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INTERNATIONAL BRONZE POWDERS LIMITED

and Subsidiary Companies



FIFTEENTH
Annual Report
FOR THE YEAR
1948

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INTERNATIONAL BRONZE POWDERS LIMITED

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BOARD OF DIRECTORS

J. LEIGH BISHOP	THOMAS J. MULLEN
OTTO A. BOTH	SIEGFRIED SCHOPFLOCHER
C. M. CARMICHAEL	MELVIN A. THOMSON
GUSTAVE L. HEHL	R. EDGAR THORNE
T. B. WAINWRIGHT	

EXECUTIVE OFFICERS

MELVIN A. THOMSON	-----	President
SIEGFRIED SCHOPFLOCHER	--	Vice-President
THOMAS J. MULLEN	-----	Vice-President
OTTO A. BOTH	-----	Vice-President
T. B. WAINWRIGHT	-----	Treasurer
E. V. HEISKELL	-----	Secretary
J. H. FERRIE	-----	Assistant Secretary and Assistant Treasurer

Auditors:

MESSRS. P. S. ROSS & SONS, MONTREAL

Transfer Agents:

THE MONTREAL TRUST CO.
MONTREAL, P.Q.
TORONTO, ONT.
CHARLOTTETOWN, P.E.I.

REGISTRAR AND TRANSFER CO.
NEW YORK, N.Y.
JERSEY CITY, N.J.

Registrars:

THE ROYAL TRUST CO.
MONTREAL, P.Q.
TORONTO, ONT.
CHARLOTTETOWN, P.E.I.

REGISTRAR AND TRANSFER CO.
NEW YORK, N.Y.
JERSEY CITY, N.J.

FINANCIAL STATEMENTS

DECEMBER 31, 1948

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INTERNATIONAL BRONZE POWDERS LIMITED

CHARLOTTETOWN, P.E.I., CANADA
April 5, 1949.

TO THE SHAREHOLDERS OF
INTERNATIONAL BRONZE POWDERS LIMITED.

Your Directors submit herewith their fifteenth annual report to the shareholders together with the consolidated financial statements (except in respect of two subsidiaries located in England) and the auditors' report to the shareholders for the financial year ended December 31, 1948.

The net consolidated profits for the year under review after providing for income taxes amounted to \$180,271.81 a decrease of \$61,954.48 from the year 1947. Dividends at the rate of 6% per annum were paid on the preferred shares of the Company amounting to \$150,000.00.

The decrease in net consolidated profits is partly accounted for by the continued rise in the cost of raw materials, rates of wages and transportation. Increases in selling prices to offset increases in cost are difficult to make because of the highly competitive market in which the products are sold. To meet these conditions, manufacturing costs were reduced wherever considered practicable both by economies and the introduction of the new processes of manufacturing. The capital expenditure made in 1947 in connection with these new processes was referred to in our last year's report. During 1948 further capital expenditure of approximately \$69,000.00 was made.

A further cause for the decrease in net consolidated profits is the accelerated deterioration of the export market due to the shortage of dollars in practically all countries of the world to which exports are made, resulting in further restrictions on import licences in those countries.

The two subsidiary companies located in England, which are not included in the consolidated figures except as investments, and except as to dividends received amounting to \$6,030.00 after deduction of tax, have operated at a profit.

The Directors of the respective subsidiary companies have expressed their appreciation of the excellent work performed by the employees of their companies throughout the year.

ON BEHALF OF THE BOARD,

M. A. THOMSON,
President.

INTERNATIONAL BROS

COMPARATIVE CONSOLIDATED BALANCE SHEET

ASSETS	December 31, 1948	December 31, 1947
CURRENT ASSETS:		
Cash.....	\$ 589,390.95	\$ 610,810.82
Accounts and notes receivable (less reserve).....	214,926.16	226,302.36
Inventories of raw materials, work in process, finished goods and supplies, as determined and certified by the Management and valued at the lower of cost or market price.....	1,139,311.69	1,072,138.28
Canadian and United States Government Bonds including accrued interest (not in excess of market value).....	111,689.73	137,342.73
	<u>2,055,318.53</u>	<u>2,046,594.19</u>
British Government Bonds (including accrued interest) held in England—withdrawal restricted except as to interest.....	83,824.11	—
Investments in and amounts due by Subsidiary Companies located in England—not consolidated		
Investments at cost.....	103,956.08	103,956.08
Amounts due.....	7,240.44	11,676.69
	<u>111,196.52</u>	<u>115,632.77</u>
OTHER ASSETS AND DEFERRED CHARGES:		
Cash on deposit in England—withdrawal restricted.....	—	83,001.37
Sundry securities—at cost.....	25,078.18	25,000.00
Refundable portion of Excess Profits Tax.....	70,649.32	84,561.49
Prepaid insurance and deferred charges.....	34,197.83	30,268.10
Unamortized balance of payment for Past Service Benefits under Employees' Retirement Plan.....	69,946.43	—
	<u>199,871.76</u>	<u>222,830.96</u>
FIXED ASSETS—AT COST:		
Land.....	35,600.72	35,600.72
Buildings.....	802,308.01	806,417.10
Machinery and Equipment.....	1,493,999.32	1,460,355.46
	<u>2,331,908.05</u>	<u>2,302,373.28</u>
PATENT RIGHTS AND PROCESSES.....	1.00	1.00
GOODWILL—excess of carrying value of securities of subsidiary companies over underlying book values at date of acquisition.....	876,302.90	876,302.90
	<u>\$5,658,422.87</u>	<u>\$5,563,735.10</u>

Signed on behalf of the Board of Directors:

M. A. THOMSON, Director

T. B. WAINWRIGHT, Director

ZE POWDERS LIMITED

ATED BALANCE SHEETS

	December 31, 1948	December 31, 1947
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable.....	\$ 118,874.04	\$ 77,518.98
Taxes on income—Canadian and United States.....	141,541.87	157,948.85
Dividend payable January 15, 1949.....	37,500.00	37,500.00
	<u>297,915.91</u>	<u>272,967.83</u>
RESERVES FOR DEPRECIATION:		
Buildings.....	374,436.01	360,361.87
Machinery and equipment.....	1,167,154.21	1,144,484.73
	<u>1,541,590.22</u>	<u>1,504,846.60</u>
Minority interest in a subsidiary company.....	36,705.96	31,332.58
CAPITAL STOCK:		
Authorized and Issued—		
6% Cumulative Participating Preferred Stock		
100,000 shares—par value \$25.00 each.....	2,500,000.00	2,500,000.00
Common Stock		
100,000 shares—no par value.....	108,037.35	108,037.35
	<u>2,608,037.35</u>	<u>2,608,037.35</u>
SURPLUS ACCOUNTS:		
Earned Surplus (note 1).....	1,058,542.01	1,017,007.15
Capital Surplus.....	44,982.10	44,982.10
Reserved Surplus—Refundable portion of excess profits taxes	70,649.32	84,561.49
	<u>1,174,173.43</u>	<u>1,146,550.74</u>
	<u>\$5,658,422.87</u>	<u>\$5,563,735.10</u>

NOTE 1: Includes \$701,515.50 earned surplus of a Canadian subsidiary of which \$530,987.97 is not available for distribution under regulations of the Canadian Foreign Exchange Control Board.

Submitted with our Report to the
Shareholders dated March 8, 1949.

P. S. ROSS & SONS,
Chartered Accountants.

MONTREAL, QUE.

INTERNATIONAL BRONZE POWDERS LIMITED
AND SUBSIDIARY COMPANIES

COMPARATIVE STATEMENT OF CONSOLIDATED
SURPLUS ACCOUNTS

	EARNED SURPLUS	1948	1947
Balance at credit January 1.....		\$1,017,007.15	\$1,047,127.80
ADD:			
Profit for year.....		180,271.81	242,226.29
Adjustment of inter-company account with subsidiary in England (not consolidated).....		—	11,126.40
Adjustment of prior years' income taxes and other adjustments.....		1,688.68	20,973.34
Refundable portion of Excess Profits Tax for 1942 refunded in 1948.....		9,574.37	—
		1,208,542.01	1,279,507.15
DEDUCT:			
Dividends paid on Preferred Stock.....		150,000.00	150,000.00
Dividends paid on Common Stock.....		—	112,500.00
		150,000.00	262,500.00
Balance at credit December 31.....		\$1,058,542.01	\$1,017,007.15
CAPITAL SURPLUS			
Balance at credit January 1.....		\$ 44,982.10	\$ 47,791.60
DEDUCT:			
Net charge arising from disposal in year 1946 of certain investments in Foreign Subsidiary Companies.....		—	2,809.50
Balance at credit December 31.....		\$ 44,982.10	\$ 44,982.10
RESERVED SURPLUS			
REFUNDABLE PORTION OF EXCESS PROFITS TAX			
Balance at credit January 1.....		\$ 84,561.49	\$ 84,561.49
LESS:			
Amount applicable to 1942 refunded in 1948.....		9,574.37	—
Adjustments applicable to years 1942-1945.....		4,337.80	—
		13,912.17	—
Balance at credit December 31.....		\$ 70,649.32	\$ 84,561.49

INTERNATIONAL BRONZE POWDERS LIMITED
AND SUBSIDIARY COMPANIES

COMPARATIVE STATEMENT OF CONSOLIDATED
PROFIT AND LOSS

FOR THE YEARS ENDED DECEMBER 31,

	1948	1947
Sales, less cost of goods sold and other operating charges including depreciation.....	\$ 768,726.72	\$ 976,988.20
Selling, General and Administration Expenses.....	443,611.23	517,790.02
Net Profit from Operations.....	325,115.49	459,198.18
OTHER INCOME:		
Interest and Dividend Income.....	15,056.59	7,519.40
Other income items.....	2,021.81	6,675.00
	17,078.40	14,194.40
	342,193.89	473,392.58
OTHER DEDUCTIONS:		
Discount and other charges.....	23,861.55	20,726.05
Minority interest in profit of a subsidiary company.....	10,378.38	7,494.23
	34,239.93	28,220.28
Net Profit before provision for taxes on income.....	307,953.96	445,172.30
Provision for taxes on income.....	127,682.15	202,946.01
Net Profit for year transferred to Earned Surplus.....	\$ 180,271.81	\$ 242,226.29
 The net profit shown above is after charging:		
Depreciation.....	\$ 63,875.53	\$ 67,855.43
Remuneration paid to all executive officers of the company and subsidiaries who were Directors of the Parent Company also legal charges.....	88,513.18	87,996.90
Directors' Fees.....	1,140.00	1,420.00

INTERNATIONAL BRONZE POWDERS LIMITED
AND SUBSIDIARY COMPANIES

AUDITORS' REPORT

Montreal, Que., March 8, 1949.

TO THE SHAREHOLDERS OF
INTERNATIONAL BRONZE POWDERS LIMITED,
CHARLOTTETOWN, P.E.I.

We have made an examination of the consolidated balance sheet of International Bronze Powders Limited and its subsidiary companies (with the exception of two subsidiaries located in England) as at December 31, 1948 and of the related statements of consolidated profit and loss and surplus for the year ended that date. In connection therewith we have reviewed the accounting methods of the company and its Canadian consolidated subsidiary and, without making a detailed audit of the transactions, have examined or tested accounting records of such companies and other supporting evidence, by methods and to the extent we deemed appropriate. Other independent auditors have certified the consolidated financial statements of the United States subsidiaries whose accounts were not examined by us, and the financial statements of such subsidiaries have been incorporated in the attached financial statements on the basis of the statements so certified. We have obtained all the information and explanations we have required, with the exception that, financial statements for 1948 certified by the independent auditors of the two subsidiaries not consolidated have not as yet been received.

In accordance with Section 114 of the Dominion Companies Act, we report that, profits earned by the two subsidiary companies (not consolidated) located in England for the year 1948 have not been included in the attached financial statements. Dividends received during 1948 from one of the subsidiary companies have been included in the accompanying statement of profit and loss for the year ended December 31, 1948.

In our opinion, based upon our examination and upon the certificates of the other independent auditors referred to above, the attached consolidated balance sheet and related statements of consolidated profit and loss and surplus fairly present the consolidated financial position of International Bronze Powders Limited and its Canadian and United States subsidiary companies at December 31, 1948, and the results of their operations for the year ended that date, according to the information and explanations given to us.

P. S. ROSS & SONS,
Chartered Accountants.
Auditors.



