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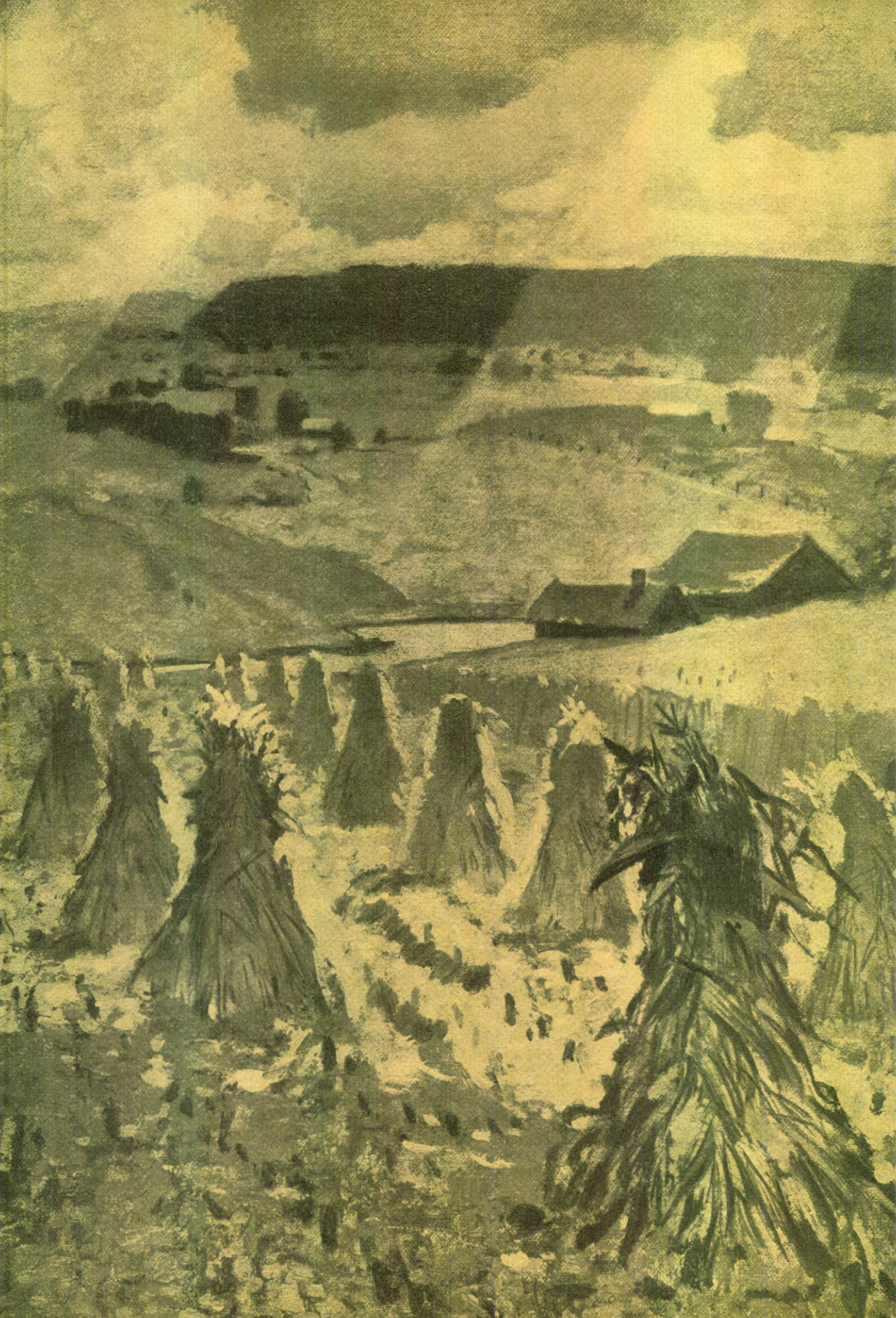
Annual Report



1951

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THE CANADA STARCH COMPANY LIMITED



DIRECTORS AND OFFICERS

THE CANADA STARCH COMPANY LIMITED

Directors

GEORGE F. BENSON	NORMAN J. DAWES	R. E. STAVERT
G. F. BENSON, JR.	J. A. MOFFETT	F. A. WARREN
de GASPE BEAUBIEN	J. R. RHAMSTINE	H. G. WASCHER

Executive Offices

SUN LIFE BUILDING, MONTREAL

Officers

GEORGE F. BENSON	CHAIRMAN OF THE BOARD
G. F. BENSON, JR.	PRESIDENT
de GASPE BEAUBIEN	VICE-PRESIDENT
J. M. KEDDIE	SECRETARY-TREASURER

Sales Offices

SUN LIFE BUILDING, MONTREAL

E. C. McKEOWN	SALES MANAGER
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Plant

CARDINAL, ONTARIO

A. S. FRASER	PLANT MANAGER
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THE DIRECTORS' REPORT

TO THE SHAREHOLDERS OF THE CANADA STARCH COMPANY LIMITED:

Your Directors take pleasure in presenting the Forty-sixth Annual Report of your Company for the year 1951, which is the Ninety-third year since the founding of The Edwardsburg Starch Company, the name of the original organization. This report includes the Consolidated Financial Statements for the year ended December 31st, 1951 and the Report of your Auditors.

The results of our operations for the year were reasonably satisfactory, both from the standpoint of sales volume and profit earned. The increase in Income Tax rates, however, adversely affects the comparison of the net profit figures with those for the previous year. Furthermore, due to competition from the United States, there was a very narrow margin of profit on some of our bulk lines.

The net profit for the year amounted to \$538,976 as compared with \$561,958 for the year 1950. These results were arrived at after deducting depreciation and making full provision for Income Tax estimated at \$607,000 as compared with \$548,700 for the year 1950.

The amount written off for depreciation of Fixed Assets was \$195,008 as compared with \$196,966 for the year 1950.

The full dividend of 7% was paid on our Preferred Shares during the year. A dividend of \$1.00 per share, together with an extra distribution of \$1.50 per share was paid during the year on our Common Shares.

Our contribution to the Pension Fund Society charged to Current Earnings amounted to \$88,453. This compares with a contribution of \$79,618 for the year 1950, an increase of \$8,835. As the calculation is based on total wages and salaries, the increase is the result of the higher scale of wages and salaries in force during the year. In this connection, we are pleased to announce that a formal pension plan has been put into effect as from January 1st, 1952. This plan is on a non-contributory basis and, after protracted negotiations, has received the sanction of the Director of Pension Fund Plans in Ottawa.

The Working Capital at the close of the year was \$2,864,198 as compared with \$2,884,816 at the close of the year 1950, a decrease of \$20,618.

The buildings and equipment have been maintained in a good state of repair and operating efficiency, and \$463,949 was expended on new construction and additions to Fixed Assets during the year, including \$100,000 on warehouse properties in Montreal. In the course of the new construction, certain old buildings and equipment were disposed of and their value written off the books, consequently the net amount shown as additions to Fixed Assets is \$50,014 less than the above mentioned expenditures. Among construction jobs completed

during the year was an addition to our office building at Cardinal which has permitted us to centralize the administrative and accounting staffs in one building and which will greatly add to their efficiency.

There was no shortage of corn, our raw material, during the year although the price was high. Most of our supply was purchased from the United States as deliveries of Canadian corn were not up to expectations.

Our sales volume for the year was slightly less than for 1950. This was partly due to the fact that our glucose prices were high in relation to sugar and also that the operations of the confectionery industry were curtailed because of the high excise tax on their finished product. Furthermore, there was a falling off in demand from textile manufacturers and certain other industries which we serve.

Accident Prevention continues to have our close attention. The work of our Safety Committee, and all those co-operating with it, is to be commended.

The Company continues to enjoy excellent relations with the Community at Cardinal and has maintained its policy of wholehearted support of the various local recreational programmes and other activities.

The relationship existing between management and employees is most cordial and your Directors wish, at this time, to extend their appreciation of the loyal service and co-operation of the employees and the staff throughout the organization.

The outlook for the year 1952 is difficult to forecast due to existing conditions and the high price of corn. However, from present indications, sales for the first quarter should at least equal those of a year ago.

On behalf of the Board,

A handwritten signature in cursive script, reading "G. F. Benson, Jr." The signature is written in dark ink and is positioned above the printed name.

President.

Montreal, 12th March, 1952.

THE CANADA STARCH COMPANY LIMITED AND

CONSOLIDATED

ASSETS

	AS AT 31ST DECEMBER	
	1951	1950
CURRENT ASSETS		
Cash	\$ 113,794	\$ 110,145
Call loan—secured	75,000	75,000
Accounts receivable, less reserve for doubtful accounts of \$52,054	995,362	1,194,053
Inventories—		
Valued at the lower of cost or market—		
Corn, less reserve of \$300,000	\$2,039,127	
Goods in process	204,945	
Finished goods	1,047,670	
Manufacturing supplies	658,008	
Mechanical stores and replacement parts	306,785	
	<hr/>	
Prepaid insurance and other expenses	4,256,535 53,149	3,538,859 31,095
	<hr/>	<hr/>
	5,493,840	4,949,152
 INVESTMENT IN WHOLLY OWNED SUBSIDIARY COMPANY:		
Shares—at cost		
(book value \$238,287)	200,000	
Amount due to subsidiary	242,229	
	<hr/>	
Excess—see contra	\$ 42,229	20,762
	<hr/>	
 FIXED ASSETS:		
Land and water power rights—at cost	88,349	
Buildings, machinery and equipment—at cost	5,461,595	
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Less: Reserve for depreciation	5,549,944 3,823,315	
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Construction in progress—at cost (see note)	1,726,629 166,101	
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	1,892,730	1,650,523
 GOODWILL, TRADEMARKS, RIGHTS AND BRANDS		
	1	1
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	\$7,386,571	\$6,620,438
	<hr/>	<hr/>

Note: An estimated amount of \$600,000 will be required to construct a new steam and power project.

CANADA STARCH SALES COMPANY LIMITED

BALANCE SHEET

LIABILITIES

	AS AT 31ST DECEMBER	
	1951	1950
CURRENT LIABILITIES:		
Bank loan—		
Secured by warehouse receipts for corn	\$ 720,000	\$ 326,516
Affiliated company—		
2¾% demand notes with interest accrued		
to date (\$1,002,886 U.S. funds plus		
premium of exchange at date of issue)	\$1,053,030	
Account payable	5,520	
	<hr/>	
	1,058,550	771,882
Accounts payable and accrued expenses	367,566	478,028
Wholly owned subsidiary company—see contra	42,229	
Pension fund contribution payable	88,453	79,618
Income taxes payable	323,953	377,222
Other taxes payable	23,891	31,070
Instalments payable in 1952 on balance of		
purchase price	5,000	
	<hr/>	<hr/>
	2,629,642	2,064,336
	
BALANCE OF PURCHASE PRICE WITH		
INTEREST AT 5½% PER ANNUM:		
Payable in semi-annual instalments	35,000	
Instalments paid during year	5,000	
	<hr/>	
	30,000	
Instalments payable in 1952	5,000	25,000
	<hr/>	
RESERVE FOR FUTURE DEPRECIATION		
IN INVENTORY VALUES	250,000	250,000
	
CREDIT ARISING FROM SALE OF FIXED		
ASSETS TO A SUBSIDIARY COMPANY		
	17,500	17,500
	
CAPITAL STOCK AND SURPLUS:		
Capital stock—		
AUTHORIZED—		
32,500 7% non-cumulative preferred		
shares of \$100 par value	\$3,250,000	
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62,500 common shares of \$5 par value	\$ 312,500	
	<hr/>	
ISSUED AND FULLY PAID—		
30,691 preferred shares	3,069,100	3,069,100
59,325 common shares	296,625	296,625
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	3,365,725	3,365,725
Earned surplus—		
as per attached statement	1,098,704	922,877
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	4,464,429	4,288,602
	
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APPROVED ON BEHALF OF THE BOARD:	\$7,386,571	\$6,620,438
G. F. BENSON, JR. } Directors.		
NORMAN J. DAWES }		

THE CANADA STARCH COMPANY LIMITED
and
CANADA STARCH SALES COMPANY LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	For the years ended 31st December	
	1951	1950
PROFIT FROM OPERATIONS		
after deducting all costs of manufacturing, selling and administration	\$ 1,116,785	\$ 1,098,311
OTHER INCOME:		
Dividend from wholly owned subsidiary company	\$ 23,000	1,400
Profit on sale of fixed assets	2,433	4,774
Profit on sale of investments		3,333
Revenue from investments	3,758	2,840
	29,191	12,347
PROVISION FOR INCOME TAXES	1,145,976	1,110,658
	607,000	548,700
NET PROFIT FOR THE YEAR	\$ 538,976	\$ 561,958

The following amounts have been charged before determining the profit from operations:

Write-down in value of inventory of corn (see note)		151,500
Provision for depreciation of fixed assets	195,008	196,966
Salaries and directors' fees of executive officers and director	78,680	76,160
Fees of other directors	3,500	3,615
Legal fees and expenses	1,481	2,957
Interest on balance of purchase price	1,535	
Contribution to Pension Fund Society	\$ 88,453	\$ 79,618

Note: The total inventory of corn as at 31st December 1950 was valued at the lower of cost or market and the write-down of \$151,500 was credited to a reserve for this inventory.

CONSOLIDATED STATEMENT OF EARNED SURPLUS

	For the years ended 31st December	
	1951	1950
OPENING BALANCE	\$ 922,877	\$ 749,284
Dividends paid in respect of prior period—		
Preferred		107,418
Common		29,663
		137,081
	922,877	612,203
Net profit for the year	538,976	561,958
Adjustment resulting from settlement of claim for top wharfage		22,594
Final adjustment of corn subsidy		5,900
	1,461,853	1,202,655
Dividends paid during the year—		
Preferred—		
in respect of prior period	\$ 53,709	
in respect of current year	161,128	161,128
	214,837	
Common	59,325	29,663
Extra common	88,987	88,987
	363,149	279,778
CLOSING BALANCE	\$ 1,098,704	\$ 922,877

M^cDonald, Currie & Co.

Chartered Accountants

MONTREAL QUEBEC OTTAWA TORONTO SAINT JOHN
SHERBROOKE VANCOUVER KIRKLAND LAKE MONCTON
HAMILTON CHARLOTTETOWN

TELEPHONE MARQUETTE 8311
CABLE ADDRESS "CURMAC"

ASSOCIATED WITH
SCOVELL, WELLINGTON & CO.
ACCOUNTANTS AND AUDITORS
UNITED STATES OF AMERICA
AND

COOPER BROTHERS & CO.
CHARTERED ACCOUNTANTS
GREAT BRITAIN EUROPE
SOUTH AND EAST AFRICA
SOUTHERN RHODESIA
AUSTRALIA NEW ZEALAND

507 PLACE D'ARMES
MONTREAL 1

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of The Canada Starch Company Limited and Canada Starch Sales Company Limited, a wholly owned subsidiary company, as at 31st December 1951 and the consolidated statements of profit and loss and surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In accordance with the provisions of section 114 of The Companies Act, we report that the profits for the year of Lakes and St. Lawrence Navigation Company Limited, a wholly owned subsidiary company, have been included in income in the attached accounts only to the extent of dividends received, the balance of profits being carried forward on the books of the subsidiary company.

In our opinion, according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and consolidated statements of profit and loss and surplus, and the notes appended thereto, are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at 31st December 1951 and the combined results of their operations for the year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except as noted.

MCDONALD, CURRIE & CO.,
Chartered Accountants.

21st February, 1952.

STARCH IN INDUSTRY

Over the years The Canada Starch Company's various package products have established themselves as Canadian household favourites. The quality, utility and unique package designs of Benson's Corn Starch, Silver Gloss Laundry Starch, Crown Brand Corn Syrup, Mazola Salad Oil, etc., have become familiar to the majority of Canadian families.

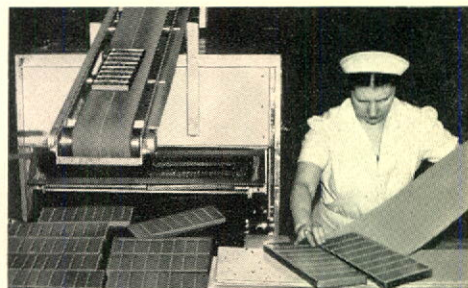
What is not generally known, however, is that these products, widely-known as they are, account for only a small part of the Company's sales volume. By far the larger portion of sales comes from supplying bulk products to a wide variety of other manufacturers who use one or more of the scores of products extracted from corn. The versatile nature of corn thus makes most manufacturers potential customers of The Canada Starch Company and it will no doubt be of special interest to shareholders and others to study the following brief outline of some of the varied uses to which Canada Starch products are put by industry.

CONFECTIONERY

The Confectionery industry is one of the oldest and largest users of our bulk products. Confectioners' glucose is essential to the candy manufacturer for controlling the "graining" of hard candy and to produce creamy fondants. Thin-boiling or modified starches are used to make gums such as jelly beans, gum drops and "orange slices." Starch is also employed for the purpose of forming the moulds required in shaping Easter Eggs, Gum Drops, centres for chocolate bonbons, etc. Cerelease (dextrose sugar), one of the Company's more recent products, is preferred to cane sugar in making marshmallows because with this ingredient they whip up quicker and have a longer shelf life. Cream wafers and various other types of biscuits are also made with Cerelease.



Chocolate Coating Machine



Chocolate Setting Machine

TEXTILE

In weaving fine fabrics the warp threads are generally too weak to stand the strain they are subjected to in the looms. Because of this it is necessary to coat the warps with a starch film to prevent excessive warp breakage. In printing textiles the dyestuffs and pigments are mixed with starch and dextrans to give proper viscosity to the printing pastes. Starches and dextrans are also used in finishing to give the desired amount of stiffness and feel to the fabrics.

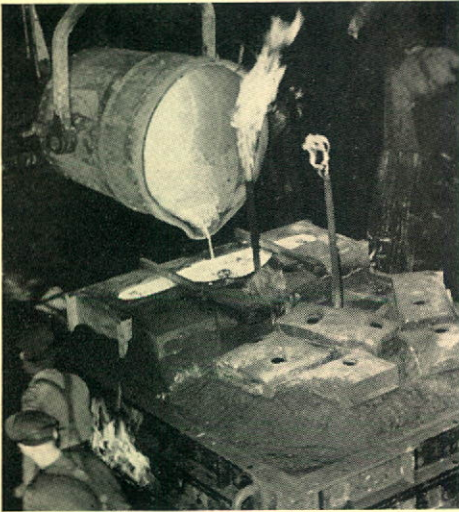


Weave Room



Spinning Frame

FOUNDRY



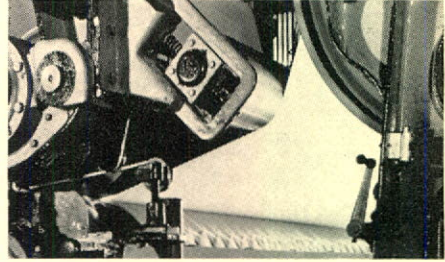
Pouring Metal

A foundry would be one of the last places in which one would expect to find a starch product. And yet a gelatinized starch produced by Canada Starch is one of the best core binders available to the foundry trade. Core binders are used in casting metals to hold the core together until the metal is poured. The molten metal burns the core binder so that the core readily disintegrates when the casting is cool.

PAPER

Starch products are used for many purposes by paper manufacturers and paper converters. In the making of fine papers such as bond, offset and litho, starch is cooked and added to the pulp and other ingredients in the beater. Other types of starch are used to put a surface film on the paper to improve its printing quality, its strength and erasing quality. Similarly, in paper board starch improves printing quality and resistance to scuffing. Some printers inks are so tacky that they will pull the surface from the board when printed. Proper treatment with starch increases resistance to "picking", and permits inks to adhere to the surface to give a nice glossy print and economy in ink usage.

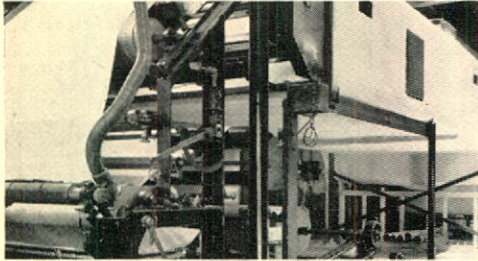
Starch and dextrine are used widely as adhesives by paper converters. For example, the adhesive used in manufacturing corrugated paper board is made from starch. Dextrines, supplied



Tub Sizing

by The Canada Starch Company, make up the adhesive used in forming most paper bags and in fashioning various kinds of paste boards.

Starches are also used as the binder to hold pigments and dyestuffs to the paper in wall-paper printing.



Paper Coating

EXPLOSIVES

Explosives play an important part in the development of our country. For instance, no hydro-electric power development would be possible without dynamite; road-building, mining and oil exploration would be practically impossible without this explosive. Here again starch plays an important role. Nitro-glycerine by itself is a treacherous explosive, but when absorbed in an inert material it is relatively stable. Starch has an advantage over most other materials used for this purpose because it is completely burned in the explosion without giving off any noxious fumes.



Blasting

ADHESIVES

Today, nearly everything we buy is packed in a box or package of some sort. All such boxes or bags are formed with adhesives, generally made with dextrines. The boxes are sealed with a dextrine paste and the labels are also backed with a similar adhesive.

BAKING POWDER

About one-third of baking powder is corn starch. The starch is an inactive ingredient that keeps the active ingredients apart until mixed with water. When mixed with water, the active ingredients acid and carbonate come together liberating carbon dioxide gas which in turn causes the dough to rise giving a light and porous finished product.

ORE DRESSING

In treating some ores it is necessary to settle the dross from the solution containing gold or other metal. A small amount of starch speeds up this settling process and gives a clear super-natant liquor.

TANNING

The Leather industry uses grape sugar (crude corn sugar) and hydrol (corn sugar molasses) in the preparation of chrome liquor, which is used for tanning. These products are also used to help make sole leather more pliable.



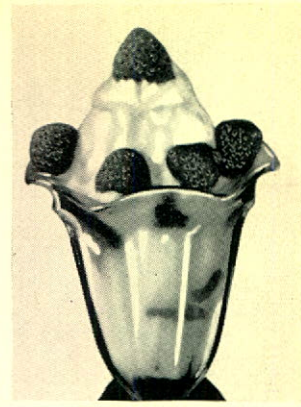
Leather Cutting

RAYON

In the production of Viscose Rayon grape sugar or hydrol is used in the acid bath where the fibre is formed. This is one of the few instances where our products, although used in the process, do not form part of the finished article.

ICE CREAM

Cerelose (dextrose sugar) is extremely useful to the Ice Cream manufacturer. When 25% of the cane sugar in a formula is replaced by cerelose, a finer-textured ice cream results. Cerelose also improves the quality of sherbets and water ices.



Ice cream Sundae

BREWING

The Company sells cerelose and refined grits (starch) to brewers, many of whom claim that these products help make the finest beer.

PHARMACEUTICALS

One of the less glamorous of our products is steep water. This is the water which has been drawn off after steeping the corn. It is concentrated by evaporation and in the past was added to cattle feed because it contains protein and other valuable ingredients. In recent years, however, steep water has become a very important substance in the production of the wonder-drug penicillin. The use of corn steep water increases the yield ten-fold from a given amount of broth. Without this product of the Corn Starch industry, penicillin might still be prohibitive in cost.

CATTLE AND POULTRY FEEDING

Gluten feed and gluten meal are both very valuable by-products produced in the processing of corn. They possess a high protein, mineral and bran content and are used to enrich cattle and poultry feeds.



These illustrations serve to show that the products of The Canada Starch Company Limited fill a useful place in many and varied industries, and are becoming increasingly important in the industrial development of Canada.



