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36th

Annual Report

1960

BUILDING PRODUCTS LIMITED

EMERSON HALL
CAMBRIDGE
FEB 17 1961
MILLBURN

Annual Report

TO THE SHAREHOLDERS

BUILDING PRODUCTS LIMITED

FOR THE

FISCAL YEAR ENDED

DECEMBER 31, 1960

Year at a glance

	1960	1959	1958
Net Sales Index (1957 equals 100)	106.0	111.0	104.2
Net Income	\$1,314,321	\$1,590,028	\$1,345,135
Provision for Income Taxes	1,201,439	1,441,503	1,109,725
Depreciation	965,132	962,336	803,638
Dividends Paid	870,091	870,091	870,091
Net Additions to Fixed Assets	\$2,829,175	\$2,350,120	\$ 782,541
Wages, Salaries and Employee Benefits	6,739,423	6,882,869	6,808,860
Working Capital	6,272,028	6,806,855	7,547,438
Working Capital Ratio	2.39 to 1	3.87 to 1	5.95 to 1
Number of Shares (N.P.V.) Outstanding	483,384	483,384	483,384
Earnings per Share	\$ 2.72	\$ 3.29	\$ 2.78
Dividends per Share	1.80	1.80	1.80
Shareholders Equity (Net Worth) per Share	30.86	27.76	26.51
Average Number of Shareholders	2,978	2,948	2,807
Average Number of Employees	1,518	1,553	1,541



**BOARD
OF
DIRECTORS**

JOSEPH HARRIS, LL.D.

JOHN E. MITCHAM

GEORGE W. HUGGETT

WILLIAM R. McNEIL

JOHN D. JOHNSON, LL.D.

LESLIE S. ODELL

LEONARD F. LONG

JOHN M. WELLS

R. BRUCE WEST

PHILIP R. ALLEN, *Honorary Chairman of the Board*

OFFICERS

Chairman of the Board WILLIAM R. McNEIL

Vice-Chairman of the Board LESLIE S. ODELL

President and Managing Director LEONARD F. LONG

Executive Vice-President JOHN E. MITCHAM

Vice-President — Manufacturing CHARLES E. TURNER

Secretary-Treasurer ROBERT W. JONES

**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.

PRICE WATERHOUSE & Co.

CANADA CEMENT BUILDING
PHILLIPS SQUARE,
MONTREAL 2

February 6, 1961

TO THE SHAREHOLDERS OF
BUILDING PRODUCTS LIMITED:

We have examined the consolidated balance sheet of Building Products Limited and wholly-owned subsidiary companies as at December 31, 1960 and the statements of consolidated income and consolidated 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 the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and statements of consolidated income and consolidated retained earnings are properly drawn up so as to exhibit a true and correct view of the combined state of the affairs of Building Products Limited and wholly-owned subsidiary companies as at December 31, 1960 and the results of their combined 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.

In accordance with the requirements of Section 118 of The Companies Act, we report that the portion of the loss for the year of the non-consolidated partly-owned subsidiary company pertaining to the shareholding of Building Products Limited, amounting to \$65,500, has not been provided for in the accompanying statements.

Price Waterhouse & Co.

Chartered Accountants.

**AUDITORS'
REPORT**

Annual Report OF THE DIRECTORS

The Thirty-sixth Annual Report of the Company for the year ended December 31, 1960, in which are consolidated the accounts of Building Products Limited and its wholly-owned subsidiaries, is presented herewith.

The decline in house building activity during 1960 was considerably more drastic than had been anticipated. Housing starts were only about 109,000 versus early estimates of 125,000 and actual 1959 starts of 141,000. Most of the decline occurred in starts under the National Housing Act, whereas conventionally financed housing starts were reasonably stable. The principal contributing cause of this decline in NHA starts was the unavailability of mortgage money. The chartered banks did practically no mortgage lending in 1960, and loans of Central Mortgage and Housing Corporation were limited, during most of the year, both as to total amount and as to the class of borrower considered eligible. It is also probable that there was some easing of demand in certain areas for the types of houses currently being offered under NHA regulations.

As mentioned in my interim report of November 21, 1960, the low rate of house building was bound to have an adverse effect on your company's sales and profits. Consolidated net sales were approximately $4\frac{1}{2}\%$ lower than in 1959. As there was no appreciable improvement in the price situation and as it was necessary to increase some of our overhead expenses, such as advertising, the net profit from operations also showed a reduction. However, a profit from the sale of our Havelock properties was realized during the year and this was carried directly to retained earnings.

Net additions to fixed assets during the year amounted to \$2,829,175. The principal projects included in this total were the continuation of Pont Rouge expansion and Winnipeg paper machine conversion, plant improvements at the Hamilton plant, additional improvements to the plants of Fibreboard Manufacturing Ltd., and acquisition of the assets of the Micro Plastics Division of Consolidated Frybrook Industries Limited and Robbins Floor Products of Canada Ltd. These acquisitions were referred to in some detail in my interim report of January 13, 1961. In addition, we increased our investment in our partly owned subsidiary company, Bermico Products Limited, by nearly \$420,000.

TO THE SHAREHOLDERS

As of January 1, 1961 approximately \$1,350,000 remains to be spent on projects already approved. This includes the cost of acquisition of the flooring assets of Canadian General-Tower Limited, also reported in my interim letter of January 13th, as well as expenditures necessary at the Hamilton plant in order to provide housing for these assets and additional facilities to produce solid vinyl and rubber tile.

The plant of Bermico Products Limited was put into operation in the latter part of 1960 and is presently producing satisfactory product. Inventories are being accumulated in anticipation of an active selling season in 1961.

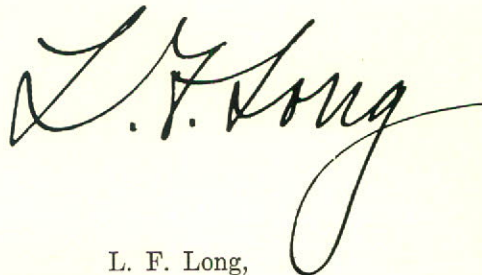
The outlook for residential building in 1961 is uncertain but activity should improve compared to 1960. In December, amendments to the National Housing Act and the regulations under the Act were introduced which substantially liberalized the provisions as to down payment, amount of loan and period of amortization, and it is indicated that ample supplies of money will be made available for direct loans. To the extent that there is flexibility in the housing demand, these provisions should stimulate the rate of housing starts. We therefore expect some improvement in the volume of sales of our long established lines as well as additional sales volume from new acquisitions. However, some consolidation and start-up expense in connection with the latter will hold down the rate of profit in the current year while establishing an excellent basis for future years.

Another year has gone by without a decision from the Exchequer Court on the action which we took to protect our rights to the BP trade mark. It is now well over three years since this case was heard.

As of January 31, 1961, Mr. R. L. Sewell retired after nearly twenty years of service, the last three years of which were as Secretary of the company. The Board of Directors has appointed Mr. R. W. Jones, formerly Treasurer and Comptroller, to the position of Secretary-Treasurer.

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,

President.

February 9, 1961.



BUILDING PRO

And Wholly-Owned

CONSOLIDATED

ASSETS

	December 31	
	1960	1959
CURRENT ASSETS:		
Cash	\$ 2,480,804	\$ 447,233
Short-term investments — at cost	400,000	986,290
Accounts receivable, less allowance for doubtful accounts \$201,500 (1959 — \$200,000)	3,456,986	3,690,791
Raw materials, supplies and finished merchandise, valued at the lower of cost or market	4,304,418	3,939,966
Unexpired insurance, prepaid taxes, etc.	156,112	117,129
	<hr/>	<hr/>
Total current assets	\$10,798,320	\$ 9,181,409
	<hr/>	<hr/>
INVESTMENT IN NON-CONSOLIDATED PARTLY- OWNED SUBSIDIARY COMPANY		
Shares — At Cost	\$ 330,000	\$ 33,000
Advances	121,923	—
	<hr/>	<hr/>
	\$ 451,923	\$ 33,000
	<hr/>	<hr/>
FIXED ASSETS (Note 1):		
Land, buildings, equipment, franchises etc. — at cost	\$18,499,411	\$16,454,375
LESS: Accumulated allowance for depreciation	8,851,835	8,670,842
	<hr/>	<hr/>
	\$ 9,647,576	\$ 7,783,533
	<hr/>	<hr/>
SIGNED ON BEHALF OF THE BOARD:		
William R. McNeil, Director		
J. D. Johnson, Director		
	<hr/>	<hr/>
	\$20,897,819	\$16,997,942
	<hr/>	<hr/>

NOTES:—1. The cost of completion of presently approved additions to fixed assets is
2. Under special by-law "J" options have been granted to purchase 14,600 units under
the grants. None of the options had been exercised at December 31, 1960

DUCTS LIMITED

Subsidiary Companies

BALANCE SHEET

	December 31	
	1960	1959
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 4,016,749	\$ 1,602,207
Income and other taxes payable (estimated)	509,543	772,347
Total current liabilities	<u>\$ 4,526,292</u>	<u>\$ 2,374,554</u>
RESERVES:		
General contingency and replacement reserve	\$ 797,504	\$ 800,000
Reserve for future income taxes	656,060	404,708
	<u>\$ 1,453,564</u>	<u>\$ 1,204,708</u>
CAPITAL AND RETAINED EARNINGS:		
Capital stock (Note 2) —		
Authorized—650,000 shares without nominal or par value		
Issued—483,384 shares	\$ 1,483,110	\$ 1,483,110
Retained earnings	13,434,853	11,935,570
Total capital and retained earnings	<u>\$14,917,963</u>	<u>\$13,418,680</u>
	<u>\$20,897,819</u>	<u>\$16,997,942</u>

LIABILITIES

expected to amount to approximately \$1,350,000 during 1961.

issued shares (maximum under by-law 24,000 shares) at the market prices at the dates of

STATEMENT OF CONSOLIDATED RETAINED EARNINGS

	Year ended December 31	
	1960	1959
Retained earnings at beginning of the year	\$11,935,570	\$11,331,633
Net income for the year	1,314,321	1,590,028
Profit on Sale of Havelock Operation	1,396,214	—
	<u>14,646,105</u>	<u>12,921,661</u>
DEDUCT:		
Intangible Assets acquired during year and written off	\$ 341,161	\$ 116,000
Dividends	870,091	870,091
	<u>\$ 1,211,252</u>	<u>\$ 986,091</u>
Retained earnings at end of the year	<u>\$13,434,853</u>	<u>\$11,935,570</u>



STATEMENT OF CONSOLIDATED INCOME

	Year ended December 31	
	1960	1959
Income from operations before taking into account the items shown below	\$ 3,821,629	\$ 4,328,019
Interest on investments	25,288	20,311
Profit on sale of fixed assets	7,232	14,830
	<u>\$ 3,854,149</u>	<u>\$ 4,363,160</u>
DEDUCT:		
Allowance for depreciation	\$ 965,132	\$ 962,336
Companies' contribution to employees' retirement income plan	205,322	200,081
Directors' fees	12,900	12,980
Legal fees	4,516	7,835
Remuneration of executive officers	150,519	148,397
	<u>\$ 1,338,389</u>	<u>\$ 1,331,629</u>
Income before income taxes	\$ 2,515,760	\$ 3,031,531
Provision for current income taxes	\$ 1,095,740	\$ 1,365,239
Reserve for future income taxes (see note)	105,699	76,264
	<u>\$ 1,201,439</u>	<u>\$ 1,441,503</u>
Net income for the year	<u>\$ 1,314,321</u>	<u>\$ 1,590,028</u>

NOTE:—Maximum capital cost allowances, which exceed straight-line depreciation recorded in the accounts by \$220,059 (\$156,770 in 1959), have been claimed for Federal and Ontario income tax purposes. The resulting reduction of \$105,699 (\$76,264 in 1959) in current taxes has accordingly been reserved for future income taxes which may become payable in those periods in which capital cost allowances will be less than the depreciation recorded in the accounts.



STATEMENT OF CHANGES IN CONSOLIDATED WORKING CAPITAL

	Year ended December 31	
	1960	1959
Working capital at beginning of year	\$ 6,806,855	\$ 7,547,438
Working capital was provided from:		
Operations —		
Net income for the year	\$ 1,314,321	\$ 1,590,028
Add:		
Allowance for depreciation	965,132	962,336
Reserve for future income taxes	105,699	76,264
	<u>\$ 2,385,152</u>	<u>\$ 2,628,628</u>
Proceeds of sale of Havelock operation, less net book value of plant and current income taxes payable thereon	1,541,867	—
	<u>\$ 3,927,019</u>	<u>\$ 2,628,628</u>
	<u>\$10,733,874</u>	<u>\$10,176,066</u>
Working capital was expended on:		
Dividends (\$1.80 per share)	\$ 870,091	\$ 870,091
Additions to fixed assets, etc. (net)	2,829,175	2,350,120
Acquisition of intangible assets	341,161	116,000
Investment in non-consolidated subsidiary	418,923	33,000
Other	2,496	—
	<u>\$ 4,461,846</u>	<u>\$ 3,369,211</u>
Working capital at end of year	<u>\$ 6,272,028</u>	<u>\$ 6,806,855</u>
Decrease in working capital during the year	<u>\$ 534,827</u>	<u>\$ 740,583</u>
The 1960 decrease in working capital is reflected in the fol- lowing increases (decreases) in current assets and current liabilities:		
Cash	\$2,033,571	
Short-term investments	(586,290)	
Accounts receivable	(233,805)	
Inventories	364,452	
Unexpired insurance, etc.	38,983	
Net increase in current assets	<u>\$1,616,911</u>	
Accounts payable and accrued liabilities	\$2,414,542	
Income and other taxes payable (estimated)	(262,804)	
Net increase in current liabilities	<u>\$2,151,738</u>	
(Decrease) in working capital during 1960	<u>(\$ 534,827)</u>	



LOCATIONS OF OFFICES, PLANTS AND WAREHOUSES

To service our wholesalers, distributors and dealers our plants and warehouses are established in locations to provide the best possible delivery with the least possible delay.

Sales offices are also centralized in cities in the volume market areas with sales representatives working throughout these metropolitan districts.

- Saint John, N.B. — Sales Office and Warehouse.
Sales Headquarters, Atlantic Division.
- Pont Rouge, Que. — Paper Mill, Insul-Board and Excel-Board Mills.
- Montreal, Que. — Head Office. Roofing, Siding and Paper Mills.
Sales Headquarters, Quebec Division.
- Granby, Que. — Robbins Flooring Mill.
- Toronto, Ont. — Sales Office and Warehouse.
Sales Headquarters, Ontario Division.
- Hamilton, Ont. — General Offices, Roofing and Tile Flooring Mills.
Bernico Pipe Plant.
- Acton, Ont. — Plastic Extrusion Plant.
- Winnipeg, Man. — General Offices, Roofing, Paper, Siding and Insul-Board Mills.
Headquarters — Western Operations.
- East Kildonan, Man. — Buffalo Board Mill.
- Edmonton, Alta. — General Offices, Roofing and Paper Mills.
- Wabamun, Alta. — Buffalo Board Mill.
- Vancouver, B.C. — Sales Office and Warehouse.

Also to ensure continual service to our customers in out-of-the-way places, many sales representatives are living in outlying towns to provide regular calls on locations as far north as the Peace River Area in Alberta, south to Essex County in Ontario, east to Newfoundland and west to Vancouver Island. More than 100 sales representatives promote and sell BP products throughout Canada.



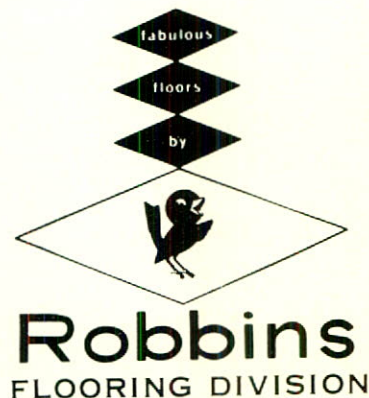


ACQUIRED

ROBBINS FLOOR PRODUCTS

This new subsidiary, Robbins Floor Products of Canada Ltd., from its warehouse and factory at Granby, Que., is distributing high quality solid vinyl and rubber floor tile, cove base, stair treads and cements. Their products, although costly, have gained ready acceptance due to their superior quality and wide variety of exotic designs.

We also have the use of the Robbins trade mark plus technical assistance and the benefit of new developments by the former parent company in the United States. The versatility of Robbins Solid Vinyl Floor Tile makes it an accepted choice where individual design is desired for exclusive terrazzo, veined or marbled patterns.



TOWER FLOOR PRODUCTS

The acquisition of the Flooring Division of Canadian General-Tower Limited including its modern equipment, enables us to expand our Hamilton Tile Plant to produce the highest quality rubber and solid vinyl floor tiles.

These new lines distributed in combination with our present Asphalt and Vinyl-Asbestos Flortile will provide us with a diversified selection of the four most popular types of tile now used as floor coverings in commercial, industrial and home construction.

The sales force of Tower Flooring Division has already been integrated with BP Sales personnel and shipments of Tower Rubber and Vinyl Tile are now going out to our distributors.



FLOORING DIVISION

MICRO PLASTICS

First organized to produce extruded Carlon polyethylene pipe — "The pipe with the stripe" — Micro Plastics is now manufacturing a wide assortment of plain and coloured plastic sheets used in the moulding of such products as interiors for electric refrigerators.

The plant also produces a wide assortment of extruded shapes used in the fabrication of a diversified group of products such as water softener tanks, tubes for carpet cleaners, covers for fluorescent lighting, rails for windows and sliding glass panels and flexible ring binder gussets.

Plastics are being used more and more in the construction field and these new products will therefore fit well into the wide range of building materials presently being distributed by our company.





CONSTRUCTED

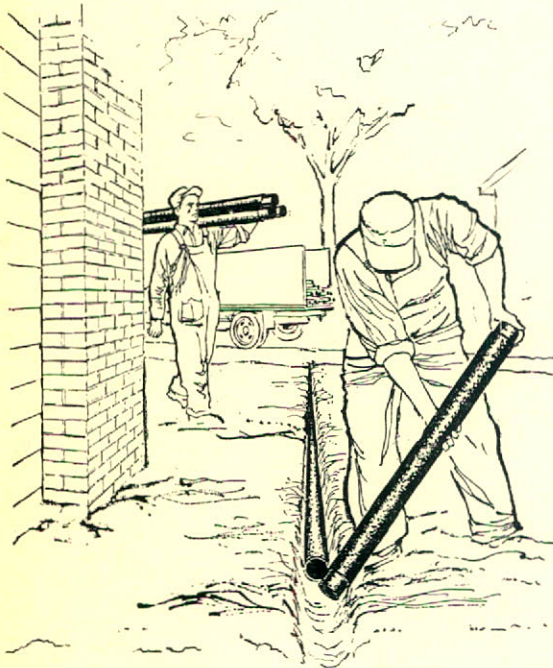
BERMICO PRODUCTS

The plant of Bermico Products Limited at Hamilton, Ont., was completed in October 1960. This company is jointly owned by Brown Company of Berlin, New Hampshire and Building Products Limited.

This plant is now producing bituminized fibre pipe of sewer and perforated drainage types as well as bituminized fibre conduit for carrying underground electrical wiring and cables.

Distributors have been appointed from coast to coast and carload shipments of these products are steadily leaving this plant.

The tensile strength, rigidity, yet lightness of this pipe makes it ideal for below ground installations as it does not rot, corrode or crack. Joint couplings of the same material are simple to apply, the pipe is easy to cut and installation is fast, economical and permanent.

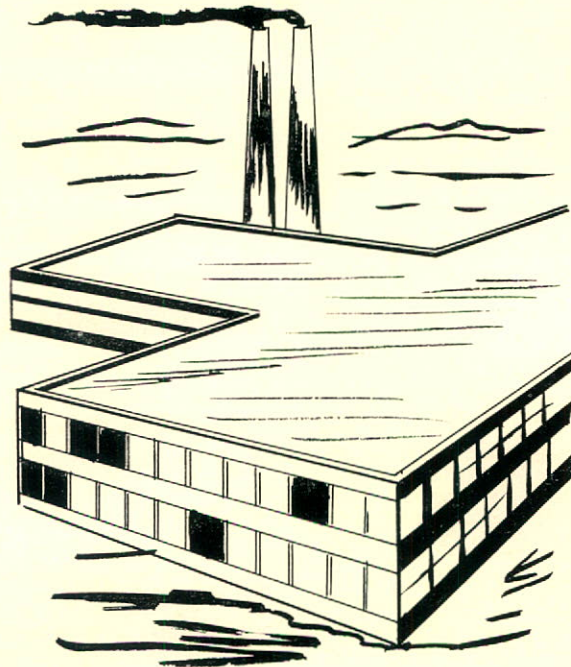


WINNIPEG PAPER MILL

Early in 1960 we completed the conversion of our single cylinder paper machine at Winnipeg, Manitoba, to a multi-cylinder type capable of producing a complete line of new paper products including gypsum papers, box-board, corrugating medium, test liner, chipboards of different weights and grades as well as patent coated paper.

This conversion necessitated many additions to our stock producing equipment and a major expansion to existing buildings.

The development and introduction of these products at Winnipeg in conjunction with the already existing facilities for the manufacture of miscellaneous papers at Edmonton, gives us a broad participation in the container and packaging field as well as in the gypsum products industry. The sale and distribution of these products is in the hands of our Western Sales Division.





Manufacturers of:—

BP ASPHALT SHINGLES
BP INSULATED SIDINGS
BP INSUL-BOARD
PRODUCTS
BP INSUL-SHEATHINGS
BP EXCEL-BOARD
DECORATIVE
TILE PRODUCTS
BP EXCEL-SHEATHINGS
BUFFALO INSULATING
BOARDS
BP VINYL-ASBESTOS
FLORTILE
BP ASPHALT FLORTILE
ROBBINS RUBBER AND
VINYL FLOOR TILE
TOWER RUBBER AND
VINYL FLOOR TILE
BP BUILT-UP ROOFING
MATERIALS
BP ROLL ROOFINGS
BP BUILDING PAPERS
BP SATURATED &
DRY SHEATHINGS
BP ROOF COATINGS,
CEMENTS & PAINTS
BP CONTAINER BOARDS
BP GYPSUM PAPERS
BP PLASTIC SHEETS &
EXTRUDED SHAPES
CARLON POLYETHYLENE
PIPE

Distributors of:—

BP FIBERGLAS BUILDING
INSULATION
BERMICO BITUMINIZED
FIBRE PIPE

BUILDING PRODUCTS LIMITED

Canada's Largest Manufacturer of Asphalt Shingles