

INTERNATIONAL BRONZE
POWDERS LIMITED

and Subsidiary Companies



TWELFTH
Annual Report
FOR THE YEAR
1945

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FINANCIAL STATEMENTS

DECEMBER 31, 1945

INDEX

	PAGE
President's Letter to Shareholders - - - - -	2
Auditors' Report to the Shareholders - - - - -	3
Consolidated Balance Sheet - - - - -	4-5
Consolidated Surplus Accounts - - - - -	6
Consolidated Statement of Profit and Loss - - -	7
Explanatory Notes to Financial Statements - - -	8

BOARD OF DIRECTORS

GUSTAVE L. HEHL	SIEGFRIED SCHOPFLOCHER
HENRY H. MANDLE	H. R. SHEAFFER
ALISTER F. MITCHELL	MELVIN A. THOMSON
THOMAS J. MULLEN	R. EDGAR THORNE
T. B. WAINWRIGHT	

EXECUTIVE OFFICERS

R. EDGAR THORNE - - - - - President
SIEGFRIED SCHOPFLOCHER - - Vice-President
HENRY H. MANDLE - - - - - Vice-President
THOMAS J. MULLEN - - - - - Vice-President
T. B. WAINWRIGHT - - - - - Treasurer
H. R. SHEAFFER - - - - - 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.
April 1, 1946.

TO THE SHAREHOLDERS OF
INTERNATIONAL BRONZE POWDERS LIMITED.

Your Board of Directors submits the twelfth Annual Report of the Company, together with the consolidated Financial Statements for the year ended December 31, 1945.

The consolidated net earnings of International Bronze Powders Limited and subsidiaries in 1945 were \$328,383.35 after all charges including taxes and depreciation but excluding the refundable portion of the excess profits tax amounting to \$13,046.69. It is gratifying that such a result was obtained during a period when the operating companies were going through a program of reconversion and of adjustment of prices of finished products to meet world market conditions.

During the past year the operating companies have improved their methods of manufacture and considerable additions have been made to their plants and machinery. The plans for extensions in various plants, referred to in your President's last report have now nearly all been carried out. With this additional production, these companies will be in a position to take care of expanding domestic, as well as increased export business. At the moment there are some handicaps to the free flow of exports, caused by governmental restrictions respecting currency, but it is hoped in the near future that these restrictions will be relieved to such an extent that additional export business will be obtained.

During the year 1945 the research department of the companies has investigated a number of new processes and it is anticipated that some of them will be in use in the near future.

We are glad to report that the status of the Company as exempt from Canadian Income Tax and Excess Profits Taxes under Section 4 (k) of the Income War Tax Act, has been maintained.

Your Directors wish to express their appreciation of the whole-hearted co-operation given by the officers and employees of the various subsidiary companies.

ON BEHALF OF THE BOARD,

R. E. THORNE,
President.

AUDITORS' REPORT

Montreal, Que., March 11, 1946.

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 the Canadian and United States Subsidiary Companies as at December 31, 1945 and of the related Statements of Consolidated Profit and Loss and Surplus Accounts for the year ended that date. In connection therewith we examined or tested accounting records and other supporting evidence and made a review of the accounting methods and of the income and operating accounts for the year of International Bronze Powders Limited and the Canadian Subsidiary by methods and to the extent we deemed appropriate but we did not examine the details of all transactions. We have obtained all the information and explanations we required. The Consolidated Financial Statements as at December 31, 1945 of Subsidiary Companies located in the United States certified to by other independent auditors have been incorporated in the accompanying Balance Sheet.

In accordance with Section 114 of the Dominion Companies Act we report that the aggregate profits of Subsidiary Companies, not consolidated, for the respective fiscal years ended on or prior to December 31, 1945 are reflected in the accompanying financial statements only to the extent of dividends declared or received.

In our opinion, based upon our examination and 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 Accounts, together with the accompanying explanatory notes one to four which form an integral part thereof, fairly present the consolidated financial position of International Bronze Powders Limited and the Canadian and United States Subsidiary Companies at December 31, 1945 and the result of their operations for the year ended that date, according to the information and the explanations given to us.

P. S. ROSS & SONS

Chartered Accountants.

INTERNATIONAL BRONZE

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT ASSETS:

Cash.....	\$ 746,745.80	
Notes and Accounts Receivable less Reserve.....	235,920.96	
Inventories of Material, Manufactured Products and Supplies, valued at lower of cost or market, based on actual count, weight and measurement, and certified to by responsible officials of the Companies.....	729,344.39	
Marketable Securities—		
Canadian and United States Government Bonds (Quoted Market Value \$318,477.69).....	312,429.40	
Accrued Interest.....	1,054.06	
		<u>\$2,025,494.61</u>

Investment in and Amounts due by Subsidiary Companies—not consolidated (see Note 1)

Wholly-owned—			
Investment.....	29,751.83		
Partly-owned—			
Investment.....	109,260.30		
Advance.....	21,000.00		
		<u>130,260.30</u>	160,012.13

OTHER ASSETS AND DEFERRED CHARGES:

Company's own stock held by a subsidiary company for employee under employment contract.....	1,507.50		
Other Investments.....	33,800.00		
Refundable portion of Excess Profits Taxes.....	84,561.49		
Prepaid Insurance and Deferred Charges.....	24,263.88		
		<u>144,132.87</u>	

FIXED ASSETS—AT COST:

Land.....	35,600.72		
Buildings.....	741,241.93		
Machinery and Equipment.....	1,286,796.57		
		<u>2,063,639.22</u>	

PATENT RIGHTS AND PROCESSES..... 1.00

GOODWILL—excess of carrying value of securities of subsidiary companies over underlying book values at date of acquisition..... 876,302.90

\$5,269,582.73

United States items included in the above statement
Notes 1 to 4 inclusive, attached hereto, are to be read in conjunction with the same.

Approved on behalf of the Board of Directors:

T. J. MULLEN, Director.
T. B. WAINWRIGHT, Director.

ZE POWDERS LIMITED

HEET—DECEMBER 31, 1945

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable.....	\$ 167,281.48	
Income and Excess Profits Taxes.....	193,910.16	
Dividends Payable.....	57,500.00	
		<u>\$418,691.64</u>

RESERVES FOR DEPRECIATION:

Buildings.....	325,140.58	
Machinery and Equipment.....	1,055,791.41	
		<u>1,380,931.99</u>

Minority Shareholders' equity in a Subsidiary Company..	26,378.92	
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CAPITAL STOCK:

Authorized and Issued—		
6% Cumulative Participating Preferred Stock		
100,000 Shares—par value \$25.00 each.....	2,500,000.00	
Common Stock		
100,000 Shares of no par value.....	108,037.35	
		<u>2,608,037.35</u>

SURPLUS ACCOUNTS :

Earned Surplus (see note 2).....	737,181.34	
Capital Surplus.....	13,800.00	
Reserved Surplus—Refundable portion of Excess Profits		
Taxes.....	84,561.49	
		<u>835,542.83</u>

\$5,269,582.73

are expressed on a dollar for dollar basis (see note 3)
tion with and form an integral part of the above statement.

Submitted with our report to the
Shareholders dated March 11, 1946.

P. S. ROSS & SONS,
Chartered Accountants.

MONTREAL, QUE.

INTERNATIONAL BRONZE POWDERS LIMITED
AND SUBSIDIARY COMPANIES

◆

CONSOLIDATED SURPLUS ACCOUNTS

DECEMBER 31, 1945

EARNED SURPLUS

Balance at credit December 31, 1944.....		\$657,545.70
LESS:		
Federal Income Taxes — Prior years.....		22,661.71
Balance.....		634,883.99
ADD:		
Post war refund—Excess Profits Taxes...		3,914.00
Net Income for the year 1945.....	\$328,383.35	
DEDUCT:		
Dividends—		
Preferred Shares.....	\$150,000.00	
Common Shares.....	80,000.00	
	230,000.00	98,383.35
Balance at credit December 31, 1945.....		\$737,181.34

CAPITAL SURPLUS

Credit arising from sale of investment in Foreign Subsidiary Company in year 1944.....		\$13,800.00
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RESERVED SURPLUS

Balance at credit December 31, 1944.....		\$94,557.50
LESS:		
Reduction in refundable portion of Excess Profits Taxes arising from renegotiation settlement—Prior years.....	\$19,469.24	
United States Post War Refund—transferred to Earned Surplus.....	3,914.00	23,383.24
Balance.....		71,174.26
ADD:		
Refundable Portion of Excess Profits Taxes — 1945.....	13,046.69	
Prior years—adjustments.....	340.54	13,387.23
Balance at credit December 31, 1945.....		\$84,561.49

Notes 1 to 4 inclusive, attached hereto, are to be read in conjunction with and form an integral part of the above accounts.

Submitted with our report to the Shareholders dated March 11, 1946.

P. S. Ross & Sons,
Chartered Accountants.

MONTREAL, QUE.

INTERNATIONAL BRONZE POWDERS LIMITED
AND SUBSIDIARY COMPANIES

◆

**CONSOLIDATED STATEMENT OF PROFIT
AND LOSS**

FOR THE YEAR ENDED DECEMBER 31, 1945

Gross Profit from Operations.....		\$1,085,333.03
Selling, Executive and Administration Ex- penses.....		474,254.53
Operating Profit.....		611,078.50
ADD: Non-Operating Income—		
Premium on Exchange.....	\$ 24,709.71	
Income from Investments.....	14,555.96	
Miscellaneous Income.....	7,547.75	
		46,813.42
Less:		
Obsolescence on certain Machinery and Equipment.....	24,693.35	22,120.07
Net Income before provision for Income and Excess Profits Taxes.....		633,198.57
Provision for Income and Excess Profits Taxes including \$13,046.69 refundable portion of Excess Profits Taxes.....		301,454.53
Net Income for the year.....		331,744.04
Deduct: Profit applicable to Minority Interest		3,360.69
Net Income transferred to Surplus		\$328,383.35
The net income shown above is after charging:		
(a) Depreciation.....	\$ 61,021.52	
(b) Remuneration paid to all executive officers of the Company and sub- sidiaries who were Directors of the Parent Company also legal charges	98,929.57	
(c) Directors' Fees.....	1,700.00	

Notes 1 to 4 inclusive, attached hereto, are to be read in conjunction with and form an integral part of the above statement.

Submitted with our report to the shareholders
dated March 11, 1946.

P. S. ROSS & SONS,
Chartered Accountants.

MONTREAL, QUE

EXPLANATORY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR YEAR ENDED DECEMBER 31, 1945

1. Basis of Consolidation:

The consolidation includes all Subsidiary Companies except three foreign Companies—one of which is wholly-owned and two partly-owned.

2. Consolidated Earned Surplus:

In September 1939, the Canadian Government established control over Foreign Exchange transactions whereby the earnings of the Canadian Subsidiary Company from December 31, 1938 only, were available to the said Company upon permission of the Foreign Exchange Control Board, to make payments in Foreign Exchange. From time to time permission has been obtained from the Foreign Exchange Control Board to make such payments. At December 31, 1945, \$42,110.75 of the Canadian Subsidiary Company's earned surplus of \$561,274.30 was available to make additional Foreign Exchange payments upon approval thereto being obtained from the Foreign Exchange Control Board.

3. Foreign Exchange:

On the accompanying financial statements United States currency items are expressed on a dollar for dollar basis. In the books of account of the several Companies it is the practice to include in current operations any profit or loss arising from currency transactions only at the time funds are actually transferred.

4. Taxation:

The Canadian Income Tax authorities in the year 1944 requested the Company to file returns as an ordinary company in respect to the year 1937 and subsequent years on the alleged ground that the Company was not exempt from Canadian Income and Excess Profits Taxes.

The Canadian Income Tax authorities recently confirmed the Company's position as being under Section 4(k) of the Income War Tax Act and consequently their demand that the Company file returns as an ordinary company for the years 1937 to 1943 has been withdrawn.

