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34<sup>th</sup>

Annual Report  
1958



BUILDING PRODUCTS LIMITED

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*Annual Report*

TO THE SHAREHOLDERS  
**BUILDING PRODUCTS LIMITED**  
FOR THE  
FISCAL YEAR ENDING  
DECEMBER 31st 1958



## BOARD OF DIRECTORS

PHILIP R. ALLEN	JOHN D. JOHNSON, LL.D.
JAMES A. ECCLES, LL.D.	LEONARD F. LONG
JOSEPH HARRIS, LL.D.	WILLIAM R. McNEIL
GEORGE W. HUGGETT	LESLIE S. ODELL
HILTON R. TUDHOPE, O.B.E.	

## OFFICERS

<i>Chairman of the Board</i> .....	WILLIAM R. McNEIL
<i>Vice-Chairman of the Board</i> .....	LESLIE S. ODELL
<i>President and Managing Director</i> .....	LEONARD F. LONG
<i>Vice-President — Manufacturing</i> .....	CHARLES E. TURNER
<i>Vice-President — Sales</i> .....	HARRY N. WALKER
<i>Vice-President and Treasurer</i> .....	JOHN E. MITCHAM
<i>Secretary</i> .....	REGINALD L. SEWELL

## AGENTS AND REGISTRARS

Transfer Agent .....	MONTREAL TRUST CO., Montreal, Que. — Toronto, Ont.
Registrar .....	NATIONAL TRUST CO. LIMITED, Toronto, Ont. — Montreal, Que.
Transfer Agent and Registrar .....	BANK OF MONTREAL TRUST CO., New York, N.Y.
Transfer Agent and Registrar .....	MONTREAL TRUST CO., Vancouver, B.C.



# Annual Report 1958

## OF THE DIRECTORS



The Thirty-fourth Annual Report of the Company, together with financial statements and your Auditors' report for the year ending December 31, 1958 are presented herewith.

Demand for housing continued strong throughout 1958 with ample funds available for financing from government and other sources. As a result, housing starts exceeded the previous record year by approximately 18%. Industrial construction was at a substantially reduced rate, whereas commercial and institutional building held up well. As was to be expected in view of the high rate of house building activity, new records of sales in both volume and dollars were established by your Company. However, a combination of low prices, increased labour costs, higher freight rates and heavy start-up expense in connection with new plants for the manufacture of Flortile and Excel-board resulted in a decline in net income for the year to \$1,345,135 equivalent to \$2.78 per share, as compared with \$1,699,219 and \$3.52 respectively in 1957.

Net additions to fixed assets during the year amounted to \$782,541. There were no new major projects inaugurated in 1958. Installation of the new tile plant in Hamilton was completed in the early part of the year, but subsequently a number of changes were found necessary which caused start-up expense to exceed predictions. By the end of the year these changes had been completed and the plant was operating at very close to design standard. Relatively minor projects for the improvement of production rates and reduction of costs were undertaken at Pont Rouge and other plants.

As of January 31, 1959 your Company acquired all of the outstanding stock of Fibreboard Manufacturing Ltd., which operates a fibreboard mill in the Winnipeg area. At the same time it acquired from the principal owner of Fibreboard Manufacturing Ltd. a newly constructed fibreboard mill at Wabamun, Alberta. It is intended to transfer the assets comprising the Wabamun mill to Fibreboard Manufacturing Ltd., and continue the operation of both plants through Fibreboard Manufacturing Ltd. as a wholly owned subsidiary. After completing the Wabamun plant, improving



# TO THE SHAREHOLDERS

both plants and supplying additional working capital which will be required, it is estimated that the Company's total investment in Fibreboard Manufacturing Ltd. will be approximately \$1,600,000. The acquisition of these two mills will give your Company an outstanding position in the Western Canadian market for fibreboard, which market has a very good potential for expansion over the next few years.

The Edmonton paper mill has operated nearly to capacity and on a satisfactory profit basis during 1958. With additional business in prospect it became necessary to embark on a 25% expansion, and this project is now proceeding. Other plans for expansion and diversification of your Company's business are rapidly developing into active projects for 1959. The total additions to fixed capital this year may therefore be higher than any recent year.

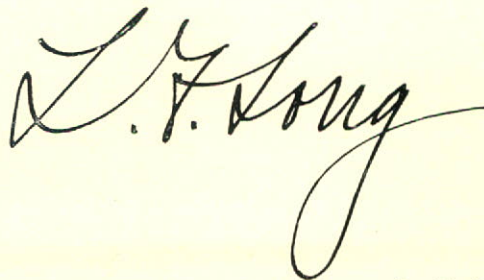
Recent announcements in Ottawa indicate that there will be continued government support in the financing of new houses. With the probability of some recovery in industrial construction before the end of the year and with a continuation of the high level of commercial and institutional building, 1959 should produce a good rate of activity in our plants. The price level of roofing products in Eastern Canada as we enter 1959 is somewhat above the level which prevailed in 1958. However, present prices are still inadequate to provide reasonable profit margins and keep pace with advancing costs of production and delivery.

In the report for the year 1957, mention was made of the action which was taken in the Exchequer Court to protect our rights to the use of the initials "B.P." as our registered trademark. No decision has yet been rendered by the Court in this case.

During the year 1958 two Vice-Presidents were appointed by the Board. Mr. Harry N. Walker, formerly Assistant to the President, was appointed Vice-President — Sales, and Mr. J. E. Mitcham, formerly Secretary-Treasurer, was appointed Vice-President and Treasurer. Mr. Reginald L. Sewell, formerly Assistant-Treasurer, was appointed Secretary.

The Directors wish to acknowledge and express their sincere appreciation for the loyal effort put forth by the officers and employees during the past year.

On behalf of the Board of Directors,

A handwritten signature in dark ink, appearing to read "L. F. Long". The signature is fluid and cursive, with a large loop at the end of the last name.

L. F. LONG,  
*President.*



# Balance Sheet

## ASSETS

	December 31	
	1958	1957
CURRENT ASSETS:		
Cash .....	\$ 322,187	\$ 637,216
Marketable securities — at cost .....	1,943,131	1,875,458
(Market value 1958 - \$1,938,000, 1957 - \$1,881,000)		
Accounts receivable, less allowance for doubtful accounts — \$200,000 .....	2,887,781	2,712,757
Raw materials, supplies and finished merchandise, valued at the lower of cost or market .....	3,773,498	3,703,728
Unexpired insurance, prepaid taxes, etc. ....	144,061	114,998
	<hr/>	<hr/>
Total current assets .....	\$ 9,070,658	\$ 9,044,157
	<hr/>	<hr/>
FIXED ASSETS:		
Land, buildings and equipment — at cost .....	\$13,921,469	\$13,253,354
LESS: Accumulated allowance for depreciation .....	7,525,720	6,836,508
	<hr/>	<hr/>
	\$ 6,395,749	\$ 6,416,846
	<hr/>	<hr/>
SIGNED ON BEHALF OF THE BOARD:		
L. F. Long, Director		
J. D. Johnson, Director		
	<hr/>	<hr/>
	\$15,466,407	\$15,461,003
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# BUILDING PRODUCTS LIMITED

December 31

1958                  1957

## CURRENT LIABILITIES:

Accounts payable and accrued liabilities .....	\$ 1,173,518	\$ 1,542,489
Income and other taxes payable (estimated) .....	349,702	494,096
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Total current liabilities .....	\$ 1,523,220	\$ 2,036,585
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## RESERVES:

General contingency and replacement reserve .....	\$ 800,000	\$ 800,000
Reserve for future income taxes .....	328,444	284,719
	<hr/>	<hr/>
	\$ 1,128,444	\$ 1,084,719
	<hr/>	<hr/>

## CAPITAL AND RETAINED EARNINGS:

Capital stock — (Note 1) —		
Authorized—650,000 shares without nominal or par value		
Issued—483,384 shares .....	\$ 1,483,110	\$ 1,483,110
Retained earnings .....	11,331,633	10,856,589
	<hr/>	<hr/>
Total capital and retained earnings .....	\$12,814,743	\$12,339,699

## Commitments (Note 2) —

### NOTES:

1—Under the provisions of special by-law “J” options have been granted to purchase 10,900 unissued shares, out of a maximum of 24,000 shares permitted by the by-law, at the market prices ruling at the dates of the grants. None of the options had been exercised at December 31, 1958.

2—The company has, since the date of the balance sheet, agreed to purchase certain additional operating facilities. It is expected that total investment in these facilities will amount to approximately \$1,600,000.

	<hr/>	<hr/>
	\$15,466,407	\$15,461,003
	<hr/>	<hr/>

**LIABILITIES**



# STATEMENT OF INCOME AND RETAINED EARNINGS



	Year ended December 31	
	1958	1957
Income from operations before taking into account the items shown below .....	\$ 3,586,833	\$ 4,148,339
Interest on investments .....	29,021	38,361
Profit on sale of fixed assets .....	15,916	1,813
	<u>\$ 3,631,770</u>	<u>\$ 4,188,513</u>
 DEDUCT:		
Allowance for depreciation .....	\$ 803,638	\$ 718,264
Company's contribution to employees' retirement income plan .....	218,301	192,189
Directors' fees .....	13,000	12,880
Legal fees .....	5,144	14,424
Remuneration of executive officers .....	136,827	102,620
	<u>\$ 1,176,910</u>	<u>\$ 1,040,377</u>
Income before income taxes .....	<u>\$ 2,454,860</u>	<u>\$ 3,148,136</u>
Provision for current income taxes .....	\$ 1,066,000	\$ 1,350,000
Reserve for future income taxes (See note) .....	43,725	98,917
	<u>\$ 1,109,725</u>	<u>\$ 1,448,917</u>
Net income for the year .....	<u>\$ 1,345,135</u>	<u>\$ 1,699,219</u>
Retained earnings at beginning of the year .....	10,856,589	10,027,461
	<u>\$12,201,724</u>	<u>\$11,726,680</u>
Dividends .....	870,091	870,091
Retained earnings at end of the year .....	<u>\$11,331,633</u>	<u>\$10,856,589</u>

NOTE:—Maximum capital cost allowances, which exceed straight-line depreciation recorded in the accounts by \$96,380 (\$207,860 in 1957), have been claimed for Federal and Ontario income tax purposes. The resulting reduction of \$43,620 (\$98,917 in 1957) 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 WORKING CAPITAL

	Year ended December 31	
	1958	1957
Working capital at beginning of year .....	<u>\$7,007,572</u>	<u>\$6,761,152</u>
Working capital was provided from:		
Operations —		
Net income for the year .....	\$1,345,135	\$1,699,219
Add:		
Allowance for depreciation .....	803,638	718,264
Reserve for future income taxes .....	43,725	98,917
	<u>\$2,192,498</u>	<u>\$2,516,400</u>
	<u>\$9,200,070</u>	<u>\$9,277,552</u>
Working capital was expended on:		
Dividends (\$1.80 per share) .....	\$ 870,091	\$ 870,091
Additions to fixed assets (net) .....	782,541	1,399,889
	<u>\$1,652,632</u>	<u>\$2,269,980</u>
Working capital at end of year .....	<u>\$7,547,438</u>	<u>\$7,007,572</u>
Increase in working capital during the year .....	<u>\$ 539,866</u>	<u>\$ 246,420</u>
The 1958 increase in working capital is reflected in the following increases (decreases) in current assets and current liabilities:		
Cash .....	(\$315,029)	
Marketable securities .....	67,673	
Accounts receivable .....	175,024	
Inventories .....	69,770	
Unexpired insurance etc. ....	29,063	
Net increase in current assets .....	<u>\$ 26,501</u>	
Accounts payable and accrued liabilities .....	(\$368,971)	
Income and other taxes payable (estimated) .....	( 144,394)	
Net decrease in current liabilities.....	<u>(\$513,365)</u>	
Increase in working capital during 1958 .....	<u>\$539,866</u>	



# AUDITORS' REPORT

**PRICE WATERHOUSE & CO.**

CANADA CEMENT BUILDING  
PHILLIPS SQUARE,  
MONTREAL 2

February 2 1959

## AUDITORS' REPORT

TO THE SHAREHOLDERS,  
BUILDING PRODUCTS LIMITED:

We have examined the balance sheet of Building Products Limited as at December 31 1958 and the statement of 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, the accompanying balance sheet and statement of income and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31 1958 and the result of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the company.

*Price Waterhouse & Co.*

*Chartered Accountants*





## PRODUCTS OF THE YEAR

Again during 1958 the company continued its programme of developing new and better building materials. Highlighting the year's effort was the introduction of BP Lo/Slope Shingles — *for the modern home;* all new BP Asphalt and Vinyl-Asbestos Flortile — *for better floors everywhere* and BP Excel-Board Fissurtone Ceiling Tile — *for a new ceiling look.*

### **BP** Lo/SLOPE

#### SHINGLES

To meet the heretofore unfilled demand for traditionally styled shingles for roofs sloping 2" to 4" to the foot, the introduction of this exclusive BP Shingle received immediate acceptance from architects, applicators and house builders.

### NEW **BP**

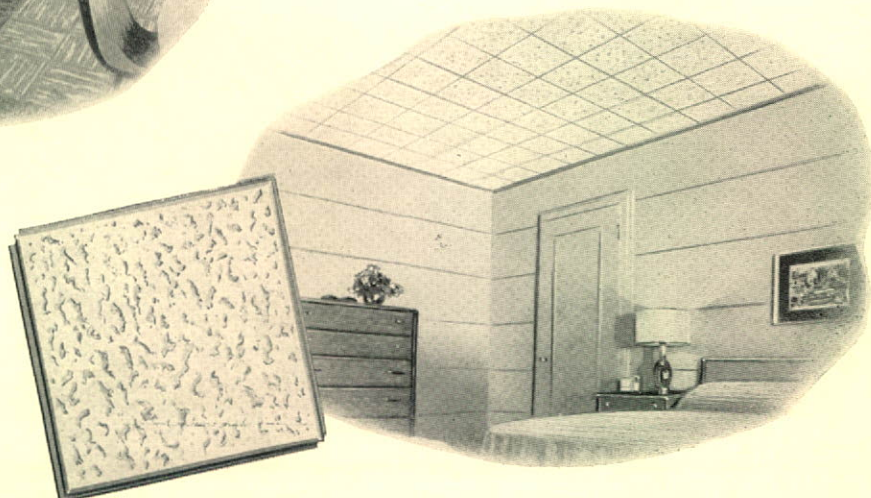
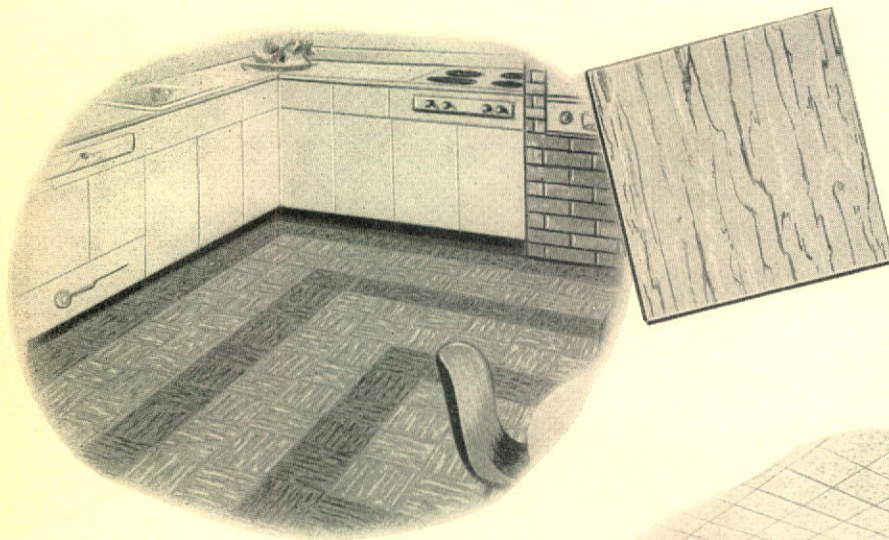
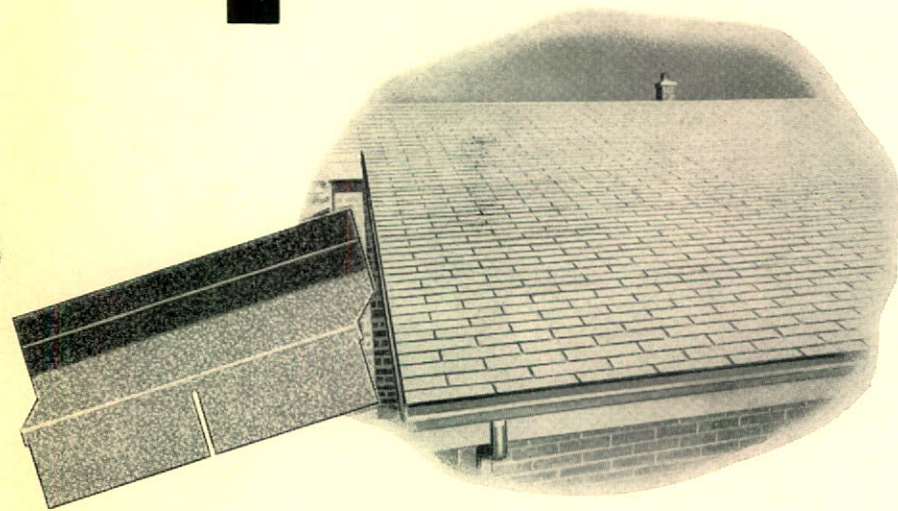
#### FLORTILE

Expanded ranges of completely compatible colours developed by one of Canada's leading Interior Design Consultants feature both lines of BP Flortile — Asphalt and Vinyl-Asbestos. BP Flortile is manufactured at our new \$1,000,000 Flooring Plant.

### **BP** EXCEL-BOARD

#### FISSURTONE

An entirely new ceiling look simulating classic fissured marble in two distinctive shades. Either shade blends perfectly with wall treatments of paper, paint or wood and permits the ceiling to play a more important part in the overall decorative scheme.





*Manufacturers of:—*

**BP ASPHALT SHINGLES**

**BP INSUL-ATED SIDINGS**

**BP INSUL-BOARD  
PRODUCTS**

**BP INSUL-SHEATHINGS**

**BP EXCEL-BOARD  
PRODUCTS**

**BP VINYL-ASBESTOS  
FLORTILE**

**BP ASPHALT FLORTILE**

**BP BUILT-UP ROOFING  
MATERIALS**

**BP ROLL ROOFINGS**

**BP BUILDING PAPERS**

**BP SATURATED & DRY  
SHEATHINGS**

**BP ROOF COATINGS,  
CEMENTS & PAINTS**

**BP TRAP ROCK PRODUCTS**

**BP ROOFING GRANULES**

**BP PAPERBOARD  
PRODUCTS**

*Distributors of:—*

**BP FIBERGLAS BUILDING  
INSULATION**

**BP HARDBOARD  
PRODUCTS**



**BUILDING PRODUCTS LIMITED**

Canada's Largest Manufacturer of Asphalt Shingles and Insulated Sidings.