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Stacks

Building Products Limited

Annual Report
1955

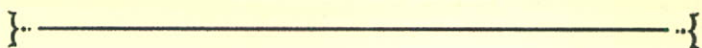
For the year ending December 31.

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BUILDING PRODUCTS LIMITED



TO THE SHAREHOLDERS:

Your Directors present their Thirty-first Annual Report with the financial statements of the company, and your Auditors' report for the year ending December 31, 1955.

Sales increased over the previous year but more in volume than in dollars due to depressed price conditions in roofing materials in eastern Canada over the greater part of the year. This price situation also had an adverse effect on profit.

The net profit for the year was \$1,602,066 equivalent to \$3.31 per share, compared to \$1,587,007 and \$3.28 per share in 1954.

Although the contribution of the Edmonton paper mill to profit was less than anticipated, steady progress was made toward the solution of quality and cost problems so that the outlook for this mill for 1956 is promising. The reconstructed granule plant at Havelock has now passed the break-in stage and is producing granules for our own use and for sale.

Net additions to fixed assets during the year amounted to \$756,966. Unexpended balance on approved capital projects at the end of the year amounted to \$481,926. The principal projects included in the 1955 program were: Completion of the granule colouring plant at Havelock, plant additions at Pont Rouge, new warehouses at Winni-

peg and Vancouver, and a substantial addition to warehouse facilities in Toronto. Both the Winnipeg and Vancouver warehouses were erected on newly acquired land which is advantageously located and of sufficient area to provide for future expansion.

Construction as a whole, and residential building in particular, established new high records in 1955. As a result there will be a greater carry-over of houses under construction than in previous years. It appears that a high level of residential and other types of construction is assured for the early part of 1956. There has been some increase in interest rates on National Housing Act mortgages and indications of less availability of mortgage funds, both of which may have an adverse effect in the latter part of the year. On the whole, it is felt that 1956 should produce a good volume of business for the products which we manufacture. The price situation which adversely affected our 1955 profit has shown improvement, although over the last three years prices have not nearly kept pace with increased costs.

A number of projects, involving additional production capacity for present products and additions of new products to the line, are under active consideration. At the same time we are giving maximum attention to projects which will result in important cost savings. The line of products is being reviewed constantly to keep it modern and attractive.

It is with very deep sorrow and regret that we record the death of Mr. S. M. Barclay on March 24, 1955. Mr. Barclay had been a Vice-President of the company since 1945, and an employee for thirty-five years. His death represented a very real loss to the company and to his associates.

The Directors acknowledge and express their sincere thanks to the officers and employees for their loyal co-operation during the past year.

On behalf of the Board of Directors,

L. F. LONG,

President.

Montreal, February 3, 1956.

BOARD OF DIRECTORS

PHILIP R. ALLEN	JOHN D. JOHNSON
JAMES A. ECCLES	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 Secretary and Assistant Treasurer</i>	WILLIAM G. MARKS

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

PRICE WATERHOUSE & CO.

215 St. James Street West
MONTREAL 1

February 2 1956

TO THE SHAREHOLDERS,
BUILDING PRODUCTS LIMITED:

We have examined the balance sheet of Building Products Limited as at December 31 1955 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 1955, 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.

BUILDING PRO

BALANCE

	ASSETS	
	December 31	
	1955	1954
CURRENT ASSETS:		
Cash and short term notes	\$1,271,361	\$2,041,220
Government of Canada securities — at cost	1,694,606	1,791,667
(Market value December 31 1955 — \$1,674,456)		
Accounts receivable, less allowance for bad debts of \$175,000 (1954 — \$150,000)	1,993,818	1,557,109
Raw materials, supplies and finished merchandise, valued at the lower of cost or market	3,272,617	3,165,461
Unexpired insurance, prepaid taxes, etc.	122,687	80,171
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Total current assets	\$8,355,089	\$8,635,628
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FIXED ASSETS:		
Land, buildings and equipment — at cost	\$10,062,452	\$ 9,362,678
Less: Accumulated allowance for depreciation	5,739,870	5,288,071
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	\$ 4,322,582	\$ 4,074,607
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	\$12,677,671	\$12,710,235
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SIGNED ON BEHALF OF THE BOARD:

L. F. Long, Director

J. D. Johnson, Director

DUCTS LIMITED

SHEET

LIABILITIES

December 31

1955 1954

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$1,101,558	\$1,366,368
Serial debentures	—	125,000
Income and other taxes payable (estimated)	390,064	825,154
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Total current liabilities	\$1,491,622	\$2,316,522
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RESERVES:

General contingency and replacement reserve	\$ 800,000	\$ 800,000
Reserve for future income taxes	60,361	—
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	\$ 860,361	\$ 800,000
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CAPITAL AND RETAINED EARNINGS:

Capital stock —

Authorized and issued —

483,384 shares without nominal or par value	\$ 1,483,110	\$ 1,483,110
Retained earnings	8,842,578	8,110,603
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Total capital and retained earnings	\$10,325,688	\$ 9,593,713
	<hr/>	<hr/>

\$12,677,671 \$12,710,235

SUBMITTED WITH OUR REPORT TO THE SHAREHOLDERS DATED
FEBRUARY 2 1956.

PRICE WATERHOUSE & CO.,
Chartered Accountants.

BUILDING PRODUCTS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

	Year ended December 31	
	1955	1954
Income from operations before taking into account the items shown below	\$3,401,993	\$3,773,622
Interest on investments	36,323	51,169
Profit on sale of fixed assets	4,577	4,156
	\$3,442,893	\$3,828,947
<u>Deduct:</u>		
Allowance for depreciation	\$ 508,991	\$ 654,949
Company's contribution to employees' retirement income plan	177,468	138,475
Directors' fees	12,920	12,940
Legal fees	7,288	5,336
Remuneration of executive officers	97,366	125,371
Debenture interest	1,433	4,869
	\$ 805,466	\$ 941,940
Income before income taxes	\$2,637,427	\$2,887,007
Provision for current income taxes	\$ 975,000	\$1,300,000
Reserve for future income taxes (see note)	60,361	—
	\$1,035,361	\$1,300,000
Net income for the year	\$1,602,066	\$1,587,007
Retained earnings at beginning of the year	8,110,603	7,393,687
	\$9,712,669	\$8,980,694
Dividends	870,091	870,091
Retained earnings at end of the year	\$8,842,578	\$8,110,603

NOTE: In prior years depreciation was provided in the accounts at the maximum amounts allowed for Federal income tax purposes; in 1955 depreciation has been provided on the "straight-line" basis but maximum allowances have been claimed for Federal income tax purposes. The amount of \$60,361 has been reserved for future income taxes which may become payable in those future periods in which the amounts claimed for tax purposes will be less than the depreciation recorded in the accounts.

BUILDING PRODUCTS LIMITED

STATEMENT OF CHANGES IN WORKING CAPITAL

	Year ended December 31	
	1955	1954
Working capital was provided from:		
Operations —		
Net income for the year	\$1,602,066	\$1,587,007
Add:		
Allowance for depreciation	508,991	654,949
Reserve for future income taxes	60,361	—
	<u>\$2,171,418</u>	<u>\$2,241,956</u>
Other sources	—	14,926
	<u>\$2,171,418</u>	<u>\$2,256,882</u>
Working capital was expended on:		
Dividends (\$1.80 per share)	\$ 870,091	\$ 870,091
Redemption of serial debentures	—	125,000
Additions to fixed assets (net)	756,966	1,427,227
	<u>\$1,627,057</u>	<u>\$2,422,318</u>
Increase (decrease) in working capital	<u>\$ 544,361</u>	<u>(\$ 165,436)</u>
Working capital:		
Current assets	\$8,355,089	\$8,635,628
Current liabilities	1,491,622	2,316,522
	<u>\$6,863,467</u>	<u>\$6,319,106</u>
The above increase (decrease) in working capital is reflected in the following net changes in the current assets and current liabilities:		
	Increase or (decrease) during the year ended December 31	
	1955	1954
Cash and short term notes	\$ (769,859)	\$ 245,538
Government of Canada securities	(97,061)	(771,558)
Accounts receivable	436,709	200,839
Inventories	107,156	118,042
Unexpired insurance etc.	42,516	5,731
Net change in current assets	<u>\$(280,539)</u>	<u>\$(201,408)</u>
Accounts payable and accrued liabilities	\$(264,810)	\$(87,079)
Serial debentures	(125,000)	—
Income and other taxes payable (estimated)	(435,090)	51,107
Net change in current liabilities	<u>\$(824,900)</u>	<u>\$(35,972)</u>
Increase (decrease) in working capital during the year	<u>\$ 544,361</u>	<u>\$(165,436)</u>



Of major interest during 1955 were the reactions of trade factors and consumers alike to patented B.P. ROOFMASTER Asphalt Shingles. These dramatically different shingles more than lived up to expectations and gave promise of even greater popularity attainment in the future. To this end, new colours and an improved continuous shadow band were introduced at the beginning of 1956.

Two new colour groups — CRYSTAL COLOURS and CHARCOAL BLENDS — were developed during 1955 and will be added to our Standard 210# Shingle line at the beginning of the year. Featuring horizontal blending from a radiant white through a mid-tone into full colour, CRYSTAL GREEN, CRYSTAL BLUE and CRYSTAL BLACK represent a new concept in colour styling that is both functional and distinctive. Of a charcoal background with light coloured over-tones, CHARCOAL PINK and CHARCOAL LIME are bound to appeal to those who prefer a departure from conventional colour styling.

By introducing the copper salt solution of the chemical Pentachlorophenol into Board stock during the process of manufacture, all Insul-Board products in 1955 were "Penta treated for added protection" against rot and mildew.

In keeping with the modern trend to lighter interior decor, the current year saw the addition of five new DECORATOR COLOURS to B.P. Asphalt Flortile. As well, B.P. No. 80 VINYL FLORTILE (80/1000"), specifically designed for residential and other light traffic area installations, was made available in the fall of the year.

The opening of a new granule colouring plant at Havelock during 1956 resulted in sufficient increased tonnage to permit us to sell coloured granules to other asphalt roofing manufacturers.

The development and introduction of these new products, colours and features once again indicate the progressive nature of the Company and assure that the B.P. Oval will long be associated with quality products and industry leadership.

HEAD OFFICE — Montreal, Que.

SALES OFFICES Halifax, Saint John, N.B., Montreal,
Toronto, Hamilton, Winnipeg, Edmonton and Vancouver.

PAPER MILLS Montreal, Pont Rouge, Que., Winnipeg
and Edmonton.

ROOFING FACTORIES Montreal, Hamilton, Winnipeg
and Edmonton.

QUARRIES AND GRANULE WORKS Havelock, Ont.

Manufacturers of . . .

ASPHALT ROOFINGS for all types of roofs . . . including Square Butt and Lock design B.P. Asphalt Shingles in various weights and in a wide range of beautiful plain and blended colours — B.P. Built-Up Roofings for every flat-type roofing need — B.P. Roll Roofings, durable, inexpensive, easily applied.

INSUL-ATED SIDINGS for outside walls — invented by B.P. engineers — combining insulation and weatherproofing with a lasting colourful finish requiring no paint . . . including Insul-Bric and Insul-Stone with the exclusive "Nu-Line" feature — also Insul-TEX and Insul-Shake.

INSUL-BOARD — the only insulating board with a built-in vapour barrier . . . available in panels, lath or roof insulator . . . layers of scientifically prepared fibreboard laminated with special asphalt to provide insulation and structural strength.

INSUL-SHEATHINGS — for exterior sheathing use . . . grid lamination feature affords structural strength with required breathing characteristic.

FLORTILE — first Canadian Asphalt floor tile . . . first Canadian Vinyl-Asbestos floor tile . . . both available in many attractive colours . . . durable, easily cleaned, can be applied over either wood or concrete sub-floors — on, above or below grade.

ASPHALT COATINGS AND CEMENTS — to waterproof foundations and roofs . . . to make easy repairs and to caulk — effectively, easily, economically.

TRAP ROCK — a tough, hard aggregate for high quality road surfacing and industrial use.

ROOFING GRANULES — provide beauty and protection for asphalt roofing products.

Distributors of . . .

FIBERGLAS BUILDING INSULATION — recognized as the finest in its field today.

B.P. HARDBOARD — a complete line of Canadian Hardboards — Standard, Tempered, Utility grades.



CANADA'S LARGEST MANUFACTURER OF
ASPHALT SHINGLES AND INSULATED SIDINGS

