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# *Annual Report*

FOR THE YEAR ENDED AUGUST 31

1960

***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, 1960*

*To the Shareholders:*

Presented herewith on behalf of the Board of Directors are the Consolidated Balance Sheet and the Consolidated Statement of Income 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, 1960. The report of your Auditors, Messrs. Ernst and Ernst, on the examination of the books and accounts of the Company, is also submitted.

Operating income amounted to \$825,286.75 after depreciation and all deductions, but before taxes on income. After provision for income tax, net profit amounted to \$521,986.27. This net profit amounts to \$15.08 per share on the preferred stock and after the dividend on the preferred, to \$1.24 per share on the common stock.

Sales were slightly below last year's record total. Credit restrictions experienced generally in the dealer trade this year, and particularly in the early months of it, resulted in widespread inventory reductions which led to uneven and reduced production in our plants, affecting our profits adversely. Although there was a marked improvement in our sales to dealers in later months their inventories remain at lower levels than a year ago. Our profits were still further reduced by severe price competition experienced throughout the year in all the many markets we serve, and by unavoidable increases in operating costs.

Every possible step is being taken to control expense and to improve margins

of gross as well as net profit. Consequently, we have expectation as well as hope of improved results in the new fiscal year.

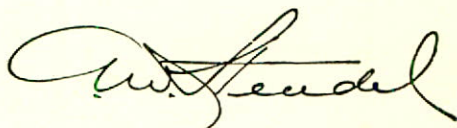
Capital expenditures were restricted to a minimum during the year. No major additions to capital account are contemplated during the now current fiscal year.

Eight new branches were opened during the year, bringing the total to 115. Our branches continue to make substantial sales progress and, as a result of several measures now being taken, may confidently be expected to make a greater contribution to the Company's profits.


During the year a new product was introduced, namely, A-100 Latex House Paint, and sales have been very gratifying. It is a paint for exterior use which may truly be described as a breakthrough in paint technology. Before being put on the market this product showed exceptional resistance to a wide variety of climatic conditions over a long period of exposure. It has gained quickly a highly satisfactory reputation among professional and amateur painters because of its ease of application, quick drying and ease of clean-up properties. We look forward confidently to its greatly increased sales in the future.

This has been a difficult year but the staff of the whole Organization has performed efficiently. We would like to express our appreciation to them for the manner in which they have carried out their duties.

Respectfully submitted on behalf of the Board,

A handwritten signature in cursive script, appearing to read "W. Seidel".

Chairman.

A handwritten signature in cursive script, appearing to read "E. Colin Baldwin".

President.

## Consolidated Income and Earned Surplus

# THE SHERWIN-WILLIAMS COMPANY

of Canada, Limited

and wholly-owned subsidiaries

Year ended August 31, 1960

### Income

Income from operations for the year before provision for depreciation and other items shown below . . . . .		\$ 2,000,496.31
Other income:		
Dividends received . . . . .	\$ 22,640.00	
Profit on disposal of equipment . . . . .	3,355.04	25,995.04
		<hr/>
		\$ 2,026,491.35
Other deductions:		
Interest on bank loans . . . . .	\$391,722.90	
Allowances paid to retired employees — Note	202,169.78	
Legal fees . . . . .	12,651.29	
Remuneration of executive officers and directors' fees . . . . .	196,760.02	
Provision for depreciation . . . . .	352,566.64	
Amortization of leasehold improvements . . . . .	45,333.97	1,201,204.60
		<hr/>
INCOME BEFORE TAXES ON INCOME		\$ 825,286.75
Taxes on income — estimated:		
Provision for the year . . . . .	\$351,000.00	
Less overprovision for prior years . . . . .	47,699.52	303,300.48
		<hr/>
NET INCOME		<u>\$ 521,986.27</u>

### Earned Surplus

Balance at beginning of year . . . . .		\$10,824,527.74
Add:		
Net income for the year . . . . .		521,986.27
		<hr/>
		\$11,346,514.01
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		<u>\$10,643,638.01</u>

The note to the financial statements appears on the balance sheet.

**Consolidated**

# *THE SHERWIN-WILLIAMS COMPANY*

AND WHOLLY-OWNED

**August 31, 1958**

## *Assets*

### CURRENT ASSETS

Cash on hand.....	\$	66,015.65
Trade accounts receivable, less allowance for doubtful accounts.....		6,973,569.15
Other accounts receivable.....		30,771.10
Inventories of raw materials and supplies, in process and finished merchandise at the lower of cost or market prices.....		9,202,145.97
Insurance, taxes and other expenses prepaid..		227,026.18
Advertising stock, stationery and other supplies		217,839.63

TOTAL CURRENT ASSETS \$16,717,367.68

### 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		70,925.53

### PROPERTY, PLANT AND EQUIPMENT

Land, buildings, machinery and equipment — principally at cost.....	\$11,296,729.54	
Less allowances for depreciation.....	7,208,996.89	
	<u>\$ 4,087,732.65</u>	
Leasehold improvements—at cost, less amortization of \$92,737.21.....	129,121.63	4,216,854.28

### INTANGIBLE ASSETS

Formulae, trade marks and good will.....		1.00
		<u>\$21,213,398.49</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

31, 1960

### *Liabilities, Capital Stock and Surplus*

#### CURRENT LIABILITIES

Bank overdraft (net).....	\$ 3,247,660.43
Trade accounts payable and accrued liabilities.....	3,128,267.44
Amount due to affiliated company.....	282,552.24
Taxes other than on income.....	118,684.30
Taxes on income — estimated.....	107,876.07
	<hr/>
TOTAL CURRENT LIABILITIES	\$ 6,885,040.48

#### 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.....	10,643,638.01	14,328,358.01

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\$21,213,398.49

APPROVED ON BEHALF OF THE BOARD:

V. M. DRURY, *Director*

J. A. SIMARD, *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, 1960. 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 income and earned surplus present fairly the financial position of The Sherwin-Williams Company of Canada, Limited and its wholly-owned subsidiaries at August 31, 1960, and the consolidated results of their operations for the year then ended, 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, QUE.

*October 6, 1960.*



# **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,  
A-100 Latex House Paint,  
Lead Products, Dyes, Chemicals, Litharge, Linseed Oil,  
Green Cross Products,  
Industrial, Railway, Marine, Automotive and Transportation Finishes.

## *Directors*

C. W. BAKER

E. COLIN BALDWIN

V. M. DRURY

WILFRID GAGNON

P. W. HOLLINGWORTH

SIDNEY LING

D. A. WHITTAKER

JOS. A. SIMARD

A. W. STEUDEL

R. C. VAUGHAN

## *Officers*

A. W. STEUDEL

E. COLIN BALDWIN

SIDNEY LING

C. W. BAKER

P. W. HOLLINGWORTH

C. E. RECKITT

*Chairman*

*President and Managing Director*

*Vice-President and General Manager*

*Vice-President and Director of Sales*

*Vice-President and Secretary-Treasurer*

*Assistant Secretary-Treasurer*

## **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 Sorauren 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*

