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Annual Report  
1957



BUILDING PRODUCTS LIMITED

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*Annual Report*

TO THE SHAREHOLDERS  
**BUILDING PRODUCTS LIMITED**  
FOR THE  
FISCAL YEAR ENDING  
DECEMBER 31st 1957



## 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>Secretary-Treasurer</i> .....	JOHN E. MITCHAM
<i>Assistant Treasurer</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 1957

## OF THE DIRECTORS



Your Directors present their Thirty-third Annual Report with the financial statements of the company, and your Auditors' report for the year ending December 31, 1957.

The reduced rate of house building in 1957, particularly in the first three quarters, was partially offset by a high rate of activity in commercial, industrial and institutional building and a good rate of sales of specialty papers, mineral granules and pipe protective products. However, the net result was a decrease compared with 1956 of approximately 2% in total sales. A continued rise in wage and salary costs, increased corporation taxes in Ontario, heavy start-up expenses on new plants and the effect of intensified competition on price and distribution costs, all affected profit adversely.

The net income for the year was \$1,699,219 equivalent to \$3.52 per share, compared to \$2,054,974 and \$4.25 respectively in 1956.

Net additions to fixed assets during the year amounted to \$1,399,889 consisting principally of the completion of the new insulation board plant at Pont Rouge and the installation of the new production line for asphalt and vinyl floor tiles at Hamilton. The Pont Rouge insulation board plant commenced operations in May 1957, and the usual difficulties and expenses due to starting up and employee training are behind us. At the end of the year this plant was approaching the predicted operating rates, was producing decorative fibreboard products under the trade name Excel-Board and these products were getting a very good reception from the trade. Construction of new tile plant at Hamilton and installation of equipment was completed early this year. After testing and adjustment of equipment and experimental runs, it is expected that the plant will be in regular operation not later than the first of April.

After five and one-half years of investigation of the Roofing Industry under the Combines Act, the case was finally called for trial in January 1958. Throughout the preliminary hearings it had been the contention of the defendants, including ourselves, that there had been no violation of existing statutes insofar as they could be interpreted and no element of public detriment involved. However, when the Supreme Court in a recent decision supported the view that the government did not have to prove public detriment, it was decided that it would be futile to attempt to develop arguments in defense.



# TO THE SHAREHOLDERS

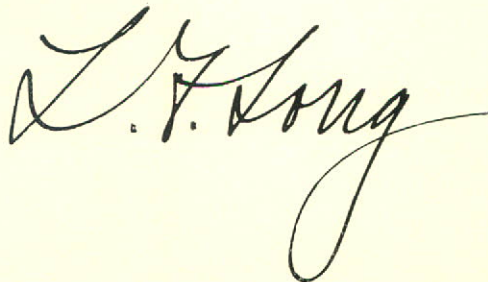
During the year 1957 we found it necessary to take action in the Exchequer Court to protect ourselves against what we considered to be violation of our rights to the use of the initials "BP" and particularly our registered trade mark consisting of these initials in an oval. The case was heard in the latter part of the year, but up to the time of publishing this report no decision had yet been rendered by the court.

The end of 1957 and the beginning of 1958 saw a rate of housing starts greatly in excess of that for the corresponding period one year earlier. There are grounds for hope that this favorable trend of house building will continue. Mortgage funds are still available from the special appropriations made by the Federal government for the purpose, and there is reason to expect that the chartered banks may have funds available for mortgage lending later in the year. Amended regulations under the National Housing Act permit lower down payments and also permit carrying charges to bear a higher relationship to the income of the purchaser. These amendments greatly extend the possibilities of home ownership in the lower income groups, particularly when taken in conjunction with the efforts of house builders to provide N.H.A. houses at the lowest possible cost. Modernization and remodelling activities in 1958 should be stimulated by the desire to relieve unemployment and by such industry sponsored movements as Operation Home Improvement. Institutional building should continue at a good rate by reason of the demand for educational facilities at all levels and for improved hospital facilities for the expanding population. Commercial and industrial building may be at a slower pace due to the fact that the recent building rate has more than caught up with the requirement for productive capacity.

Taking into account the probable conditions for 1958, as outlined above, it is reasonable to anticipate a year of good volume. However, the level of profits will depend upon maintenance of reasonable costs and the absence of serious deterioration in market conditions.

During the year 1957 we had excellent inter-departmental co-operation and employee loyalty, without which our operating results could not have been as good as they were. The Directors wish to express their sincere thanks to officers and employees.

On behalf of the Board of Directors,

A handwritten signature in cursive script, reading "L. F. Long". The signature is written in dark ink and is positioned above the printed name and title.

L. F. LONG,  
*President.*

# Balance Sheet

## ASSETS

	December 31	
	1957	1956
CURRENT ASSETS:		
Cash and short term notes .....	\$ 1,025,824	\$ 1,971,117
Government of Canada securities — at cost .....	1,486,850	896,610
(Market value December 31, 1957 - \$1,492,500)		
Accounts receivable, less allowance for doubtful accounts of \$200,000 .....	2,712,757	2,764,252
Raw materials, supplies and finished merchandise, valued at the lower of cost or market .....	3,703,728	3,465,252
Unexpired insurance, prepaid taxes, etc. ....	114,998	73,755
	<hr/>	<hr/>
Total current assets .....	\$ 9,044,157	\$ 9,170,986
	<hr/>	<hr/>
FIXED ASSETS:		
Land, buildings and equipment — at cost .....	\$13,253,354	\$11,885,262
LESS: Accumulated allowance for depreciation .....	6,836,508	6,150,041
	<hr/>	<hr/>
	6,416,846	\$5,735,221
	<hr/>	<hr/>
	\$15,461,003	\$14,906,207
	<hr/>	<hr/>

SIGNED ON BEHALF OF THE BOARD:

L. F. Long, Director

J. D. Johnson, Director





# BUILDING PRODUCTS LIMITED



	December 31	
	1957	1956
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities .....	\$ 1,542,489	\$ 1,382,895
Income and other taxes payable (estimated) .....	494,096	1,026,939
	<hr/>	<hr/>
Total current liabilities .....	\$ 2,036,585	\$ 2,409,834
<b>RESERVES:</b>		
General contingency and replacement reserve .....	\$ 800,000	\$ 800,000
Reserve for future income taxes .....	284,719	185,802
	<hr/>	<hr/>
	\$ 1,084,719	\$ 985,802
	<hr/>	<hr/>
<b>CAPITAL AND RETAINED EARNINGS:</b>		
Capital stock —		
Authorized—650,000 shares without nominal or par value		
Issued—483,384 shares .....	\$ 1,483,110	\$ 1,483,110
<p>(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, 1957.)</p>		
Retained earnings .....	10,856,589	10,027,461
	<hr/>	<hr/>
Total capital and retained earnings .....	\$12,339,699	\$11,510,571
	<hr/>	<hr/>
	<u>\$15,461,003</u>	<u>\$14,906,207</u>
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# STATEMENT OF INCOME AND RETAINED EARNINGS



Year ended December 31

	1957	1956
Income from operations before taking into account the items shown below .....	\$ 4,148,339	\$ 4,644,503
Interest on investments .....	38,361	45,064
Profit (loss) on sale of fixed assets.....	1,813	(4,169)
	\$ 4,188,513	\$ 4,685,398
<b>DEDUCT:</b>		
Allowance for depreciation .....	\$ 718,264	\$ 571,298
Company's contribution to employees' retirement income plan .....	192,189	181,664
Directors' fees .....	12,880	13,040
Legal fees .....	14,424	4,721
Remuneration of executive officers .....	102,620	99,260
	\$ 1,040,377	\$ 869,983
Income before income taxes .....	\$ 3,148,136	\$ 3,815,415
Provision for current income taxes .....	\$ 1,350,000	\$ 1,635,000
Reserve for future income taxes (See note) .....	98,917	125,441
	\$ 1,448,917	\$ 1,760,441
Net income for the year .....	\$ 1,699,219	\$ 2,054,974
Retained earnings at beginning of the year .....	10,027,461	8,842,578
	\$11,726,680	\$10,897,552
Dividends .....	870,091	870,091
Retained earnings at end of the year .....	\$10,856,589	\$10,027,461

NOTE:—Maximum capital cost allowances, which exceed straight-line depreciation recorded in the accounts by \$207,860 (\$283,407 in 1956), have been claimed for Federal and Ontario income tax purposes. The resulting reduction of \$98,917 (\$125,441 in 1956) 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

	1957	1956
Working capital at end of year .....	<u>\$7,007,572</u>	<u>\$6,761,152</u>
Working capital was provided from:		
Operations —		
Net income for the year .....	\$1,699,219	\$2,054,974
Add:		
Allowance for depreciation .....	718,264	571,298
Reserve for future income taxes .....	98,917	125,441
	<u>\$2,516,400</u>	<u>2,751,713</u>
Working capital was expended on:		
Dividends (\$1.80 per share) .....	\$ 870,091	\$ 870,091
Additions to fixed assets (net) .....	1,399,889	1,983,937
	<u>\$2,269,980</u>	<u>2,854,028</u>
Increase (decrease) in working capital .....	<u>\$ 246,420</u>	<u>(\$102,315)</u>
The 1957 increase in working capital is reflected in the following increases (decreases) in current assets and current liabilities:		
Cash and short term notes .....	(\$945,293)	
Government of Canada securities .....	590,240	
Accounts receivable .....	(51,495)	
Inventories .....	238,476	
Unexpired insurance, etc. ....	41,243	
Net decrease in current assets.....	<u>(\$126,829)</u>	
Accounts payable and accrued liabilities .....	\$159,594	
Income and other taxes payable (estimated) .....	(532,843)	
Net decrease in current liabilities.....	<u>(\$373,249)</u>	
Increase in working capital during 1957.....	<u>\$246,420</u>	



# AUDITORS' REPORT

**PRICE WATERHOUSE & CO.**

CANADA CEMENT BUILDING  
PHILLIPS SQUARE.  
MONTREAL 2

January 31 1958

## AUDITORS' REPORT

TO THE SHAREHOLDERS,  
BUILDING PRODUCTS LIMITED:

We have examined the balance sheet of Building Products Limited as at December 31 1957 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 1957 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*



Product of the Year . . .



# EXCEL-BOARD



A significant development in a long established programme to design new products for the Canadian market was the introduction, early last year, of B.P. Excel-Board.

Consisting of a complete line of decorative insulation — Ceiling Tile, Perforated Tile and Wall Plank — EXCEL-BOARD is suitable for application in residential, commercial and

institutional buildings . . . for both new construction and renovation work.

The introduction of EXCEL-BOARD rounds out our line of fibreboard products — INSUL-BOARD for structural use; EXCEL-BOARD for decorative purposes.



**BUILDING PRODUCTS LIMITED**

Halifax • Saint John, N.B. • Pont Rouge • Montreal • Havelock • Toronto • Hamilton • Winnipeg • Edmonton • Vancouver



*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**

*Distributors of:—*

**BP FIBERGLAS BUILDING  
INSULATION**

**BP HARDBOARD  
PRODUCTS**



**BUILDING PRODUCTS LIMITED**

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