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Annual Report

FOR THE YEAR ENDED AUGUST 31

1962

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, 1962

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, 1962 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 \$1,166,669.77. After provision for income tax, net profit amounted to \$665,369.77. On the preferred stock this net profit amounts to \$19.23 per share, and after a dividend on the preferred, to \$1.88 per share on the common stock.

Sales of Industrial and of Painter Products were higher than last year, as were total sales by the Company's branches, even though we closed four un-economic branches. Trends in sales of Trade Products are encouraging but the paint retailing industry is suffering a period of unsettled conditions due to pressure on selling prices and other forms of competitive activity. Our marketing policies have been revised to ensure our being able to operate efficiently in these changing conditions.

Devaluation of the Canadian dollar and tariff surcharges increased our raw material costs and affected to some extent our profits. Continued severe price

competition in the Industry prevented us from increasing our selling prices immediately but appropriate revisions of them have now been put into effect. Reductions of inventories and the consequent lower rate of manufacturing also affected profits to some extent; as a consequence of these reductions and of continued decreases in total operating expenses and in accounts receivable, we eliminated our indebtedness to bankers at the year-end. It is perhaps worthy of note that two years ago at August 31, 1960 our bank overdraft was \$3,247,660.00. A year ago it was \$1,316,266.00 and at August 31 this year it was eliminated.

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

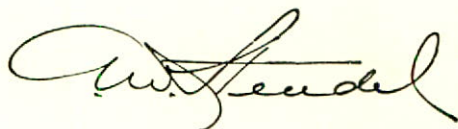
It is with deep regret that we record the death on July 28, 1962, of Mr. V. M. Drury who was elected to the Board of Directors on December 27, 1933.

Mr. C. W. Baker has now retired from his position in the Company and consequently, did not offer himself for re-election at the last Annual Shareholders' Meeting. Mr. Joseph A. Simard, who has been a Director of the Company since September 3, 1936 also retired from the Board. We wish to thank these gentlemen for the very fine services they have rendered to the Company during their many years of association with it.

Mr. A. M. Hector, Director of Sales Administration, and Mr. C. E. Reckitt, Assistant Secretary-Treasurer, were elected to the Board at the Annual Shareholders' Meeting held on November 30, 1961.

We wish to pay a tribute to the Staff of the Organization for the efficient way in which their duties have been performed throughout the year.

Respectfully submitted on behalf of the Board,



Chairman.



President

MONTREAL, QUE.
October 17, 1962.

Consolidated Income and Earned Surplus
THE SHERWIN-WILLIAMS COMPANY
of Canada, Limited
and wholly-owned subsidiaries
Year ended August 31, 1962

Income

Income from operations for the year before provision for depreciation and other items shown below		\$ 2,108,252.10
Other income:		
Dividends received	\$ 45,000.00	
Profit on disposal of assets	29,373.12	74,373.12
		\$ 2,182,625.22
Other deductions:		
Interest	\$219,585.48	
Allowances paid to retired employees — Note	232,730.10	
Legal fees	23,077.39	
Remuneration of officers and directors' fees . .	163,076.68	
Provision for depreciation	333,405.36	
Amortization of leasehold improvements	44,080.44	1,015,955.45
INCOME BEFORE TAXES ON INCOME		\$ 1,166,669.77
Taxes on income — estimated:		501,300.00
	NET INCOME	\$ 665,369.77

Earned Surplus

Balance at beginning of year		\$10,900,666.44
Add:		
Net income for the year		665,369.77
		\$11,566,036.21
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
BALANCE AT END OF YEAR		\$11,099,116.21

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

Consolidated
THE SHERWIN-WILLIAMS CO.

AND WHOLLY-OWNED

August 31, 1957

Assets

CURRENT ASSETS

Cash	\$	602,743.27
Trade accounts receivable, less allowance for doubtful accounts		6,726,780.79
Other accounts receivable		52,778.11
Inventories of raw materials and supplies, in process and finished merchandise at the lower of cost or market prices		7,933,998.78
Prepaid expenses		162,431.36
Advertising stock, stationery and other supplies		183,441.81

TOTAL CURRENT ASSETS \$15,662,174.12

INVESTMENTS AND OTHER ASSETS

Investment in affiliated company	\$	200,000.00
Miscellaneous accounts receivable and advances		82,119.72
		<u>282,119.72</u>

PROPERTY, PLANT AND EQUIPMENT

Land, buildings, machinery and equipment — principally at cost	\$11,487,165.61	
Less allowances for depreciation	7,771,634.08	
	<u>\$ 3,715,531.53</u>	
Leasehold improvements—at cost, less amortization of \$137,105.52	71,918.11	3,787,449.64

INTANGIBLE ASSETS

Formulae, trade marks and good will		1.00
		<u>\$19,731,744.48</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

1, 1962

Liabilities, Capital Stock and Surplus

CURRENT LIABILITIES

Trade accounts payable and accrued liabilities.	\$ 4,321,840.16
Due to affiliated company.....	254,113.06
Taxes other than on income.....	92,442.89
Taxes on income — estimated.....	279,512.16
	<hr/>
TOTAL CURRENT LIABILITIES	\$ 4,947,908.27

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..... 11,099,116.21 14,783,836.21

\$19,731,744.48

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, 1962, 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, 1962, 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.

ERNST & ERNST
Chartered Accountants.

MONTREAL, QUE.
October 1, 1962.

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

Directors

E. COLIN BALDWIN	P. W. HOLLINGWORTH	A. W. STEUDEL
WILFRID GAGNON	SIDNEY LING	R. C. VAUGHAN
A. M. HECTOR	C. E. RECKITT	D. A. WHITTAKER

Officers

A. W. STEUDEL	<i>Chairman</i>
E. COLIN BALDWIN	<i>President</i>
SIDNEY LING	<i>Vice-President and Managing Director</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,
J. K. BROWN

THE LOWE BROTHERS COMPANY LIMITED

Head Office, 263 Sorauren Ave., Toronto, Ont.
President, E. COLIN BALDWIN—Vice-President and General Manager, R. H. LECK

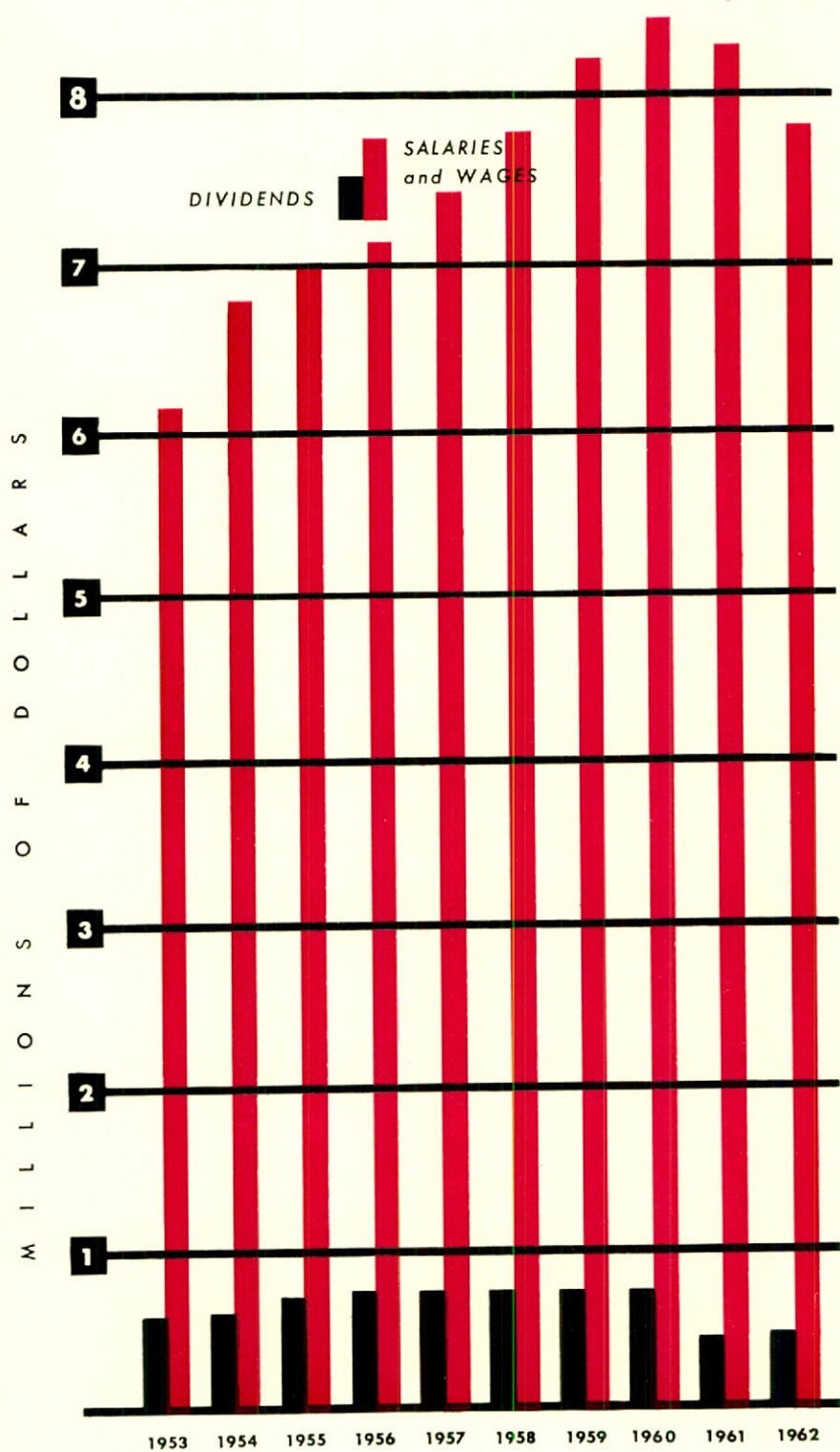
THE MARTIN-SENOUR COMPANY LIMITED

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



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 URETHANE PLASTIC VARNISH,
KEM PROFESSIONAL FINISHES,
KEM-KRETE, A100 LATEX HOUSE PAINT,
LEAD PRODUCTS, DYES, CHEMICALS,
LITHARGE, LINSEED OIL,
GREEN CROSS PRODUCTS,
INDUSTRIAL, RAILWAY, MARINE,
AUTOMOTIVE AND TRANSPORTATION FINISHES.

