

Corporation
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INTERNATIONAL BRONZE
POWDERS LIMITED

and Subsidiary Companies



FOURTEENTH
Annual Report
FOR THE YEAR
1947

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FINANCIAL STATEMENTS

DECEMBER 31, 1947

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INTERNATIONAL BRONZE POWDERS LIMITED

—◆—
BOARD OF DIRECTORS

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

EXECUTIVE OFFICERS

MELVIN R. THOMSON	-----	President
SIEGFRIED SCHOPFLOCHER	--	Vice-President
HENRY H. MANDLE	-----	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.

INTERNATIONAL BRONZE POWDERS LIMITED

CHARLOTTETOWN, P.E.I., CANADA
March 25, 1948.

TO THE SHAREHOLDERS OF

INTERNATIONAL BRONZE POWDERS LIMITED.

The Directors submit herewith the fourteenth Annual Report of your Company for the year 1947.

The accompanying balance sheet and related statements of profit and loss and surplus have been prepared on a comparative basis showing the consolidated position of your Company and its subsidiaries, (except two subsidiaries located in Great Britain), at December 31, 1947, and December 31, 1946, and the result of their operations for the years 1947 and 1946. The 1946 net profits (before taxes on income) of the two subsidiary companies located in Great Britain—British Bronze Powder Manufacturers Limited (wholly owned) and Hertfordshire Bronze Powder Works Limited (54% owned), amounted to £8,509 and £3,118 respectively. Audited financial statements for the year 1947 have not as yet been received from these subsidiaries but latest information received by your Company indicates that the net profits this year will be at least equal to 1946 profits. No dividends were received from these subsidiaries during 1946 or 1947.

Total current assets at December 31, 1947, amounted to \$2,046,594.19 and current liabilities to \$272,967.83; net working capital of \$1,773,626.36 showed a decrease of \$32,773.18 since December 31, 1946.

Net expenditure during the year 1947 for construction and plant equipment totalled \$104,829.31 of which \$30,483.82 was spent for buildings and \$74,345.49 for plant and equipment. Plant and properties have been well maintained during the year.

Net profit of International Bronze Powders Limited and its subsidiaries consolidated amounted to \$242,226.29 compared with \$599,346.71 for the year 1946. The sharp decline (\$357,120.42) in consolidated net profit reflects the fact that sales (volume and dollar value) declined, selling prices remained practically constant throughout the year, wage rates advanced and raw material prices increased.

During 1947 there was a substantial decline in the volume of sales and the dollar value showed a decrease of 26.83% in comparison with the preceding year. As indicated in last year's annual report 1946 results were obtained during a period when your companies were still going through a program of reconversion and adjustment. The demand in 1946 from customers was at a high level due in part to customers restoring depleted inventories and due to their recovery from the curtailment in commercial production of prior years brought about by wartime conditions. There was not a diminishing demand for the products of your companies from customers outside of the United States and Canada in

1947 as compared with 1946 but uncertainties arising from doing business in some of the foreign countries, foreign government regulations affecting imports, foreign exchange restrictions and other related problems had an adverse effect during 1947 on the volume of export sales of your companies.

Regular quarterly dividends were paid on the 6% cumulative participating preferred shares during the year. Quarterly dividends of $37\frac{1}{2}$ c a share were paid on the common stock for the first three quarters of 1947. Under date of November 20, 1947, you were advised that the Directors had decided not to take any action in respect of a dividend on the common shares for the last quarter of the year. Prospects for 1948 indicate a fair demand for the products of your companies, although the volume of export sales will depend largely on whether or not there is an easing and/or termination of the restrictive foreign government controls; at the moment there is no indication as to when this might come about.

The Directors of the respective subsidiary companies have expressed their appreciation of the whole-hearted co-operation given to them by their officers and employees.

ON BEHALF OF THE BOARD,

M. A. THOMSON,
President.

INTERNATIONAL BRON

COMPARATIVE CONSOLID

	ASSETS	December 31, 1947	December 31, 1946
CURRENT ASSETS:			
Cash.....		\$ 610,810.82	\$ 682,881.37
Accounts and notes receivable (less reserve).....		226,302.36	365,114.38
Inventories of raw materials, work in process, finished goods and supplies, valued at lower of cost or market; based on actual count, weight and measurement, and certified by officials of the Companies.....		1,072,138.28	1,147,705.22
Canadian and United States Government Bonds including accrued interest (not in excess of market value).....		137,342.73	288,556.73
		<u>2,046,594.19</u>	<u>2,484,257.70</u>
Investments in and amounts due by Subsidiary Companies located in Great Britain—not consolidated			
Investments—at cost.....		103,956.08	103,956.08
Amount due.....		11,676.69	37,061.16
		<u>115,632.77</u>	<u>141,017.24</u>
OTHER ASSETS AND DEFERRED CHARGES:			
Cash on deposit in England—withdrawal restricted.....		83,001.37	83,001.37
Sundry securities—at cost.....		25,000.00	25,000.00
Refundable portion of Excess Profits taxes.....		84,561.49	84,561.49
Prepaid insurance and deferred charges.....		30,268.10	41,903.68
		<u>222,830.96</u>	<u>234,466.54</u>
FIXED ASSETS—AT COST:			
Land.....		35,600.72	35,600.72
Buildings.....		806,417.10	775,933.28
Machinery and equipment.....		1,460,355.46	1,386,009.97
		<u>2,302,373.28</u>	<u>2,197,543.97</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>\$5,563,735.10</u>	<u>\$5,933,589.35</u>

NOTE 1: In September 1939, the Canadian Government established control over foreign permission of the Foreign Exchange Control Board, distribute any net profit to its sole shareholder after December 31, 1938. At December 31, 1947 \$176,374.05 of the Canadian subsidiary compa

Approved on behalf of the Board of Directors:

M. A. THOMSON, Director

T. B. WAINWRIGHT, Director

INTERNATIONAL BRONZE POWDERS LIMITED

CONDENSED BALANCE SHEETS

LIABILITIES	December 31, 1947	December 31, 1946
CURRENT LIABILITIES:		
Accounts payable.....	\$ 77,518.98	\$ 228,502.20
Canadian and United States income and excess profits taxes..	157,948.85	391,855.96
Dividend payable January 15, 1948.....	37,500.00	57,500.00
	<u>272,967.83</u>	<u>677,858.16</u>
RESERVES FOR DEPRECIATION:		
Buildings.....	360,361.87	342,253.95
Machinery and equipment.....	1,144,484.73	1,095,660.16
	<u>1,504,846.60</u>	<u>1,437,914.11</u>
Minority Shareholders' equity in a subsidiary company.....	31,332.58	30,298.84
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).....	1,017,007.15	1,047,127.80
Capital Surplus.....	44,982.10	47,791.60
Reserved Surplus—Refundable portion of excess profits taxes.	84,561.49	84,561.49
	<u>1,146,550.74</u>	<u>1,179,480.89</u>
	<u>\$5,563,735.10</u>	<u>\$5,933,589.35</u>

exchange transactions under which, generally, the Canadian subsidiary company may, with the consent of the Board of Directors of International Bronze Powders Limited (a United States Corporation wholly owned by International Bronze Powders Limited) arising from the operations of the subsidiary company, the amount of the subsidiary's earned surplus of \$699,679.93 was available for dividends.

Submitted with our report to the
Shareholders dated March 10, 1948.

P. S. Ross & Sons
Chartered Accountants.

MONTREAL, QUE.

INTERNATIONAL BRONZE POWDERS LIMITED
AND SUBSIDIARY COMPANIES

COMPARATIVE STATEMENT OF CONSOLIDATED
SURPLUS ACCOUNTS

EARNED SURPLUS	<u>1947</u>	<u>1946</u>
Balance at credit January 1,	\$1,047,127.80	\$ 737,181.34
ADD:		
Profit for year	242,226.29	599,346.71
Adjustment of inter-company account with subsidiary in Great Britain (not consolidated).....	11,126.40	—
Adjustment prior years income taxes and other adjustments..	20,973.34	10,599.75
	<u>1,279,507.15</u>	<u>1,347,127.80</u>
DEDUCT:		
Dividends paid on Preferred Stock.....	150,000.00	150,000.00
Dividends paid on Common Stock.....	112,500.00	150,000.00
	<u>\$ 262,500.00</u>	<u>\$ 300,000.00</u>
Balance at credit December 31, (note 1).....	<u>\$1,017,007.15</u>	<u>\$ 1,047,127.80</u>

CAPITAL SURPLUS

Balance at credit January 1,	\$ 47,791.60	\$ 13,800.00
ADD:		
Net credit arising from disposal in year 1946 of certain investments in Foreign Subsidiary Companies.....	2,809.50	33,991.60
Balance at credit December 31,	<u>\$ 44,982.10</u>	<u>\$ 47,791.60</u>

RESERVED SURPLUS

Balance at credit January 1,	<u>\$ 84,561.49</u>	<u>\$ 84,561.49</u>
No change during year		

Submitted with our report to the
Shareholders dated March 10, 1948.

P. S. ROSS & SONS
Chartered Accountants.

MONTREAL, QUE.

INTERNATIONAL BRONZE POWDERS LIMITED
AND SUBSIDIARY COMPANIES

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**COMPARATIVE STATEMENT OF CONSOLIDATED
PROFIT AND LOSS**

FOR THE YEARS ENDED DECEMBER 31,

	<u>1947</u>	<u>1946</u>
Gross Profit.....	\$ 976,988.20	\$ 1,632,144.84
Selling, General and Administration Expenses.....	517,790.02	542,799.22
Operating Profit.....	<u>459,198.18</u>	<u>1,089,345.62</u>
Add: Other Income—		
Profit on Foreign Exchange.....	—	18,651.84
Interest and Dividend Income.....	7,519.40	9,869.37
Other income items.....	6,675.00	2,350.03
Discount and other charges.....	20,726.05	25,941.35
	<u>6,531.65</u>	<u>4,929.89</u>
	452,666.53	1,094,275.51
DEDUCTIONS:		
Provisions for Income and Excess Profits Taxes.....	202,946.01	486,003.88
Profit applicable to Minority Interest.....	7,494.23	8,924.92
	<u>210,440.24</u>	<u>494,928.80</u>
Net Profit transferred to Surplus.....	<u>\$ 242,226.29</u>	<u>\$ 599,346.71</u>
The net profit shown above is after charging:		
Depreciation.....	\$ 67,855.43	\$ 60,965.54
Remuneration paid to all executive officers of the company and subsidiaries who were Directors of the Parent Company also legal charges.....	87,996.90	113,174.45
Directors' Fees.....	1,420.00	760.00

Submitted with our report to the
shareholders dated March 10, 1948.

P. S. ROSS & SONS
Chartered Accountants.

MONTREAL, QUE.

INTERNATIONAL BRONZE POWDERS LIMITED
AND SUBSIDIARY COMPANIES

AUDITORS' REPORT

Montreal, Que., March 10, 1948.

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 Great Britain) as at December 31, 1947, and the statements of consolidated profit and loss and surplus for the year ended that date. In connection therewith we have reviewed the accounting procedures 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 1947 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 Great Britain for the year 1947 have not been included in the attached financial statements. No dividends were received from such subsidiary companies during 1947.

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, 1947, 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.

