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BUILDING PRODUCTS LIMITED

*39th
annual report
1963*

PURVIS HALL
FEB 19 1964
McGILL UNIVERSITY

*Annual Report to the shareholders of Building Products Limited
for the fiscal year ended December 31, 1963*

BUILDING PRODUCTS LIMITED • INCORPORATED 1925

SUBSIDIARY COMPANIES

Bermico Products Limited

Midwest Fibreboard Ltd.

Robbins Floor Products of Canada Ltd.



board of directors

Joseph Harris
George W. Huggett
John D. Johnson
Leonard F. Long
William R. McNeil
John E. Mitcham
Lucien G. Rolland
John M. Wells
R. Bruce West

officers of the company

Leonard F. Long
Chairman of the Board
John E. Mitcham
President
Arthur B. Wynne
Vice-President — Sales
Leslie J. Newton
Vice-President — Manufacturing
Roy C. Haller
Vice-President
Robert W. Jones
Secretary-Treasurer

agents and registrars

TRANSFER AGENT
Montreal Trust Company
Montreal, Que. — Toronto, Ont.

REGISTRAR
National Trust Co. Limited
Montreal, Que. — Toronto, Ont.

TRANSFER AGENT AND REGISTRAR
Bank of Montreal Trust Co.
New York, N.Y.

TRANSFER AGENT AND REGISTRAR
Montreal Trust Company
Vancouver, B.C.

BUILDING PRODUCTS LIMITED
and Subsidiary Companies

six-year comparative statistics

Net Sales

Net Income

Provision for Income Taxes

Depreciation

Dividends Paid

Net Additions to Fixed Assets

Wages, Salaries and Employee Benefits

Working Capital

Working Capital Ratio

Number of Shares (N.P.V.) Outstanding

Earnings per Share

Dividends per Share

Shareholders' Equity (Net Worth) per Share

Average Number of Shareholders

Average Number of Employees

comparative highlights

Net Sales

Net Income

Provision for Income Taxes

Depreciation

Dividends Paid

Net Additions to Fixed Assets

Wages, Salaries and Employee Benefits

Working Capital

Working Capital Ratio

Number of Shares (N.P.V.) Outstanding

Earnings per Share

Dividends per Share

Shareholders' Equity (Net Worth) per Share

Average Number of Shareholders

Average Number of Employees

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1958	1959	1960	1961	1962	1963
\$23,015,745	\$24,504,342	\$23,388,357	\$25,929,088	\$29,117,717	\$32,402,443
1,345,135	1,590,028	1,314,321	501,126	534,315	917,112
1,109,725	1,441,503	1,201,439	368,071	283,988	687,000
803,638	962,336	965,132	1,156,858	1,280,973	1,306,467
870,091	870,091	870,091	870,451	544,707	435,765
\$ 782,541	\$ 2,350,120	\$ 2,829,175	\$ 1,788,521	\$ 783,738	\$ 875,341
6,808,860	6,882,869	6,739,423	6,831,741	7,986,258	8,397,593
7,547,438	6,806,855	6,272,028	4,808,477	5,476,312	6,349,340
5.95 to 1	3.87 to 1	2.39 to 1	1.85 to 1	1.86 to 1	1.99 to 1
483,384	483,384	483,384	484,184	484,184	484,184
\$ 2.78	\$ 3.29	\$ 2.72	\$ 1.03	\$ 1.10	\$ 1.89
1.80	1.80	1.80	1.80	1.125	.90
26.51	27.76	30.86	31.13	30.76	31.75
2,807	2,948	2,978	3,154	2,981	2,637
1,541	1,553	1,518	1,465	1,527	1,605

annual report of the directors to the shareholders

The 39th Annual Report of the company and its subsidiaries for the year ended December 31, 1963, is presented herewith. All operations in 1963 were carried on in the name of the parent company.

As indicated in our letter to shareholders of November 19, 1963, sales figures are being published in this Annual Report for the first time. Net sales for 1963 were \$32,402,443 vs. \$29,117,717 for the year 1962, an increase of 11%. Part of this increase resulted from the first full year's operation of the Carlon Division (plastic pipe, fittings and accessories) which was acquired approximately December 1, 1962. The balance of the increase was distributed over roofing, fibreboard, Fiberglas, custom plastics and paper products. There is no doubt that the improvement in housing starts from 130,000 in 1962 to approximately 148,000 in 1963 was reflected in these figures although the higher proportion of multi-dwelling units restricted the sales opportunity for some of our lines.

Net profit at \$917,112 or \$1.89 per share, was up 72% from the previous year's figure of \$534,315 or \$1.10 per share. There was improvement in total profit and in most profit ratios with the exception that there was little, if any, net improvement in selling prices. Cost reductions continued at a good rate and the increase in volume tended to improve fixed expense ratios. An extension of this trend into 1964 is expected. In addition, full advantage was taken of recent amendments to the income tax regulations permitting tax benefits from increased sales and increased research expenditure. On the other hand, we did not have the benefit of a loss carryover in a subsidiary as we had in 1962 and we considered it prudent to provide additional reserves for doubtful accounts.

Net additions to fixed assets for the year amounted to \$875,341, of which the largest amounts were spent at Acton for increased capacity and at Hamilton and Pont Rouge for improved quality control and cost reduction. In the early part of the year we completed expenditures necessary in connection with the assimilation of the business

of the Carlon Division which had been acquired from Beardmore & Co. Limited late the previous year. Unexpended balance on approved projects at December 31, 1963, amounted to \$385,294.

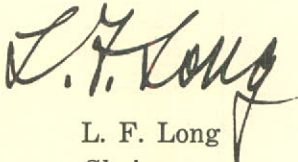
Working capital increased by \$873,028 during the year which enabled us to finance an increase in inventory required by the higher level of sales and permitted some reduction in short-term borrowing.

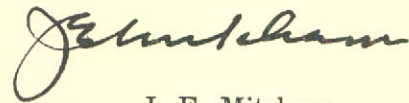
Sales for January 1964 exceeded any previous January in our history due in large part to the government programme to encourage winter building of houses and forward buying in anticipation of price and sales tax increases. There is no doubt that the government premium of \$500 on each winter built house has been effective in stimulating starts. Whether this justifies the extra costs that have been incurred in building these houses and whether the net result of the programme will be of benefit to the house building industry, remain subjects for debate. The results of this programme should be studied carefully before any similar plan is initiated in the future. While there is general acceptance of the desirability of a national policy of assistance to house building, there is good reason to believe that less arbitrary influence by the government in implementing this policy might result in a more efficient industry and steadier employment.

At the first meeting of the new Board of Directors following last year's Annual Meeting of Shareholders, Mr. William R. McNeil was appointed Honorary Chairman, Mr. Leonard F. Long succeeded him as Chairman of the Board and Mr. John E. Mitcham was elected President. These changes were announced at that time.

The Directors wish to record their sincere appreciation of the loyal and devoted service rendered by the employees during the year.

On behalf of the Board of Directors,


L. F. Long
Chairman


J. E. Mitcham
President

February 13, 1964

statement of consolidated income and retained earnings

For the year ended December 31 1963

	1963	1962
Net sales	\$32,402,443	\$29,117,717
Costs excluding expenses shown below	25,925,048	23,915,664
	\$ 6,477,395	\$ 5,202,053
Selling, general and administrative expenses	\$ 3,383,269	\$ 2,899,424
Depreciation	1,306,467	1,280,973
Interest on borrowed money	183,547	203,353
	\$ 4,873,283	\$ 4,383,750
Income before income taxes	\$ 1,604,112	\$ 818,303
Provision for income taxes	687,000	283,988
Net income	\$ 917,112	\$ 534,315
Retained earnings at beginning of year	12,883,130	13,065,528
Income taxes recovered in respect of prior years	—	31,107
	\$13,800,242	\$13,630,950
Deduct:		
Dividends	\$ 435,765	\$ 544,707
Intangible assets written off	—	90,000
Applicable portion of deficit of subsidiary consolidated as at January 1 1962	—	113,113
	\$ 435,765	\$ 747,820
Retained earnings at end of year	\$13,364,477	\$12,883,130

Consolidated Balance S

ASSETS

	1963	1962
CURRENT ASSETS:		
Cash	\$ 547,987	\$ 765,187
Accounts receivable, less allowance for doubtful accounts \$270,000	5,583,276	5,556,628
Raw materials, supplies and finished products, valued at the lower of cost or market	6,526,238	5,404,431
Unexpired insurance, prepaid taxes, etc.	80,203	98,248
Total current assets	\$12,737,704	\$11,824,494
FIXED ASSETS:		
Land, buildings, equipment, franchises, etc. at cost	\$22,559,360	\$21,740,604
Less: Accumulated depreciation	12,502,954	11,253,072
	\$10,056,406	\$10,487,532
SIGNED ON BEHALF OF THE BOARD:		
L. F. Long, <i>Director</i>		
J. D. Johnson, <i>Director</i>		
	\$22,794,110	\$22,312,026

Balance Sheet—December 31 1963

LIABILITIES

	1963	1962
CURRENT LIABILITIES:		
Short-term and demand notes payable	\$ 3,050,000	\$ 3,650,000
Accounts payable and accrued liabilities	2,813,276	2,601,194
Income and other taxes payable	525,088	96,988
Total current liabilities	\$ 6,388,364	\$ 6,348,182
PROVISION FOR PRODUCT GUARANTEES	\$ 243,676	\$ 273,608
DEFERRED INCOME TAXES (Note 1)	\$ 788,483	\$ 797,996
SHAREHOLDERS' EQUITY:		
Capital stock (Note 2) —		
Authorized — 650,000 shares without nominal or par value		
Issued — 484,184 shares	\$ 1,509,110	\$ 1,509,110
Reserve for contingencies	500,000	500,000
Retained earnings	13,364,477	12,883,130
Total shareholders' equity	\$15,373,587	\$14,892,240
	\$22,794,110	\$22,312,026

notes to consolidated financial statements *December 31 1963*

1. Maximum capital cost allowances, which differ from depreciation recorded in the accounts, are claimed for income tax purposes. Reductions in current income taxes obtained in those years in which capital cost allowances exceed depreciation recorded in the accounts are set aside as deferred income taxes. In those years in which capital cost allowances are less than the depreciation recorded in the accounts, income taxes applicable to the difference are transferred out of deferred income taxes.
 2. Options to purchase 12,950 unissued shares of the company have been granted to officers and employees out of a total of 23,200 shares available for options under the provisions of a plan adopted in 1962 which fixed the option price at 90% of the market price ruling on the business day next preceding that on which the options were granted. None of these options had been exercised at December 31 1963.
 3. Statutory information: Remuneration of executive officers for the year 1963 was \$139,738, legal fees \$7,705, and directors' fees \$14,983.
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auditors' report to shareholders

We have examined the consolidated balance sheet of Building Products Limited and subsidiary companies as at December 31 1963 and the statement of consolidated income and retained earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and statement of consolidated income and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of Building Products Limited and subsidiary companies as at December 31 1963 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal January 31 1964

PRICE WATERHOUSE & CO.
Chartered Accountants

source and application of funds

For the year ended December 31 1963

	1963	1962
SOURCE OF FUNDS:		
Net income	\$ 917,112	\$ 534,315
Depreciation	1,306,467	1,280,973
Deferred income taxes	—	64,921
Income taxes recovered in respect of prior years	—	31,107
	\$ 2,223,579	\$ 1,911,316
Working capital of subsidiary consolidated as at January 1 1962	—	189,191
	\$ 2,223,579	\$ 2,100,507
APPLICATION OF FUNDS:		
Additions to fixed assets, etc. (Net)	\$ 875,341	\$ 783,738
Acquisition of intangible assets	—	90,000
Dividends	435,765	544,707
Other	39,445	14,227
	\$ 1,350,551	\$ 1,432,672
Increase in working capital	873,028	667,835
	\$ 2,223,579	\$ 2,100,507

product news and development

REVOLUTIONARY NEW ROOFING SYSTEM OFFERS COMPLETE FREEDOM IN ROOF DESIGN

The company recently obtained exclusive Canadian rights to market a revolutionary, new single-ply roofing membrane, Ruberoid T/NA 200, the industry's first prefabricated, prefinished, built-up roofing system.

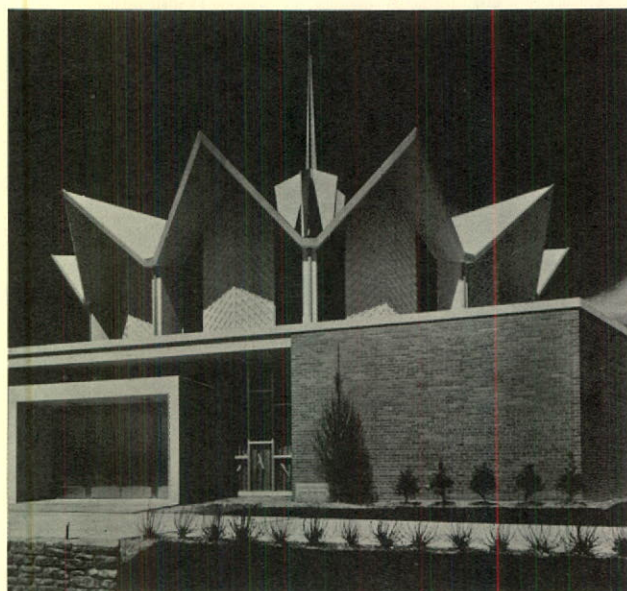
Ruberoid T/NA 200 combines DuPont Tedlar* polyvinyl fluoride film with a tough, durable Ruberoid asbestos felt. The elasticity, pliability and light weight of this roofing membrane makes it the ideal material for covering unconventional roof contours so common to modern architecture.

Ruberoid T/NA 200 is laid as a prefinished ply, providing significant savings in application costs. It is exceptionally durable, promising substantial savings in maintenance costs. Twenty years of continuous outdoor exposure, plus exhaustive weathering tests on the Tedlar film, give this product a predicted life expectancy of thirty years or more.

Its slick, white surface is highly reflective and sheds dirt easily, resulting in reduced air-conditioning costs and lower thermal stress on the structure.

Ruberoid T/NA 200 combines, in a single membrane, all the essential elements of a built-up roof, plus attractive appearance and unusual durability.

*DuPont registered trademark



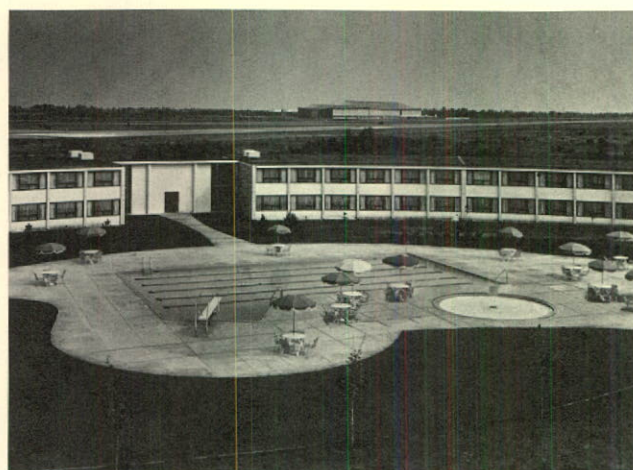
Ruberoid T/NA 200 was specified to enhance the intrinsic design features of this church in Cincinnati, Ohio.

BRIGHT FUTURE FOR PLASTIC PIPE Probably in no other field have the plastics made such enormous strides in the past decade as in the development and use of plastic pipe. Because of its flexibility, light weight, resistance to corrosion, permanent strength and ease of installation, plastic pipe is finding increasing acceptance in municipal and industrial applications, irrigation, oil and gas production and transmission, as well as in cold water lines and home drainage and disposal systems.

As a result of technological advances in formulations and production methods, spurred by intense competition within the chemical and plastic industries, plastic pipe and fittings are daily penetrating even deeper into the market for conventional piping.

In 1947, the company's Micro Plastics Division in Acton, Ontario, were, we believe, the first to extrude polyethylene pipe in Canada. Today, we offer what is easily the broadest range of plastic pipe in the industry; BP Carlon, the only plastic pipe permanently identified with a stripe, leads the industry by a wide margin in volume of sales.

To complement our broad range of pipe products, the company distributes a complete line of Vulcathene, Durapipe and other fittings, valves and accessories. Technical service representatives are available across Canada to help customers with special plastic pipe applications.



Carlon was specified for the piping system in the Montreal Aéroport Hilton's swimming pool illustrated above.

BP MINERALITE ACOUSTICAL PRODUCTS FIGHT FIRE AS WELL AS NOISE

An important use of acoustical materials is the control of environmental noise in areas such as offices, factories, restaurants, schools, bowling alleys or in any room whose occupants may be exposed to annoyance and distraction due to noise.

The company started manufacturing cellulose fibre acoustical products at a new plant in Pont Rouge in 1957. Under the trade name Excel-Board, these products, in a broad range of printed, perforated and fissured designs, have been widely accepted for residential, commercial and institutional construction and renovation.

Although cellulose fibre acoustical products can be treated with flame retardant solutions, there is a growing demand for flame and fire resistant materials, especially for non-residential application. Today, mineral fibre products are necessary in most locations where fire resistant construction is required. To meet this demand the company recently introduced BP Mineralite Acoustical Products, a line of mineral fibre ceiling tile and grid panels.

BP Mineralite Tile is available in random-perforated, Fissurtex and Skylark patterns, prefinished with a washable white paint, Class A (non-combustible) and Fire Rated. Distribution is primarily through acoustical contractors.



The decorative advantages of BP Fissurtex Ceiling Tile are shown in this application.

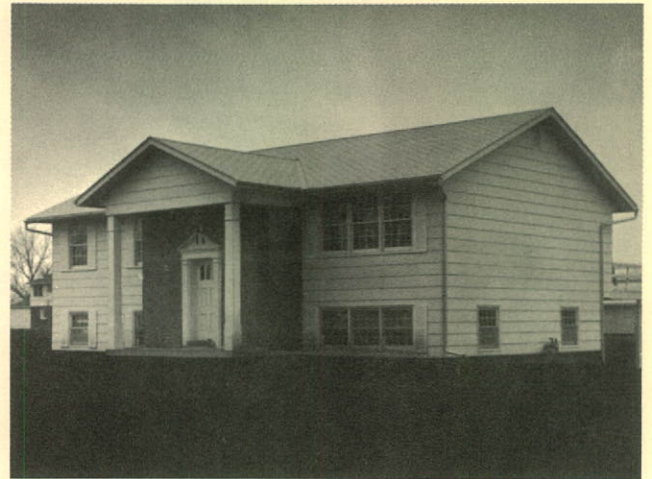
TO HOME BUILDERS UPSON SIDING OFFERS A NEW STANDARD OF BEAUTY IN EXTERIOR FINISH

Following a period of successful test marketing in Ontario, the company has begun distributing across Canada a number of exterior cladding products manufactured by the Upson Company, Lockport, N.Y.

Upson have pioneered many major advances in the development and application of laminated wood-fibre panels for home building — all designed to improve the appearance of the finished house and help builders reduce on-site labour costs. An indication of the superior qualities of these fine products is the fact that many of the largest builders in the United States have employed Upson Boards exclusively, year after year.

One of the more important Upson products being distributed in Canada is Primed Siding. Like other Upson products, the surface of Upson Siding is knot-free, with no grain to raise or hide; it cannot split, warp or splinter. Application with invisible fasteners eliminates unsightly face nailing.

Other Upson products that save builders time and money are All Weather Panels for board and batten construction and porch and carport ceilings, Upson Soffit Systems and Trim-Bilt, a specialty product for cornice, fascia and rake boards.



The clean, sharp lines of Upson Siding on this Ontario home ensure enthusiastic builder and home owner acceptance.



a Canadian company... expanding and diversifying since 1925

ROOFING

Asphalt shingles and roll roofing, built-up roofing materials, roof insulator, roof coatings and cements

SIDING

Asphalt Insul-Ated panels, roll siding, asbestos siding

INSULATING WALLBOARD

Insul-Board lath and panels, Excel-Board plank and panels

FIBREBOARD SHEATHING

Insul-Sheathing, Excel-Sheathing

SHEATHING PAPERS

Saturated and dry sheathings

VAPOUR BARRIERS

Asphalt coated papers

CEILING TILE

Excel-Board decorative and acoustical tile, Mineralite tile and panels

RESILIENT FLOORING

Solid vinyl, vinyl-asbestos, asphalt, rubber and Hypalon* Flortile, adhesives, felts and flooring accessories

*DuPont registered trademark

WATERPROOFING COMPOUNDS

Paints, coatings, cements

PIPE AND CONDUIT

Bermico bituminized fibre pipe and conduit, Carlon and Aquapipe plastic pipe, Carlon plastic conduit

SPECIALTY PAPERS

Container boards, indented paper, box-board liners, gypsum papers

CUSTOM PLASTIC EXTRUSIONS

Plastic sheets, tubes and profiles

Distributors of:

Ruberoid T/NA 200 roofing system

Upson sidings, soffits and fascia boards

Fiberglas home insulation

Eslon PVC pipe and couplings

Durapipe and Vulcathene fittings

BUILDING PRODUCTS LIMITED

Executive offices

240 ST. PATRICK ST., LASALLE, QUE.

Plants

PONT ROUGE
MONTREAL
HAMILTON
ACTON

EAST KILDONAN
WINNIPEG
EDMONTON
WABAMUN

Sales offices

SAINT JOHN
MONTREAL
HAMILTON
TORONTO

ACTON
WINNIPEG
EDMONTON
VANCOUVER



BUILDING PRODUCTS LIMITED