

C

Stack 10



# Annual Report

FOR THE YEAR ENDED AUGUST 31

1959

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

PUBLIC LIBRARY  
NOV 7 1959  
MCGILL UNIVERSITY





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

*Annual Report of the Board of Directors  
for the year ended August 31, 1959*

*To the Shareholders:*

The Consolidated Balance Sheet and the Consolidated 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, 1959, is presented herewith. The report on the examination of the books and accounts of the Company by your auditors, Messrs. Ernst and Ernst, is also presented.

After depreciation and after all deductions, but before taxes on income, profits from operations amounted to \$1,706,165.91. After provision for income tax, net profit amounted to \$1,073,320.34. On the preferred stock this net profit amounts to \$31.02 per share, and after a dividend on the preferred, to \$3.69 per share on the common stock. During the year, dividends paid to shareholders amounted to \$702,876.00.

The Earned Surplus of the Company and its wholly-owned subsidiaries amounted to \$10,824,527.74 at August 31, 1959, as compared with \$10,454,083.40 at the end of the previous year. Retained earnings accounted for the increase in Earned Surplus.

Total Current Assets as shown on the Consolidated Balance Sheet amounted to \$17,553,906.01 as compared with \$16,010,440.52 last year. Current Liabilities amounted to \$7,629,237.91 as compared with \$5,654,271.36 in the previous year. Net Working Capital decreased by \$431,501.06. This decrease is entirely accounted for by the cost of the new facilities at Annacis Island and Winnipeg.

During this fiscal year, the construction and equipment of the new paint plant and warehouse at Annacis Island, Vancouver, and of the new warehouse at Winnipeg, have been completed and brought fully into operation. The improved production and distribution facilities enable us to anticipate confidently a

greater share of the expanding paint markets of Western Canada than we have enjoyed previously. There has been some financial loss at the Vancouver plant, an inevitable consequence of bringing a new paint plant into operation, but this loss has been absorbed in the year's operating costs.

Increases in sales to almost all the many paint markets we serve have resulted in a new total sales record. Kem-Glo and Super Kem-Tone, the two paint products by which we are best known to the general public and other paint consumers, continue to occupy a position of favour with our numerous customers. Several thousand copies of the Kem Color Harmony Guide, a book which provides a very wide range of expertly arranged color schemes for home owners, architects, and others interested in decoration, are in daily use.

Our color service has been extended still further during this fiscal year by the introduction of the Kem Colormeter, a machine which enables our dealers and branches to offer to their customers a range of hundreds of colors in several of our decorative finishes.

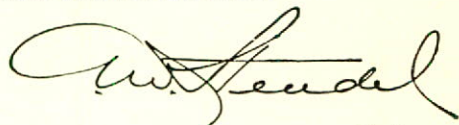
This year we have added to the line of Loxon Basement Wall Finishes, a new type of Concrete Floor Enamel, known also by the Loxon name. Sales of both finishes are already making significant progress and will, no doubt, contribute to the continuing growth of the sales of the paints we manufacture for use on buildings.

In the immediate future, we shall begin to market a new Decorative Fire Retardant Paint, to be known as Kem-Guard. The Underwriters' Laboratories of Canada report and certificate attest to the efficiency of this product in its ability to retard the spread of fire in buildings and show that it is unquestionably the best finish of its kind on the market. This is a technical development of our Canadian Laboratories, of no small importance, which will attract considerable attention from institutions and from a wide range of owners of many other types of buildings.

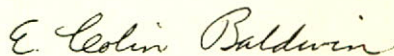
The total number of our Company operated branches is now 108, as compared with 97 a year ago. These branches have helped, and will continue to facilitate the expansion of our aggressive sales programs. They provide the general public, painters, and many other customers with advice on painting problems and with a complete range of paint, and painting equipment. It is noteworthy that whenever we open new branches, the sales of products by dealers in the same towns or cities show improvement, since they are able to provide immediate service and immediate delivery of emergency requirements to these dealers.

We would like to express our appreciation to our staff throughout our organization for their efficient service during this past year.

Respectfully submitted on behalf of the Board.



Chairman.



President.

MONTREAL, QUE.  
October 9, 1959.

## Consolidated Profit and Loss and Earned Surplus

# THE SHERWIN-WILLIAMS COMPANY

*of Canada, Limited*

and wholly-owned subsidiaries

Year ended August 31, 1959

### *Profit and Loss*

Profit from operations for the year before provision for depreciation and other items shown below		\$ 2,699,801.23
Other income:		
Dividends received	\$ 16,920.00	
Profit on disposal of fixed assets	47,809.87	64,729.87
		<hr/>
		\$ 2,764,531.10
Other deductions:		
Interest on bank loans	\$318,155.01	
Allowances paid to retired employees — Note	183,018.79	
Legal fees	12,973.50	
Remuneration of executive officers and directors' fees	195,280.01	
Provision for depreciation	313,732.94	
Amortization of leasehold improvements	35,204.94	1,058,365.19
		<hr/>
PROFIT BEFORE TAXES ON INCOME		\$ 1,706,165.91
Taxes on income for the year — estimated	\$754,000.00	
Less overprovision for prior years' taxes	121,154.43	632,845.57
		<hr/>
NET PROFIT		\$ 1,073,320.34

### *Earned Surplus*

Balance at beginning of year		\$10,151,083.40
Add:		
Net profit for the year		1,073,320.34
		<hr/>
		\$11,527,403.74
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
		<hr/>
BALANCE AT END OF YEAR		\$10,824,527.74

*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 .....	\$	63,332.60
Trade accounts receivable, less allowance for doubtful accounts .....		7,581,372.97
Other accounts receivable .....		161,620.08
Inventories of raw materials and supplies, in process and finished merchandise at the lower of cost or market prices .....		9,337,460.90
Insurance, taxes and other expenses prepaid .....		170,679.14
Advertising stock, stationery and other supplies .....		239,440.32

TOTAL CURRENT ASSETS \$17,553,906.01

### INVESTMENTS AND OTHER ASSETS

Investment in partly-owned subsidiary—at cost	\$	8,250.00
Investment in affiliated company .....		200,000.00
Miscellaneous accounts receivable and advances .....		129,598.51

### PROPERTY, PLANT AND EQUIPMENT

Land, buildings, machinery and equipment — principally at cost .....	\$11,013,891.31	
Less allowances for depreciation .....	6,888,452.55	
	<u>\$ 4,130,438.76</u>	
Leasehold improvements less amortization of \$57,513.64 .....	116,291.37	4,246,730.13

### INTANGIBLE ASSETS

Formulae, trade marks and good will .....		1.00
---	--	------

\$22,138,485.65

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

31, 1959

### *Liabilities, Capital Stock and Surplus*

#### CURRENT LIABILITIES

Bank overdraft (net) . . . . .	\$ 2,754,065.97
Trade accounts payable and accrued liabilities . . . . .	4,093,977.68
Amount due to affiliated company . . . . .	219,466.29
Taxes other than on income . . . . .	129,236.29
Taxes on income — estimated . . . . .	132,491.68

TOTAL CURRENT LIABILITIES \$ 7,629,237.91

#### CAPITAL STOCK AND SURPLUS

##### Capital stock:

Preferred shares, 7% cumulative,

par value \$100.00 per share:

Authorized — 40,000 shares

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

Common shares — no par value:

Authorized — 225,000 shares

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

Earned surplus . . . . . 10,824,527.74 11,509,247.74

\$22,138,485.65

APPROVED ON BEHALF OF THE BOARD:

JOS. A. SIMARD, *Director*

R. C. VAUGHAN, *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, 1959, 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 affairs of The Sherwin-Williams Company of Canada, Limited and its wholly-owned subsidiaries at August 31, 1959, 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 the net profit of the subsidiary company not consolidated is reflected in the accompanying financial statements only to the extent of dividends received.

ERNST & ERNST  
*Chartered Accountants.*

MONTREAL,  
*October 9, 1959*



# **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-Glo, Kem-Var, Loxon, Kem-Krete,  
Kem-Guard, Pleasure Craft Finishes, Dexall Products,  
Lead Products, Dyes, Chemicals, Litharge, Linseed Oil,  
Green Cross Products,  
Industrial, Railway, Marine, Automotive and Transportation Finishes.

## *Directors*

C. W. BAKER	WILFRID GAGNON	A. W. STEUDEL
E. COLIN BALDWIN	P. W. HOLLINGWORTH	R. C. VAUGHAN
V. M. DRURY	JOS. A. SIMARD	D. A. WHITTAKER

## *Officers*

A. W. STEUDEL	<i>Chairman</i>
E. COLIN BALDWIN	<i>President and Managing Director</i>
S. LING	<i>Vice-President and General Manager</i>
C. W. BAKER	<i>Vice-President and Director of Sales</i>
P. W. HOLLINGWORTH	<i>Vice-President and Secretary-Treasurer</i>
C. E. RECKITT	<i>Assistant Secretary-Treasurer</i>

### **THE CANADA PAINT COMPANY LIMITED**

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

*President, E. COLIN BALDWIN—Vice-President and General Manager,*

*W. J. TARDIFF*

### **THE LOWE BROTHERS COMPANY LIMITED**

*Head Office, 263 Spadina Ave., Toronto, Ont.*

*President, E. COLIN BALDWIN—Vice-President and General Manager, R. H. LECK*

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

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

*President, E. COLIN BALDWIN—Vice-President and General Manager,*

*H. C. CULLEY*

### **THE WINNIPEG PAINT & GLASS COMPANY LIMITED**

*Head Office, 179 Pioneer Avenue East, Winnipeg, Man.*

*President, E. COLIN BALDWIN—Vice-President and General Manager,*

*A. C. LEWSEY*

# *Dividends, Salaries and Wages*

