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# Building Products

Limited

*Annual Report*

*1946*

*For the year ending December 31.*

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# BUILDING PRODUCTS LIMITED

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## TO THE SHAREHOLDERS:

Your Directors present their Twenty-First Annual Report, with Balance Sheet, Profit and Loss statement, and statement of Surplus, as at December 31, 1946. Your Auditors report is also submitted herewith.

Net profit for the year was \$1,295,433.93 as compared with \$335,242.20 for the year 1945. This profit is after all operating expenses, interest on Serial Debentures of \$27,500.00, provision for depreciation of properties of \$241,079.75, and for income and excess profits taxes \$1,558,000.00.

Due to the increased volume of business, and the corresponding increases in inventories and accounts receivable, it has seemed advisable to increase the Contingency Reserve by \$50,000.00 to provide for possible depreciation in inventory values, and an additional \$50,000.00 has been added to the Bad Debt Reserve.

Working capital of \$2,435,959.01 at December 31, 1946, compared with \$2,511,805.88 at the beginning of the year.

During the year capital additions to fixed assets amounted to \$352,319.16, and on July 1st, to inaugurate the Employees' Retirement Plan, a cash payment of \$713,629.21 was made, this being the total cost of providing wholly at the company's expense annuities applicable to the past services rendered by 440 employees. Approximately 90% of those who were eligible

became members of the plan. The Federal Income Tax authorities have given approval to charging as an expense this entire sum in equal annual instalments, over a period of ten years, beginning July 1, 1946. The plan provides that the company will share on an equal basis with the employees the cost of annuities covering their future services.

The regular dividend rate was increased beginning with the first quarter to \$1.00 per share, per annum, compared with the former regular rate of \$.60 per share.

Sales reached a new peak as a result of having had throughout the entire year the additional output of paper provided by the new paper mill at Montreal, which commenced operations in the latter part of 1945. Additional equipment which was installed during the year 1946 has further increased the total output of paper.

The total value of construction contracts awarded during the year was the highest on record, but a shortage of supplies and labor has, in many cases, delayed the completion of contracts, and rising costs have caused deferment, for the time being, of a considerable volume of construction.

While new construction has an important bearing upon sales, it is estimated that one-half of your company's sales, at all times, is provided by the use of its products in repair and replacement work.

Manufacturing costs have steadily risen, due to increases in costs of raw materials, and higher wages and salaries, but the Federal Government has recently removed the controls from most of this company's products and, therefore, selling prices of these may now be advanced should further increases in costs make it necessary to do so.

A satisfactory settlement has been concluded with the insurance companies in respect to the losses which were incurred as a result of the fire at the Montreal factory in November 1945.

A final agreement has been made with the Department of Reconstruction and Supply in respect to the pricing of war contracts, and the reserve which had been provided for this purpose was found to be adequate.

An appraisal of all the company's properties has recently been completed by the Canadian Appraisal Company, and it shows a current replacement value of \$4,795,119.47, which compares with the book value of \$3,225,950.34.

A new warehouse, for servicing customers in the Maritime Provinces, has been constructed at Saint John, N.B., and a substantial addition has been completed at the Montreal head office to meet the requirements of the increased number of employees.

The expansion program which has been carried out over the



past two years, has increased the number of employees to approximately 1,500, compared with 1,200 a year ago.

In the near future it is planned to place on the market some new products which have been withheld owing to the shortage of raw materials, and it is expected that they will be well received by the trade.

Unshipped orders on hand continue at about the same level as a year ago, and there seems every reason to expect that the demand for your company's products will continue to be at a satisfactory rate for sometime.

At a Special Meeting of Shareholders, which is to be held on the same day as the forthcoming Annual Meeting, three new By-Laws will be presented for your approval. One of these provides for the appointment of an Executive Committee of the Board of Directors, another provides for amending Section 3 of By-Law No. 1 so that a meeting of the Board, without notice, may be held immediately following each Annual General Meeting of Shareholders. This By-Law also provides for the removal of the present restriction upon the filling by the Directors of vacancies occurring in the Board of Directors. The third By-Law provides for the election of one or more Vice-Presidents who are not Directors.

It is with deep regret that we record the death of Mr. George M. McKee, who served this company as a member of its Board

of Directors for over eighteen years. Mr. John D. Johnson has been appointed to fill the vacancy.

We gratefully acknowledge the continued loyalty and co-operation of the officers and employees.

On behalf of the Board of Directors,

W. R. McNEIL,  
*President.*

Montreal, February 5, 1947.

# BUILDING PRO

(INCORPORATED UNDER THE LA

## BALANCE SHEET

	1946	1945
<b>ASSETS</b>		
<b>CURRENT AND WORKING ASSETS:</b>		
Cash in Bank and on Hand .....	\$ 1,031,747.10	\$ 522,515.62
Dominion Government Bonds, at cost .....	1,000,000.00	1,425,000.00
(Market Value December 31, 1946—\$1,007,200.00)		
Trade Accounts Receivable (Less Bad Debt Reserve \$100,000.00 in 1946, \$50,000.00 in 1945) .....	818,077.45	558,775.19
Other Accounts Receivable .....	23,040.97	140,058.68
Accounts Receivable, Fire Damage Claim, Estimated Inventories of Stocks on hand, as certified by the Management, valued at the lower of cost or market price .....	1,085,968.61	858,986.34
Insurance Unexpired and Taxes Prepaid, etc .....	84,843.93	68,041.83
<b>TOTAL CURRENT AND WORKING ASSETS</b>	<b>\$ 4,043,678.06</b>	<b>\$ 3,824,651.87</b>
<b>REFUNDABLE PORTION OF EXCESS PROFITS TAX .....</b>	<b>\$ 539,476.40</b>	<b>\$ 556,268.55</b>
<b>PROPERTY ACCOUNT:</b>		
Land, Buildings and Equipment, purchase price at date of acquisition in 1926, plus subsequent addi- tions (net) at cost .....	\$ 3,443,253.02	\$ 3,119,547.98
Less: Reserve for Depreciation .....	1,854,815.46	1,638,696.97
	<b>\$ 1,588,437.56</b>	<b>\$ 1,480,851.01</b>
	<b>\$ 6,171,592.02</b>	<b>\$ 5,861,771.43</b>

APPROVED ON BEHALF OF THE BOARD:

(Signed) W. R. McNeil, Director.

" C. P. Cowan, Director.



# DUCTS LIMITED

(OF THE DOMINION OF CANADA)

DECEMBER 31, 1946

## LIABILITIES

	1946	1945
<b>CURRENT LIABILITIES:</b>		
Accounts Payable and Accrued Liabilities .....	\$ 739,214.85	\$ 590,026.93
Provision for expenditure, Fire Damage .....		98,948.76
Reserve for Dominion Income and Excess Profits and Other Taxes after pre-payment of \$699,000.00 to the Dominion Government .....	868,504.20	623,870.30
<b>TOTAL CURRENT LIABILITIES .....</b>	<b>\$ 1,607,719.05</b>	<b>\$ 1,312,845.99</b>
<b>2¼% SERIAL DEBENTURES</b>		
MATURING \$125,000.00 ANNUALLY, JUNE 1, 1948 TO JUNE 1, 1955 .....	\$ 1,000,000.00	\$ 1,000,000.00
RESERVE FOR CONTINGENCIES .....	\$ 434,893.76	\$ 401,574.80
<b>CAPITAL AND SURPLUS:</b>		
Represented by 483,384 shares without nominal or par value being all of the authorized issue .....	\$ 1,483,110.00	\$ 1,483,110.00
NOTE: Of the above mentioned shares, 288 are held by Montreal Trust Company for exchange of 72 old Class "A" shares.		
<b>DEFERRED SURPLUS:</b>		
Refundable Portion of Excess Profits Tax.....	539,476.40	556,268.55
<b>EARNED SURPLUS, Balance per statement attached...</b>	<b>1,106,392.81</b>	<b>1,107,972.09</b>
<b>TOTAL CAPITAL AND SURPLUS .....</b>	<b>\$ 3,128,979.21</b>	<b>\$ 3,147,350.64</b>
	<u>\$ 6,171,592.02</u>	<u>\$ 5,861,771.43</u>

SUBMITTED WITH OUR REPORT TO THE SHAREHOLDERS, DATED  
FEBRUARY 6, 1947.

PRICE, WATERHOUSE & CO.  
Auditors

# BUILDING PRODUCTS LIMITED

## STATEMENT OF PROFIT AND LOSS YEAR ENDING DECEMBER 31

	1946	1945
Net Profit from Operations before taking into account the items shown below .....	\$ 3,211,882.89	\$ 1,742,198.93
<u>ADD:</u> Interest on Investments .....	20,988.72	22,928.14
Profit arising from sales of Investments, Plant, etc. ....	4,219.58	2,971.04
	<u>\$ 3,237,091.19</u>	<u>\$ 1,768,098.11</u>
<u>DEDUCT:</u> Provision for Depreciation .....	241,079.75	160,675.44
Company's Contribution to Employees' Retirement Income Plan .....	22,646.72	
Directors' Fees .....	3,840.00	3,400.00
Legal Fees .....	1,698.79	2,139.48
Remuneration to Executive Officers .....	86,892.00	82,462.33
Debenture Interest .....	27,500.00	13,178.66
Provision for Dominion Income and Excess Profits Taxes .....	1,558,000.00	1,171,000.00
	<u>\$ 1,941,657.26</u>	<u>\$ 1,432,855.91</u>
Net Profit after providing for Income Taxes thereon	<u>\$ 1,295,433.93</u>	<u>\$ 335,242.20</u>

## STATEMENT OF EARNED SURPLUS

Balance January 1st .....	\$ 1,107,972.09	\$ 1,100,597.27
Net Profits for the year as above .....	1,295,433.93	335,242.20
	<u>\$ 2,403,406.02</u>	<u>\$ 1,435,839.47</u>
<u>DEDUCT:</u> Dividends declared and paid .....	483,384.00	314,199.60
Discount and Expenses on Debenture issue ....		13,667.78
Employees' Retirement Income Plan — Past Service Contribution .....	713,629.21	
Appropriation to Reserve for Contingencies-Inventories .....	50,000.00	
Appropriation to Reserve for Bad Debts .....	50,000.00	
	<u>\$ 1,297,013.21</u>	<u>\$ 327,867.38</u>
Earned Surplus, Balance December 31st .....	<u>\$ 1,106,392.81</u>	<u>\$ 1,107,972.09</u>

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the attached balance sheet of Building Products Limited as at December 31, 1946, and the statement of profit and loss and earned surplus for the year ending on that date. In connection therewith we made extensive tests of the transactions during the year and received all the information and explanations which we required, but we did not make a detailed examination of all of the transactions.

On the above basis we report that, 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, 1946, and the results of the operations for the year ending 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.,  
*Auditors.*

MONTREAL, February 6, 1947.

## BOARD OF DIRECTORS

PHILIP R. ALLEN	DANIEL P. HATCH
WINTHROP BRAINERD	GEORGE H. MONTGOMERY, K.C.
CLARENCE P. COWAN	WILLIAM R. McNEIL
ROY C. CROOKER	HILTON R. TUDHOPE, O.B.E.

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## OFFICERS

<i>Chairman of the Board</i> . . . . .	PHILIP R. ALLEN
<i>President</i> . . . . .	WILLIAM R. McNEIL
<i>Vice-President and General Manager</i> . . .	CLARENCE P. COWAN
<i>Vice-President</i> . . . . .	DANIEL P. HATCH
<i>Secretary-Treasurer</i> . . . . .	ROY C. CROOKER
<i>Assistant Treasurer</i> . . . . .	WILLIAM G. MARKS

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<i>Transfer Agent</i> . . . . .	MONTREAL TRUST Co., Toronto, Ont. — Montreal, Que.
<i>Registrar</i> . . . . .	NATIONAL TRUST Co. LIMITED, Toronto, Ont. — Montreal, Que.



This Trade Mark stands for a fine record of achievement in the creation and development of many building products.

This company invented the popular Thick-Butt Asphalt Shingle which is now the standard throughout North America.

To obtain the maximum structural strength, this company was the first to use the plywood principle in making Fibre Insulating Board — layer upon layer of scientifically prepared paper bound together by a waterproof adhesive.

This company invented Insul-Ated Outside Wall Siding, which looks like real brick and is currently sweeping North America in popularity.



*Manufacturers of . . .*

Roofings of asphalt, in many different varieties and colors,  
for all types of roofs.

Insulation in the form of moisture-proof Fibre Insulating  
Board, which is superior to all others for many uses.

Siding, for application over walls of wood construction,  
which simulates brick and other standard building materials.

Floor Tiles of asphalt, for every room, in a variety of  
attractive colors.

Paints and Cements of asphalt — black only.

All of these are to be found bearing this favorably known  
Trade Mark.



HEAD OFFICE—Montreal, Que.

SALES OFFICES—Montreal, Toronto, Hamilton and Winnipeg.

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

ROOFING FACTORIES—Montreal, Hamilton and Winnipeg.

QUARRIES—Madoc, Ont. — GRANULE WORKS—Havelock, Ont.





