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Annual Report

FOR THE YEAR ENDED AUGUST 31

1961

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, 1961*

To the Shareholders:

On behalf of the Board of Directors, presented herewith are the Consolidated Balance Sheet and the Statement of Consolidated Income and Earned Surplus for the fiscal year which closed on August 31, 1961, of The Sherwin-Williams Company of Canada, Limited and its wholly-owned subsidiaries. Also submitted is the report of your Auditors, Messrs. Ernst & Ernst, on the examination of the books and accounts of the Company.

Profits from operations after depreciation and all other deductions, but before taxes on income, amounted to \$1,290,948.43. Net profit after provision for income tax amounted to \$723,948.43. On the preferred shares, this net profit amounts to \$20.92 per share, and after the dividend on the preferred, to \$2.14 per share on the common stock.

Sales were fractionally higher than last year's total, a position which we do not consider unsatisfactory having regard to the general economic climate in the country and to the fact that sales by the paint manufacturing industry were lower during the period under review than in the previous corresponding period.

In our statement to you last year we said that every possible step would be taken to control expense and improve margins of gross and net profit in the hope that we would improve results.

A great deal of re-organization which has produced substantial economies in operations and improvements in efficiency has been undertaken and completed, with a consequential improvement to final trading results.

These and further measures of a similar kind now in process should assist the effort to effect still further improvements but conditions in the industry and in the markets in which we operate still leave something to be desired. Given reasonable market conditions in this current fiscal year we might confidently hope to obtain continued benefits from the management activities to which reference has been made.

Capital expenditures were very low during the year and will be at a restricted level in the current fiscal year.

It is usual at this time to pay tribute to the staff of the Organization for the manner in which their duties were performed and we do so the more sincerely this year which, again, has been difficult in many respects.

Respectfully submitted on behalf of the Board,

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

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, 1961

Income

Income from operations for the year before provision for depreciation and other items shown below		\$ 2,367,013.37
Other income:		
Dividends received	\$ 45,840.00	
Profit on disposal of equipment	1,692.37	47,532.37
		<hr/>
		\$ 2,414,545.74
Other deductions:		
Interest on bank loans	\$339,964.39	
Allowances paid to retired employees — Note	211,600.87	
Legal fees	14,381.46	
Remuneration of executive officers and directors' fees	165,982.72	
Provision for depreciation	343,338.54	
Amortization of leasehold improvements	48,329.33	1,123,597.31
		<hr/>
INCOME BEFORE TAXES ON INCOME		\$ 1,290,948.43
Taxes on income — estimated:		567,000.00
		<hr/>
NET INCOME		\$ 723,948.43

Earned Surplus

Balance at beginning of year		\$10,643,638.01
Add:		
Net income for the year		723,948.43
		<hr/>
		\$11,367,586.44
Deduct dividends paid during the year:		
Preferred — \$7.00 per share	\$242,200.00	
Common — \$1.00 per share	224,720.00	466,920.00
		<hr/>
BALANCE AT END OF YEAR		\$10,900,666.44

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

Consolidated
THE SHERWIN-WILLIAMS COMPANY

AND WHOLLY-OWNED SUBSIDIARIES

August 31, 1934

Assets

CURRENT ASSETS

Cash on hand	\$	59,244.93
Trade accounts receivable, less allowance for doubtful accounts		6,759,365.62
Other accounts receivable		81,323.08
Inventories of raw materials and supplies, in process and finished merchandise at the lower of cost or market prices		8,742,348.59
Insurance, taxes and other expenses prepaid		145,669.03
Advertising stock, stationery and other supplies		228,314.57

TOTAL CURRENT ASSETS \$16,016,265.82

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		84,559.95

292,809.95

PROPERTY, PLANT AND EQUIPMENT

Land, buildings, machinery and equipment—principally at cost	\$11,390,863.96	
Less allowances for depreciation	7,491,595.98	
	<u>\$ 3,899,267.98</u>	
Leasehold improvements—at cost, less amortization of \$111,009.30	105,791.71	4,005,059.69

INTANGIBLE ASSETS

Formulae, trade marks and good will		1.00
		<u>\$20,314,136.46</u>

Note: Allowances paid to retired employees under the Company's non-funded, terminable retirement plan are charged to operations at the time of payment.

Balance Sheet

COMPANY OF CANADA, LIMITED

AND SUBSIDIARIES

31, 1961

Liabilities, Capital Stock and Surplus

CURRENT LIABILITIES

Bank overdraft (net)	\$ 1,316,266.03
Trade accounts payable and accrued liabilities	3,641,760.14
Amount due to affiliated company	251,670.82
Taxes other than on income	87,435.26
Taxes on income — estimated	431,617.77
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TOTAL CURRENT LIABILITIES	\$ 5,728,750.02

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

 10,900,666.44 14,585,386.44

\$20,314,136.46

APPROVED ON BEHALF OF THE BOARD:

R. C. VAUGHAN *Director*

WILFRID GAGNON *Director*

Auditors' Report

To the Shareholders,

THE SHERWIN-WILLIAMS COMPANY OF CANADA, LIMITED.

We have examined the consolidated balance sheet of The Sherwin-Williams Company of Canada, Limited and its wholly-owned subsidiaries as of August 31, 1961, and the related consolidated statements of income and earned surplus for the year then ended. 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 consolidated financial position of The Sherwin-Williams Company of Canada, Limited and its wholly-owned subsidiaries at August 31, 1961, 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.
September 27, 1961.

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, Kem Professional Finishes,
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

P. W. HOLLINGWORTH

C. E. RECKITT

Chairman

President

Vice-President and Managing Director

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,

J. H. W. LAWRENCE

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



