition to selling directly to consumers and painters in their immediate areas, serve as convenient warehouses for dealers everywhere. Proximity of branches to dealers permits dealers to conduct their businesses with smaller inventories and consequently, smaller investments. Branches also provide painters with a convenient source of supply for all of their requirements.

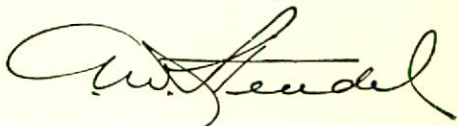
The new color program instituted this past year, has proved very successful, and will be expanded in our new fiscal year. The Color Harmony Guide, which is available as a free color service to customers, provides authoritative suggestions for color selections.

Although sales in the automotive industry suffered during the past year, sales of trade sales products showed very satisfactory improvement. In spite of loss of sales volume to the automotive industry, total sales volume reached an all time peak.

New products recently added to our line include the Loxon line of basement wall finishes and the Dexall line of associated products. Both of these lines are expected to add significantly to our sales volume in 1958-59.

We want to extend our grateful thanks to our staff throughout our organization for their loyal and effective service during this past year.

Respectfully submitted on behalf of the Board.



Chairman.



President.

MONTREAL, QUE.  
November 19, 1958.

**Consolidated Statements of Profit and Loss  
and Earned Surplus**

**THE SHERWIN-WILLIAMS COMPANY**

*of Canada, Limited*

and wholly-owned subsidiaries

**Year ended August 31, 1958**

***Profit and Loss***

Profit from operations for the year before provision for depreciation and other items shown below . . . . .		\$ 2,435,368.21	
Other income:			
Dividends received on capital stock of un-consolidated subsidiaries . . . . .	\$ 13,100.00		
Profit on disposal of fixed assets . . . . .	102,324.38	115,424.38	
		\$ 2,550,792.59	
Other deductions:			
Interest on bank loans . . . . .	\$ 304,992.73		
Allowances paid to retired employees—Note	140,952.06		
Legal fees . . . . .	17,422.40		
Remuneration of executive officers and directors' fees . . . . .	227,278.12		
Provision for depreciation . . . . .	356,522.17		
Amortization of leasehold improvements . .	13,632.78	1,060,800.26	
		\$ 1,489,992.33	
PROFIT BEFORE TAXES ON INCOME		\$ 1,489,992.33	
Taxes on income for the year — estimated . .	\$ 700,000.00		
Less overprovision for prior years' taxes . . .	216,815.49	483,184.51	
		NET PROFIT	\$ 1,006,807.82

***Earned Surplus***

Balance at beginning of year . . . . .		\$ 9,853,777.17	
Add:			
Net profit for the year . . . . .	\$1,006,807.82		
Surplus attributable to shares of subsidiary partly-owned in prior years, now wholly-owned . . . . .	296,374.41	1,303,182.23	
		\$11,156,959.40	
Deduct:			
Dividends paid during the year:			
Preferred — \$7.00 per share . . . . .	\$ 242,200.00		
Common — \$2.05 per share . . . . .	460,676.00	702,876.00	
		BALANCE AT END OF YEAR	\$10,454,083.40

*The Note to the financial statements appears on the balance sheet.*

**Consolidated**

# ***THE SHERWIN-WILLIAMS CO***

**AND WHOLLY-OWNED**

**August 31, 1958**

## ***Assets***

### **CURRENT ASSETS**

Cash on hand . . . . .	\$	61,250.00
Trade accounts receivable, less allowance for doubtful accounts . . . . .		6,960,802.76
Other accounts receivable . . . . .		127,440.30
Inventories of raw materials and supplies, in process and finished merchandise at the lower of cost or market prices . . . . .		8,343,406.92
Insurance, taxes and other expenses prepaid . . . . .		156,858.65
Advertising stock, stationery and other supplies . . . . .		360,681.89

TOTAL CURRENT ASSETS \$16,010,440.52

### **INVESTMENTS AND OTHER ASSETS**

Investment in partly-owned subsidiary companies not consolidated . . . . .	\$	7,250.00
Capital stock of affiliated company . . . . .		200,000.00
Miscellaneous accounts receivable . . . . .		113,165.11

### **PROPERTY, PLANT AND EQUIPMENT**

Land, buildings, machinery and equipment — generally at cost . . . . .	\$10,111,235.61	
Less allowances for depreciation . . . . .	6,739,163.84	
	<u>\$ 3,372,071.77</u>	
Leasehold improvements less amortization of \$25,348.22 . . . . .	90,146.36	3,462,218.13

### **INTANGIBLE ASSETS**

Formulae, trade marks and good will . . . . .		1.00
		<u>\$19,793,074.76</u>

NOTE: At January 1, 1958, the Company replaced its informal employees' retirement plan with a non-funded, terminable, formal plan.

# Balance Sheet

## COMPANY OF CANADA, LIMITED

AND SUBSIDIARIES

1, 1958

### *Liabilities, Capital Stock and Surplus*

#### CURRENT LIABILITIES

Bank overdraft (net) . . . . .	\$ 1,899,045.47	
Trade accounts payable and accrued liabilities . . . . .	3,403,755.68	
Owing to affiliated company . . . . .	137,478.49	
Income and other taxes — estimated . . . . .	213,991.72	
		<hr/>
TOTAL CURRENT LIABILITIES	\$ 5,654,271.36	

#### CAPITAL STOCK AND SURPLUS

##### Capital stock:

Seven per cent cumulative preferred, par  
value \$100.00 per share:

Authorized — 40,000 shares

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

No par value common:

Authorized — 225,000 shares

Outstanding — 224,720 shares . . . . . 224,720.00

Earned surplus . . . . . 10,454,083.40 14,138,803.40

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\$19,793,074.76

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APPROVED ON BEHALF OF THE BOARD:

V. M. DRURY, *Director*

W. GAGNON, *Director*

# *Auditors' Report*

*To the Shareholders,*

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

We have examined the consolidated financial statements of The Sherwin-Williams Company of Canada, Limited and its wholly-owned subsidiaries for the year ended August 31, 1958, 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 accompanying balance sheet and statements 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 subsidiaries at August 31, 1958, 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 provision 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 9, 1958.*



# **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, Beauty-Lok,  
Super Kem-Tone, Kem-Tone, Kem-Glo, Kem-Var, Loxon, Kem-Krete,  
Lead Products, Dyes, Chemicals, Litharge, Linseed Oil,  
Insecticides, Herbicides, Fungicides,  
Industrial, Railway, Marine, Automotive and Transportation Finishes.

## *Directors*

C. W. BAKER  
E. C. BALDWIN  
V. M. DRURY

WILFRID GAGNON  
P. W. HOLLINGWORTH  
JOS. A. SIMARD

A. W. STEUDEL  
R. C. VAUGHAN  
D. A. WHITTAKER

## *Officers*

A. W. STEUDEL	<i>Chairman</i>
D. A. WHITTAKER	<i>President</i>
E. C. BALDWIN	<i>Vice-President and Managing Director</i>
C. W. BAKER	<i>Vice-President and Director of Sales</i>
P. W. HOLLINGWORTH	<i>Vice-President and 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, D. A. WHITTAKER—Vice-President and General Manager,  
R. G. MONTEITH*

### **THE MARTIN-SENOUR COMPANY LIMITED**

*Head Office, 2875 Centre Street, Montreal, P.Q.*

*President, D. A. WHITTAKER—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, A. C. LEWSEY*

# *Dividends, Salaries and Wages*

