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Building Products
Limited

Annual Report
1950

For the year ending December 31

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McGILL UNIVERSITY

BUILDING PRODUCTS LIMITED

TO THE SHAREHOLDERS:

Your Directors present their Twenty-Sixth Annual Report with the financial statements of the company, and your Auditors' report for the year ending December 31, 1950.

Following the trend of construction activity in Canada, your company's sales have shown a further increase in 1950 for the eighth consecutive year. Pertinent information covering the years 1950 and 1949 is submitted in the following summary:

	1950	1949
Net Income before taxes.....	\$3,062,708	\$2,644,278
Provision for Income Taxes.....	\$1,265,000	\$1,032,000
Net Income	\$1,797,708	\$1,612,278
Working Capital	\$5,654,505	\$4,611,729
Ratio Current Assets to		
Current Liabilities	4.9 to 1	3.9 to 1
Earnings per share.....	\$ 3.72	\$ 3.34
Dividends per share.....	\$ 1.65	\$ 1.60

Sales during the first six months of 1950 were in practically the same volume as the same period in the years 1948 and 1949, but during the balance of the year were higher than in any previous comparable period. There was a marked increase in industrial construction, mainly due to anticipation of an extended period of high industrial activity. Housing also picked up, with some impetus due to the realization of imminent higher construction costs. Plant additions and increases in productive capacity of equipment, made possible by capital expenditure during the year and in 1949, enabled your company to meet this demand for most products.

The quarterly dividend on the no par value shares of the company was increased from \$0.40 to \$0.45 per share beginning with the quarter ending December 31, 1950.

Raw material costs rose sharply during the last six months, with the trend continuing right through to the year end.

Expenses were further increased by another rise in freight rates and another round of wage increases. Against these increased costs your company found it necessary to make price advances in various products during the year. Despite these increases our price levels are now only 41% above 1939.

Capital expenditure for fixed assets, comprising buildings and equipment, amounted to \$476,553 in 1950, and fixed assets disposed of by sale or otherwise amounted to \$86,135. Projects initiated and completed during the year included a new boiler at Winnipeg, additional productive capacity at Pont Rouge, and certain new equipment at Montreal and Hamilton. Also at Hamilton, a two storey frame building, 40 feet by 180 feet in size, which housed the roofing machines, will have been replaced with steel and concrete early in the new year; this building was forty-seven years old and in bad repair.

In April your company acquired the physical assets and business of the Ontario Rock Company Limited of Havelock, Ontario. Primarily this purchase was made to protect the supply of a certain grade of trap rock essential to the company's granule operations at the same location. The Ontario Rock Company Limited had previously been engaged in the production and sale of trap rock for paving and some industrial uses. Your company has continued this business with satisfactory results during the year under review.

The Manitoba Flood forced closing of the Winnipeg plant from May 11th to June 5th, with substantial loss to the company. Plans developed should minimize this loss if the same conditions occur again.

On account of increases in population and building activity in the Canadian West, particularly in Alberta, your company decided in the latter part of the year to establish a roofing plant in the northern part of that province. Plans have been completed for this undertaking and fabrication of mechanical equipment is under way.

The continuing unsatisfied demand for your company's products manufactured at Pont Rouge, resulted in a further appropriation being made late in the year to cover additional productive

capacity at that plant. Increased steam requirements at this location are being met by installing a 400 Horse Power modern boiler, in place of a small obsolete unit thirty-eight years old. This project completes a program of modernization in all your company's steam producing plants.

The two projects mentioned above, in Alberta and Pont Rouge, will require capital expenditure during 1951 estimated at \$860,000.

A new design for Insul-Ated Siding, to be marketed under the trade names of Nu-Line Insul-Bric and Nu-Line Insul-Stone Siding, was introduced during the year. Patents have been applied for, and initial acceptance of this product has been very satisfactory.

Under collective agreements, increases were granted during 1950, in all plants, to the average of 8%. These increases are roughly in line with other increases granted in your company's plant localities, and in industry as a whole, and continuing good relations between the company and its employees have been maintained. At the end of 1950 basic wage levels have increased 145% over comparable 1939 rates.

Money value of construction contracts awarded in 1950 exceeded that in 1949 by a wide margin, due both to increases in volume and large increases in unit costs, particularly in residential building. At the year end the amount of work at the planning stage and in progress, indicates a high rate of activity well into the new year. Adverse factors are material and labor shortages along with continually increasing costs. An unknown factor is the extent to which the construction industry as now operating must be diverted to defense work.

The Directors extend their sincere thanks to the company's employees, shareholders, and all customers for the cooperation which made 1950 a successful year.

On behalf of the Board of Directors,

L. S. ODELL,
President.

Montreal, February 1, 1951.

BOARD OF DIRECTORS

PHILIP R. ALLEN	LEONARD F. LONG
WINTHROP BRAINERD	GEORGE H. MONTGOMERY, K.C.
JAMES A. ECCLES	WILLIAM R. McNEIL
JOHN D. JOHNSON	LESLIE S. ODELL
HILTON R. TUDHOPE, O.B.E.	

OFFICERS

<i>Chairman of the Board</i>	WILLIAM R. McNEIL
<i>President and Managing Director</i> . . .	LESLIE S. ODELL
<i>Executive Vice-President</i>	LEONARD F. LONG
<i>Vice-President in charge of Sales</i> . . .	STUART M. BARCLAY
<i>Vice-President in charge of Manufacturing</i>	CHARLES E. TURNER
<i>Vice-President</i> <i>and Western General Manager</i> . .	HAROLD E. PRINGLE
<i>Secretary-Treasurer</i>	ROY C. CROOKER
<i>Assistant Secretary-Treasurer</i>	WILLIAM G. MARKS

<i>Transfer Agent</i>	MONTREAL TRUST CO., Toronto, Ont. — Montreal, Que.
<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.

February 1, 1951

TO THE SHAREHOLDERS OF
BUILDING PRODUCTS LIMITED:

We have examined the balance sheet of Building Products Limited as at December 31 1950 and the statements of income and earned surplus for the year ended on that date, and we have obtained all the information and explanations which we required. Our examination included such tests of the accounting records and such other auditing procedures as we considered appropriate.

In our opinion, the attached balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at December 31 1950 and the related statements of income and earned surplus present fairly the results of operations for the year then ended, 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.,

Auditors.

MONTREAL, JANUARY 31 1951.

BUILDING PRO

BALANCE SHEET —

ASSETS		
	1950	1949
CURRENT ASSETS:		
Cash in banks and on hand.....	\$2,206,712	\$2,369,010
Government of Canada bonds — at cost	1,744,575	999,250
(Market value December 31 1950 — \$1,727,125)		
Trade accounts receivable, less bad debt reserve of \$150,000	713,285	747,177
Other accounts receivable	32,822	33,957
Inventories of raw materials, supplies and finished merchandise, valued at the lower of cost or market	2,368,800	2,016,271
Unexpired insurance, prepaid taxes, etc.	53,520	57,914
Total current assets	<u>\$7,119,714</u>	<u>\$6,223,579</u>
 REFUNDABLE PORTION		
OF EXCESS PROFITS TAX	<u>\$ 188,675</u>	<u>\$ 341,548</u>
 FIXED ASSETS:		
Land, buildings and equipment; purchase price at date of acquisition in 1926, plus subsequent additions (net) at cost	\$5,251,187	\$4,860,769
Less: Reserve for depreciation	3,208,550	2,825,626
	<u>\$2,042,637</u>	<u>\$2,035,143</u>
	<u>\$9,351,026</u>	<u>\$8,600,270</u>
 SIGNED ON BEHALF OF THE BOARD:		
L. S. Odell, Director		
G. H. Montgomery, Director		

DUCTS LIMITED

DECEMBER 31 1950

LIABILITIES

	1950	1949
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 787,637	\$1,003,236
Serial debentures maturing June 1 1951	125,000	125,000
Income and other taxes	552,572	483,614
Total current liabilities	<u>\$1,465,209</u>	<u>\$1,611,850</u>
2% PER CENT SERIAL DEBENTURES:		
Total authorized and issued — <u>\$1,000,000</u>		
Maturing in amounts of \$125,000 annually on June 1		
1952 to 1955	\$ 500,000	\$ 625,000
	<u> </u>	<u> </u>
GENERAL CONTINGENCY AND		
REPLACEMENT RESERVE	<u>\$ 676,142</u>	<u>\$ 653,869</u>
CAPITAL AND SURPLUS:		
Represented by 483,384 shares without nominal or par		
value, being all of the authorized issue	\$1,483,110	\$1,483,110
Earned surplus — Balance, per statement attached ...	5,226,565	4,226,441
Total capital and surplus	<u>\$6,709,675</u>	<u>\$5,709,551</u>
	 <u> </u>	 <u> </u>
	<u>\$9,351,026</u>	<u>\$8,600,270</u>

SUBMITTED WITH OUR REPORT TO THE SHAREHOLDERS DATED
JANUARY 31 1951.

PRICE, WATERHOUSE & CO.

Auditors.

BUILDING PRODUCTS LIMITED

INCOME STATEMENT

FOR THE YEARS ENDING DECEMBER 31 1950 AND 1949

	1950	1949
Income from operations before taking into account the items shown below	\$3,763,942	\$3,358,287
Interest on investments	31,986	23,940
Profit on sale of fixed assets	6,415	2,694
	\$3,802,343	\$3,384,921
 <u>Deduct:</u>		
Provision for depreciation	\$ 457,285	\$ 440,798
Company's contribution to employees' retirement income plan—		
Current year	108,414	89,359
Prior years—additional	—	41,154
Directors' fees	13,040	13,100
Legal fees	2,916	1,202
Remuneration to executive officers	139,360	132,973
Debenture interest	18,620	22,057
	\$ 739,635	\$ 740,643
 Income for the year before providing for income taxes	 \$3,062,708	 \$2,644,278
Provision for income taxes	1,265,000	1,032,000
 Net income for the year	 \$1,797,708	 \$1,612,278

BUILDING PRODUCTS LIMITED

STATEMENT OF EARNED SURPLUS YEARS ENDING DECEMBER 31 1950 AND 1949

	1950	1949
Balance at beginning of the year	\$4,226,441	\$3,387,577
Net income for the year	1,797,708	1,612,278
	\$6,024,149	\$4,999,855
Dividends declared	797,584	773,414
	\$5,226,565	\$4,226,441
Earned surplus, balance December 31	\$5,226,565	\$4,226,441

STATEMENT OF SOURCE AND APPLICATION OF FUNDS YEAR ENDING DECEMBER 31 1950

Funds provided from:

Net income for the year	\$1,797,708	
Provision for depreciation of properties	457,285	
Refundable portion of excess profits tax received	152,873	
Other sources	22,273	\$2,430,139
	\$2,430,139	

Funds expended on:

Dividends (\$1.65 per share)	\$ 797,584	
Serial debentures redeemed	125,000	
Additions to properties (net)	464,779	1,387,363
	\$1,387,363	
Increase in working capital		\$1,042,776



Throughout 1950, the many products which bear the "BP" Oval Trade-Mark continued to make an important contribution to the comfort, beauty and weather safety of Canadian homes, worthily maintaining Building Products' long-established reputation for leadership in the development of high quality building materials.

Canada's largest manufacturer of asphalt roofings and insulated sidings, Building Products Limited has, through consistent research, continually added to its long record of pioneering achievement which includes the invention of: Thick Butt Asphalt Shingles, now standard throughout North America; Insul-Ated Sidings for outside walls; Insul-Board with its built-in vapour barrier. One of the most interesting recent developments was the addition, in 1950, of a shadow line — "Nu-Line" — to Insul-Bric and Insul-Stone Sidings, giving a three dimensional effect which greatly enhances their attractive appearance.

The record of the past and continuing progress provide an assurance for the future that the "BP" Oval will long continue to be a symbol of quality and leadership.

HEAD OFFICE — Montreal, Que.

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

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

ROOFING FACTORIES — Montreal, Hamilton and Winnipeg.

QUARRIES AND GRANULE WORKS — Madoc and Havelock, Ont.

Manufacturers of . . .

ASPHALT ROOFINGS for all types of roofs — including beautiful, durable B.P. Asphalt Shingles in a wide range of attractive plain and blended colours, giving years of sure protection against all common roofing hazards . . . B.P. Built-Up Roofing, with expert inspection service for roofs, which may be bonded for 10-15-20 years . . . B.P. Roll Roofings, tough, economical, easily applied.

INSULATED SIDINGS for outside walls — including Insul-Bric and Insul-Stone with the "Nu-Line" feature and Insul-Tex — to insulate, weatherproof and give a lasting colourful finish requiring no paint.

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

B.P. FLORTILE — in many attractive colours; enduring, easily cleaned; applied "tile by tile" in any desired pattern, over either wood or concrete sub-floors. Now also available in the convenient and popular "Mix-Pak" cartons.

B.P. ASPHALT COATINGS AND CEMENTS — to make roof repairs and strengthen weak spots, to water-proof foundations, and to caulk — effectively, easily, economically.

ALBI-"R" FIRE RETARDANT COATING — a proven fire retardant coating listed by Underwriters Laboratories, Inc.

Distributors of . . .

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



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