Annual Report

THE SHERWIN-WILLIAMS CO.

Year Ending August 31, 1924

N 3599

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Directors

W. B. Albright	Geo. A. Martin
J. C. Beardslee	Z. E. Martin
W. H. Cottingham	Thos. Neal
Harris Creech	E. M. Richardson
S. P. Fenn	H. D. Whittlesey

E. M. Williams

Officers

Walter H. Cottingham, Chairman of the Board
Geo. A. Martin, President
S. P. Fenn, Vice President and Secretary
H. D. Whittlesey, Vice President
L. H. Schroeder, Treasurer
H. J. Douglas, Asst. Secretary and Comptroller

Transfer Agents

Cleveland Trust Co. Cleveland, O.	Central Union Trust Co. New York, N. Y.

Registrars

Union Trust Co. Cleveland, O.	Empire Trust Co. New York, N. Y.

Auditors

Ernst & Ernst

THE SHERWIN-WILLIAMS CO.
GEO. A. MARTIN, PRESIDENT

Cleveland, Ohio
Oct. 20th, 1924

To the Stockholders:

The Annual Report of the Company for the fiscal year ending August 31st, 1924, consisting of the Consolidated Income Statement, Analysis of the Consolidated Surplus Account, and Balance Sheet duly audited by Messrs. Ernst & Ernst, is herewith respectfully submitted.

The Balance Sheet is self-explanatory and shows the Company in good financial condition. You will note that cash on hand alone exceeds by over a million dollars the amount needed to pay all of the Company's liabilities.

While the sales are $49,944,846.10 or 2.6% in excess of last year, it is proper to advise that such results are due to the wide variation in the many classes of trade we serve and the many different productions, in that some which showed exceptionally large sales last year had a decrease this year and vice versa—others that were poor last year presented an increase this year.

Prices on our principal lines have remained firm, but in a few of our auxiliaries, due to certain poor conditions in those particular lines of trade, goods have been sold at cost or close to cost.

The cost of production has been slightly in excess of last year as well as that of cost of sales and distribution.

Net Profit for the year on all operations, after charging plant repairs and renewals to expense and providing for depreciation, amounting to $855,487.00, is $4,047,607.38.

A reserve for Federal Taxes, amounting to $485,000 has been set up, leaving a final net profit for the year of $3,562,607.38.

Referring to the Analysis of Consolidated Surplus Account, we paid in dividends during the year on Preferred and Common Stocks, $2,520,366.43, leaving $1,042,240.95 which has been carried to surplus, making, as the report shows, a surplus of the Company of $5,501,974.93.

The inventory we believe to be the best in many years; it is of exceptionally active stock, taken with care, carefully checked and priced on the basis of cost or market, whichever proved to be the lower.

The properties of the company are in excellent condition, and as practical and as near perfect in equipment as in the best business judgment of the Management is proper.

The organization, composed of the rank and file, which constitutes the operating power of the Institution,is such as commands personal expression of appreciation for its strength, loyalty, character, effort and co-operation.

The business and financial conditions, as viewed by the Management at this time, particularly so in the majority of classes of trade we serve, and founded on the results of the business received up to this writing, together with the extraordinary plans and efforts made by the selling organization and our heavy program of advertising to secure business, cause us to believe that we may reasonably expect this current fiscal year to be a satisfactory one.

Respectfully submitted,

President.

Consolidated Income Statement for the Fiscal Year ended August 31, 1924

Trading Profit - - - - - - - -		$4,811,011.08
Interest and dividends from miscellaneous investments - - -		186,100.51
		$4,997,111.59
Deductions:—		
Interest paid - -	$ 94,017.21	
Plant depreciation and maintenance	855,487.00	
Federal Taxes - -	485,000.00	1,434,504.21
Final Net Profit - -		$3,562,607.38

Analysis of Consolidated Surplus Account for the Fiscal Year ended August 31, 1924

Surplus August 31, 1923 - - - -		$4,459,733.98
Add—Net profit for the year ended August 31, 1924 - - - - - - -		3,562,607.38
		$8,022,341.36
Deduct—Dividends paid on:—		
Preferred Stock -	$1,034,250.00	
Common Stock -	1,486,116.43	2,520,366.43
Surplus August 31, 1924		$5,501,974.93

Balan

THE SHERWIN-WILLIAMS C

At the Close of Busi

Assets

Current—		
Cash - - - - -	$2,781,830.11	
U. S. Liberty Bonds and other Marketable Securities -	87,762.65	
Notes Receivable and Trade Acceptances - - -	322,069.14	
Accounts Receivable - -	6,342,286.10	
Merchandise Inventory -	9,956,084.32	$19,490,032.32
Investments in Associated Companies, etc. -		1,798,796.47
Other Assets: Employees' Loans and Miscellaneous Accounts Receivable - - -		142,429.68
Plants and Equipment—Depreciated Value -		15,139,187.60
Patents and Trade-Marks — Valued at $1.00 each on books - - - - - - -		172.00
Deferred—		
Advertising Stock, Stationery, etc. - - - - - -	574,598.41	
Prepaid Insurance, etc. - -	224,105.84	798,704.25
		$37,369,322.32

(Note A) The Company was reported as being contingently liable at Aug

WE HEREBY CERTIFY, that we have audited the b
Liabilities of The Sherwin-Williams Company and
and, in our opinion, the above Balance Sheet, subje
liability for Federal Taxes, is drawn up so as to co
at the date named. The Merchandise Inventories
used; are represented upon the basis of the lower o
responsible officials of the Companies as to quant
has been made for all ascertained liabilities disclos
us, and reserves provided for Federal Taxes, etc., a

October 16, 1924

·e Sheet

:OMPANY AND SUBSIDIARIES

ıess August 31, 1924

Liabilities

Current—			
Accounts Payable- - -		$801,708.53	
Preferred Dividend, Payable Sept. 1, 1924 - - -		240,951.50	
Deposits — Officers and Employees - - - -		550,852.45	
Accrued Taxes Other than Federal, etc. - - -		129,162.19	
Deferred - - - -		41,214.25	$1,763,888.92
Reserve for Estimated Federal Taxes - -			485,000.00
Reserves for Plant and Insurance Contingencies - - - - - - -			991,833.47
Capital Stock—			
7% Preferred	$13,765,500.00		
Common -	14,861,125.00	$28,626,625.00	
Surplus - - - - -		5,501,974.93	34,128,599.93
			$37,369,322.32

ıgt 31, 1924, on discounted items and letters of credit aggregating $29,603.84

ooks of account and record pertaining to the Assets and
Subsidiaries, as of the close of business, August 31, 1924,
:t to possible adjustment upon determination of the final
rrectly set forth the financial position of the Companies
have been tested by us as to clerical accuracy and prices
f cost or market values and have been certified to us by
ities represented, salability and prices. Full provision
:d by the records examined and information obtained by
re considered ample.

ERNST & ERNST.
Certified Public Accountants

A Message to Our Stockholders

By George A. Martin, President

"The Eye Beholds" is the key-note which we used at our great Sales Convention in Chicago last December. We wish it were possible for every one of our 8,000 stockholders to visit and inspect our great manufacturing properties, so you could all see with your own eyes the scope and diversity of our manufacture. But it would tax the strength and endurance of the staunchest, so we have tried to give you some idea of these properties by means of the photographs inserted in the back of this pamphlet. It is our belief that they will give you a better picture than we could do in a volume of printed words.

Pioneers in the manufacture of Prepared Paints, adhering rigidly to highest quality, the business has been built to the largest of its kind in the world. From an investment of $2,000, in 1866, we have grown to $35,000,000.

From one paint plant, in 1873, we have grown to 52 plants, manufacturing a wide diversity of products.

From one-third of an acre, in 1873, we have grown to 650.7 acres.

From 3,000 square feet of floor space, in 1873, we have grown to 2,501,697 square feet.

From a production, in 1873, of 83 products totaling 450,000 pounds, we have grown to 6,000 products with a production of 190,000,000 pounds.

From a sales "force" of one man in 1876, we have grown to a selling organization of over 1,000.

From one warehouse in 1873, we have grown to a system of over 100 directly controlled distributing houses in principal cities.

From a handful of dealers in 1870 we have grown to over 44,000 authorized agents and dealers scattered everywhere.

We make a paint, varnish, stain or enamel for every surface and purpose. The home owner can consult our Household Painting Guide and select just the finish each surface requires with assurance that he or she will get a satisfactory result.

We not only make paints and varnishes for all household uses, but for railroads, manufacturing plants, industrial upkeep, machinery, agricultural implements, furniture, boats, airplanes, automobiles—every conceivable surface or purpose.

In addition to being the largest manufacturers of a complete line of paints, varnishes, stains, enamels and shellac, we are also:

Largest makers of Insecticides and Fungicides for spraying against insects, pests and diseases on orchards, trees, vegetables, fruit and garden crops, potatoes, cotton, etc.

Largest producers of Dyes and Intermediates from Coal Tar bases for the Paint and Varnish Industry.

Makers of Dyes and Intermediates for Textile, Paper, Printing Ink, Fur, Wallpaper, Rubber, Crayon, Dry Color, Oil Cloth and Linoleum trades.

Refiners and Producers of Coal Tar Paints, Roofing Paints, Liquid and Elastic Roof Cements, Wood Preservatives, etc.

Manufacturers of Disinfectants for hospital and home use, big buildings, cattle dips, etc.

Producers of Chemicals, such as Acetic Acid for Textile, Chemical, Tannery, Dry Color, Insecticide, Pharmaceutical, Laundry trades, etc.; Arsenic Acid for Insecticide and Pharmaceutical Trades; Lead Liquors for Insecticide and Dry Color trades.

Producers of Dry and Lake Colors for the Paint, Printing Ink, Oil Cloth, Linoleum, Carbon Paper, Wall Paper, Glaze and Coated Paper Industries.

Producers of Pigments, such as White Lead, Red Lead, Litharge, Lithopone, Leaded Zinc for the Paint, Rubber, Battery, Glass, Linoleum, Insecticide, Printing Ink, Oil Refining and other trades.

Producers of Pyroxylin Lacquers for automobiles, furniture, metal, plating, toy, cabinet, metal safe, auto accessory, interior trim and other trades and purposes.

Producers of Insulating Varnishes and Impregnating compounds for the electrical industries.

Producers of Linseed Oil, Litho Varnish, Linseed Oil Cake and Meal, and Plate Oils.

Producers of Furniture Polishes, Metal Polishes, Cleansers, Waxes, etc.

Producers of Linseed Oil Soap for general cleaning purposes.

We control most of the important raw materials entering into our products. For instance, our Lead and Zinc Mines at Magdalena, N. Mexico; Smelters at Coffeyville, Kans.; Lead Corroding and Lithopone Plants at Chicago; Linseed Oil Mill at Cleveland; Coal Tar and Dye Plants at Chicago, etc.

Direct affiliations in Canada, England, Australia, and principal foreign centers enable us to give to the world perfect service and distribution of all of our products.

Our organization, highly specialized, is as near to being self-contained as any I know of. We operate the largest and most completely equipped Paint and Varnish Research Chemical Laboratories and devote inexhaustible time and thought to scientific research with a view toward further control of our raw and finished products, as well as toward the development of new lines and products in keeping with progress.

We manufacture everything in the way of accessories for the finishing of our products, such as cans, pails, cases; do all of our own printing and try to be as complete a unit as possible in all respects.

This briefly outlines our major activities to you.

We have perhaps been too reticent in the past in this respect. The stockholders are the owners of the business. The directors and officers are simply your servants. Yet, apparently when a business goes along smoothly and well for a long period of years without change in management or principle, the stockholders become more or less satisfied and content, with a feeling of security in their directors and officers which, of course, makes the responsibility of the latter all the more keenly appreciated.

The thought suggesting this message is due to the excellent opportunity in our business for the stockholders to participate with us more actively. In other words, I believe there is a big difference between a passive and an active stockholder. A passive stockholder is one who simply holds a certain number of engraved certificates.

An active stockholder is one who is interested in what is back of those certificates. He studies the concern—he knows about it—he believes that whatever effort he can put into it will return to him in the form of increased yield from those certificates.

When a concern gets to be as large as ours with the management conservatively watching and safeguarding the stockholders' interests at all times so as to insure satisfactory return on the investment, then it is simply a question of volume as far as the future years are concerned.

With this thought in mind I feel that I can consistently appeal to each and every stockholder of our common and preferred issues, to interest themselves in the business and say a good word for our products after first using them and satisfying themselves, or learning from reliable sources, seeing that your painter uses them and recommending them to your friends who may own buildings, plants or other properties, and advising us or any of our branches at any and all times of prospects for the purchase or use of any of our wide line of products in your community. Such co-operation will add to our strength and your securities, and prove profitable to the company as a whole, and, therefore, to you as a stockholder.


Cleveland-O- Linseed Oil Mill
Oil Meal ~ Oil Cake ~ Dry
Lime Sulfur.
Magdalena ~N.M.~
Lead and Zinc Mines and Mills.
sland-Ohio-
arnishes. Enamels
Chicago Plants, (Kensington, Ill.): Thirty four acres devoted to manufacture
Acid. Coal Tar. Chemical Products Disin
PRINCIPAL MAN
Newark-N.J.-
Paints. Varnishes
Enamels. Dry Colors.
Coffeyville-Kan.-
Zinc lead smelters.
Lincoln-Nebr.-
Paints. Varnishes
Oakland-Calif.
Paints. Varnishes.
Insecticides

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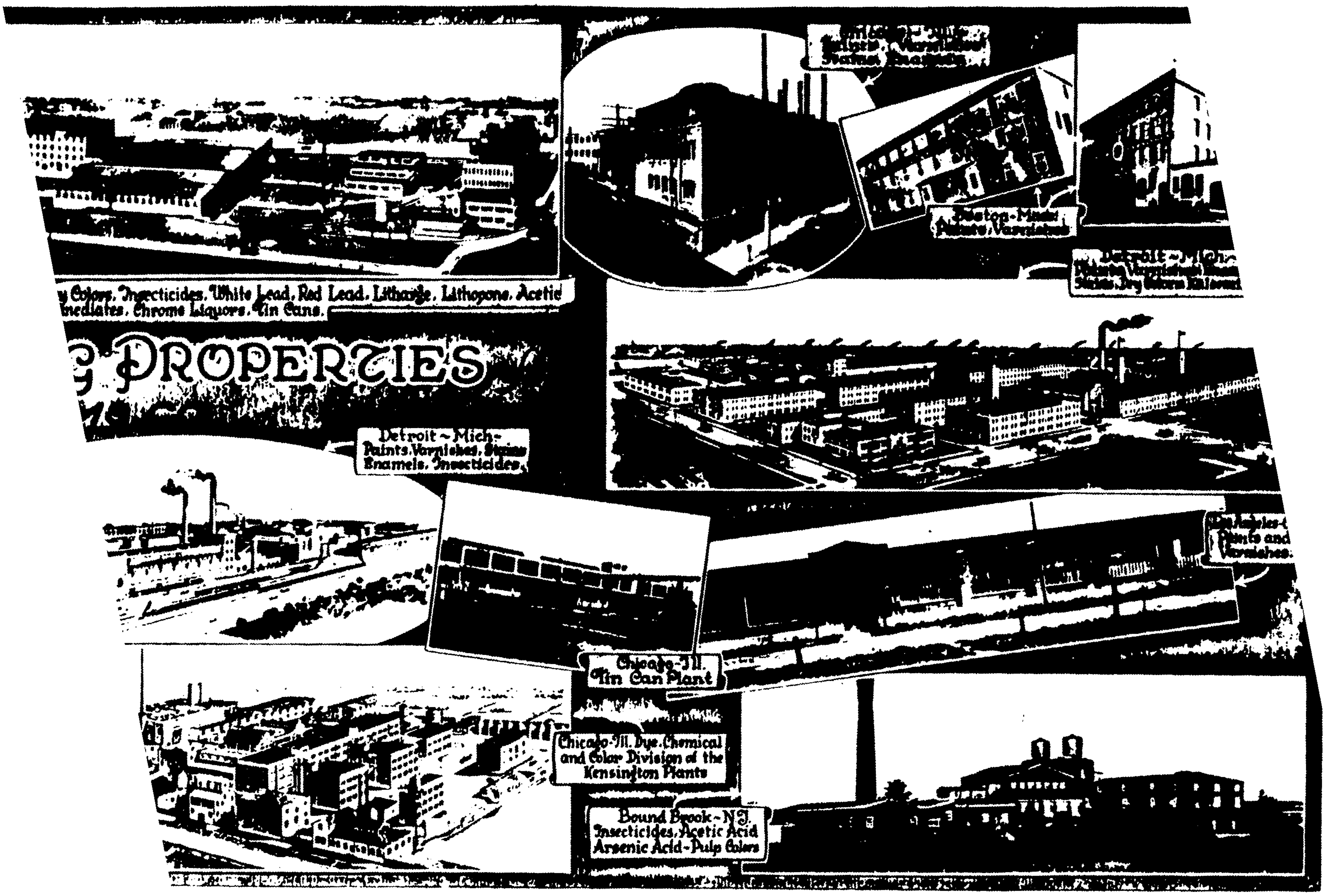
Colors, Insecticides, White Lead, Red Lead, Litharge, Lithopone, Acetic
Chrome Liquors, Tin Cans.
PROPERTIES
Boston-Mass
Paints, Varnishes
Detroit ~ Mich~
Paints, Varnishes, Stains
Enamels, Insecticides.
Paints and
Varnishes.
Chicago-Ill.
Tin Can Plant
Chicago-Ill. Dye, Chemical
and Color Division of the
Kensington Plants
Bound Brook-N.J.
Insecticides, Acetic Acid
Arsenic Acid-Pulp Colors

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