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Building Products Limited

Annual Report
1954

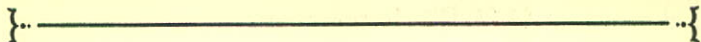
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For the year ending December 31.

FEB 12 '55

McGILL UNIVERSITY

BUILDING PRODUCTS LIMITED



TO THE SHAREHOLDERS:

Your Directors present their Thirtieth Annual report with the financial statements of the company, and your Auditors' report for the year ending December 31, 1954.

The net profit for the year was \$1,587,007 equivalent to \$3.28 per share, compared to \$1,710,778 and \$3.54 per share in 1953. The reduction was due primarily to the heavy impact of fixed charges and starting up expenses on the Edmonton paper mill, with very little offsetting production for sale. At the present time it appears that the starting up problems in connection with the Edmonton paper mill are largely solved, and it should contribute substantially to the company's profit position in 1955.

Net additions to fixed assets during the year amounted to \$1,427,227. Unexpended balance on approved capital projects in progress at the end of the year amounted to \$193,646. The principal project completed during the year was the Edmonton paper mill. Also, a substantial addition to warehousing facilities at the Hamilton plant was completed in time to be used during most of the active shipping season. Among projects in progress at the year end were a new granule colouring plant at Havelock, Ontario, and an addition to the manufacturing and warehousing facilities at Pont Rouge, Quebec. Advantage was taken of opportunities which presented themselves during the year to acquire additional land contiguous to our Montreal and Winnipeg plants.

Working capital at the end of the year was \$6,319,106, a decrease of \$165,436. Ratio of current assets to current liabilities was 3.7 to 1.

Residential building activities were rather slow in getting under way in 1954, probably due to adverse weather conditions and the uncertainty over the revised housing legislation which was being considered by Parliament in the early part of the year. Activity in housing starts increased rapidly thereafter with the result that the final number probably will exceed the previous record of 1953 and the carry over into 1955 of houses under construction will be substantial. The new legislation has made ample mortgage funds available through the banks, and the demand for housing continues strong due to high rate of new family formation, a continuing trend away from both rural and city districts to the suburban areas and the general desire for improved living quarters coupled with an income level which permits some satisfaction of those desires.

Repair and modernization work involving the products of your company should be stimulated by the plan of government sponsored lending recently announced. Under this plan the chartered banks will lend money for modernization purposes at $5\frac{1}{2}\%$, with loans up to \$1,250 to be repaid in three years and those of larger amounts up to five years. These loans are insured by the government, the premium being a flat 1% of the amount of the loan.

In order to participate fully in the 1955 residential building activity an extensive restyling program was undertaken last fall. This has resulted in attractive new designs and colour combinations in floorings, sidings and shingles, and a new board product in the form of a roof deck. The re-designed line of products was introduced to the public early in January and is receiving favorable notice.

As of January 1, 1955 a revised contributory pension plan went into effect, representing some modification of the plan originally adopted in 1946. The revisions were aimed at making the plan more acceptable and were effective to the extent that we now have 80% participation. In addition to the pension plan, our program of employee benefits includes group life insurance and hospital, surgical and medical insurance for all employees, as well as accident and sickness indemnity for hourly paid employees.

During the year Mr. W. P. Carr resigned as Secretary-Treasurer. As of February 3, 1955, Mr. J. E. Mitcham was appointed to this vacancy.

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

On behalf of the Board of Directors,

L. F. LONG,

President.

Montreal, February 4, 1955.

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 — Sales</i>	STUART M. BARCLAY
<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 3 1955

TO THE SHAREHOLDERS,
BUILDING PRODUCTS LIMITED:

We have examined the balance sheet of Building Products Limited as at December 31 1954 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 1954 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

BALANC

	ASSETS	
	1954	1953
CURRENT ASSETS:		
Cash and short term deposits	\$2,041,220	\$1,795,682
Government of Canada securities — at cost	1,791,667	2,563,225
(Market value December 31 1954 — \$1,800,567)		
Trade accounts receivable, less allowance for bad debts of \$150,000	1,516,785	1,301,917
Other accounts receivable	40,324	54,353
Raw materials, supplies and finished merchandise, valued at the lower of cost or market	3,165,461	3,047,419
Unexpired insurance, prepaid taxes, etc.	80,171	74,440
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Total current assets	\$8,635,628	\$8,837,036
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FIXED ASSETS:		
Land, buildings and equipment — at cost	\$9,362,678	\$7,957,419
Less: Accumulated allowance for depreciation	5,288,071	4,655,090
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	\$4,074,607	\$3,302,329
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	\$12,710,235	\$12,139,365
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SIGNED ON BEHALF OF THE BOARD:

L. F. Long, Director

J. D. Johnson, Director

PRODUCTS LIMITED

SHEET

LIABILITIES

December 31
1954 1953

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$1,366,368	\$1,453,447
Serial debentures maturing June 1 1955	125,000	125,000
Income and other taxes payable (estimated)	825,154	774,047
Total current liabilities	\$2,316,522	\$2,352,494

2½ PER CENT SERIAL DEBENTURES	\$ —	\$ 125,000
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GENERAL CONTINGENCY AND REPLACEMENT RESERVE

\$ 800,000	\$ 785,074
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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	8,110,603	7,393,687
Total capital and retained earnings	\$9,593,713	\$8,876,797

Contingent liability in respect of customers' notes
discounted December 31 1954 \$60,000

<u>\$12,710,235</u>	<u>\$12,139,365</u>
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SUBMITTED WITH OUR REPORT TO THE SHAREHOLDERS DATED
FEBRUARY 3 1955.

PRICE WATERHOUSE & CO.,
Chartered Accountants.

BUILDING PRODUCTS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

	Year ended December 31	
	1954	1953
Income from operations before taking into account the items shown below	\$3,773,622	\$4,028,723
Interest on investments	51,169	67,891
Profit on sale of fixed assets	4,156	—
	\$3,828,947	\$4,096,614
<u>Deduct:</u>		
Allowance for depreciation	\$ 654,949	\$ 572,951
Company's contribution to employees' retirement income plan	138,475	125,663
Directors' fees	12,940	13,020
Legal fees	5,336	7,699
Remuneration of executive officers	125,371	156,979
Debenture interest	4,869	8,307
Loss on sale of fixed assets	—	5,217
	\$ 941,940	\$ 889,836
Income before income taxes	\$2,887,007	\$3,206,778
Estimated taxes on income	1,300,000	1,496,000
Net income for the year	\$1,587,007	\$1,710,778
Retained earnings at beginning of the year	7,393,687	6,553,000
	\$8,980,694	\$8,263,778
Dividends	870,091	870,091
Retained earnings at end of the year	\$8,110,603	\$7,393,687

BUILDING PRODUCTS LIMITED

STATEMENT OF CHANGES IN WORKING CAPITAL

	Year ended December 31	
	1954	1953
Working capital was provided from:		
Operations—		
Net income for the year	\$1,587,007	\$1,710,778
Add: Allowance for depreciation charged thereto	654,949	572,951
	\$2,241,956	\$2,283,729
Other sources	14,926	44,569
	\$2,256,882	\$2,328,298
Working capital was expended on:		
Dividends (\$1.80 per share)	\$ 870,091	\$ 870,091
Redemption of serial debentures	125,000	125,000
Additions to fixed assets (net)	1,427,227	1,136,977
	\$2,422,318	\$2,132,068
Increase (decrease) in working capital	(\$ 165,436)	\$ 196,230
Working capital:		
Current assets	\$8,635,628	\$8,837,036
Current liabilities	2,316,522	2,352,494
	\$6,319,106	\$6,484,542
The above increase 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	
	1954	1953
Cash and short-term deposits	\$ 245,538	\$ 423,661
Government of Canada securities	(771,558)	(709,160)
Trade accounts receivable	214,868	97,858
Other accounts receivable	(14,029)	(5,915)
Inventories	118,042	369,069
Unexpired insurance etc.	5,731	(56,383)
	\$ (201,408)	\$ 119,130
Accounts payable and accrued liabilities	\$ (87,079)	\$ 111,193
Income and other taxes payable (estimated)	51,107	(188,293)
	\$ (35,972)	\$ (77,100)
Increase (decrease) in working capital during the year	\$ (165,436)	\$ 196,230



During 1954, Building Products Limited continued on a program of product development and expansion. New styles and colours of Asphalt Shingle, Insul-Ared Siding, Insul-Board and Flortile products were developed and introduced to the trade.

Most important of the new products developed during the year were patented B.P. ROOFMASTER shingles and B.P. INSUL-DECK. The development of these two new products was finalized towards the end of the year — in time for their introduction to the trade at the beginning of 1955.

B.P. Roofmaster shingles are identical to standard 210 lb. shingles in weight, size and price, yet they represent an entirely new, dramatically different concept in roofing. They combine a natural "built-in" shadow-band and a "built-up" grained texture, giving design depth and creating appealing roof character. The Company feels confident that B.P. Roofmaster shingles will gain the immediate acceptance of trade and consumer alike.

B.P. Insul-Deck provides an insulated, structural roof deck and a smartly finished ceiling in one easy, economical application. Designed for direct nailing over wide-spaced wood rafters, it is particularly suitable for buildings of modernistic design. Asphalt Shingles or Built-up Roofing can be applied directly over B.P. Insul-Deck.

Both of these outstanding products are further evidence of the Company's determined efforts to continue to offer the Canadian public new and improved materials and to assure that the "B.P." Oval will always be considered a symbol of quality and 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 — Madoc and 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-Text 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.

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

