

1953



Annual Report

THE CANADA STARCH COMPANY

LIMITED

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DIRECTORS AND OFFICERS

THE CANADA STARCH COMPANY LIMITED

ANNUAL REPORT

Directors

G. F. BENSON	NORMAN J. DAWES	R. E. STAVERT
W. D. BENSON	J. A. MOFFETT	F. A. WARREN
de GASPE BEAUBIEN	J. R. RHAMSTINE	H. G. WASCHER

Executive Offices

SUN LIFE BUILDING, MONTREAL

Officers

G. F. BENSON	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-eighth Annual Report of your Company for the year 1953, which was the Ninety-fifth year since the founding of The Edwardsburg Starch Company Limited, the name of the original organization. This report includes the Consolidated Financial Statements for the year ended December 31st, 1953 and the Report of your Auditors.

It is with deep regret that your Directors record the death of Mr. George F. Benson, Chairman of the Board, on April 11th 1953. The Board feels a sense of great personal loss in Mr. Benson's passing, a feeling which is shared by the hundreds of employees who knew him.

He spent his whole life serving the starch industry, first as a partner in the original W. T. Benson & Company, then as a Director and President of the Edwardsburg Starch Company and finally as President and Managing Director of The Canada Starch Company until 1938 when he became Chairman of the Board. Under his leadership the Company built up a fund of goodwill and an enviable reputation for its products and for its business ethics.

Mr. W. D. Benson, Senior Partner of R. Moat & Company, has been appointed to the Board of Directors to fill the vacancy created by the death of his father.

The results for the year were very satisfactory and our overall profit was well maintained despite increasing competition and the narrow margin of profit on some of our products brought about by lowering of import duties under the Geneva Trade Agreements.

The net profit for the year was \$739,196 after charging depreciation and after making full provision for taxes on income estimated at \$798,400. This compared with a net profit of \$673,609 for the year 1952. The increase in net profit was largely due to a high return received during the year from the sale of by-products, while plant improvements and increased operating efficiency resulted in lower costs.

Sales volume was about the same as in the year 1952. Selling prices were adjusted downwards during the year following the trend of the corn market.

The full dividend of \$7.00 on the Preferred and a dividend of \$2.00, together with an extra distribution of \$3.00 per share, on the Common, were paid during the year.

The buildings and equipment have been maintained in a good state of repair and operating efficiency and \$716,634 was expended during the year on new construction and additions to Fixed Assets. In the course of these improvements, certain old buildings and equipment were scrapped and their value written

off the accounts. As a consequence, the net amount shown as additions to Fixed Assets is less than the above mentioned expenditure by \$73,750. The erection of a new steam generating unit, to which reference was made in the last annual report, was completed during the year at a total cost of \$586,334.

The amount written off for depreciation was \$325,361 as compared with \$227,834 for the year 1952.

The Working Capital at the close of the year was \$3,162,403 as compared with \$3,298,965 at the end of 1952, a reduction of \$136,562. This reduction is much more than offset in the figures for expenditure on new construction and additions to Fixed Assets, which exceeded the like expenditure for the year 1952 by \$341,830.

Corn was in good supply throughout the year at prices moderately lower than for the previous year. Following our normal practice, we purchased such quantities of domestic corn as were available to us and we are pleased to state that a larger proportion of our 1953 requirements was purchased in Canada than in the previous year.

Our contribution to the Pension Fund for the year amounted to \$105,715 as compared with \$98,821 for the year 1952. The calculation is based on wages and salaries paid and the increase of \$6,894 is the result of higher wages and salaries paid during the year.

Our employee relations continue to be very satisfactory. The recreation programme in the Cardinal community is furnishing well planned social and recreational activities to the members. Your Company gives its full support, not only financially, but also by encouraging its employees to join in these activities.

A new Union contract has been negotiated for the year 1954.

To the Safety Committee and all those co-operating with it must go the credit and praise for our very low accident experience during the year.

Your Directors take pleasure, at this time, in recording their appreciation of the loyal service and co-operation of the employees and the staff throughout the Company's entire organization.

It is difficult to forecast the trend of events for the entire year ahead of us but the outlook for the immediate future appears to be satisfactory.

On Behalf of the Board,



President.

Montreal, 10th March, 1954.

THE CANADA STARCH COMPANY LIMITED AND

CONSOLIDATED BALANCE SHEET

(with comparative figures)

	ASSETS	
CURRENT ASSETS:	1953	1952
Cash (including \$10,034 U.S. funds at current rate of exchange)	\$ 37,641	\$ 91,084
Call loan—secured		75,000
Accounts receivable, less allowance for doubtful accounts of \$52,054	1,194,689	1,171,928
Inventories—		
Valued at the lower of cost or market—		
Finished goods (Note 1)	\$1,015,860	
Goods in process	132,443	
Corn	1,878,464	
Manufacturing supplies	600,710	
Mechanical stores and replacement parts	327,497	
	3,954,974	3,883,428
Advances to supplier (\$34,884 U.S. funds at current rate of exchange)	34,011	27,090
Prepaid insurance and other expenses	29,012	40,117
	5,250,327	5,288,647
 INVESTMENT IN SHARES OF WHOLLY OWNED SUBSIDIARY COMPANY— at cost (Note 2)	200,000	200,000
 FIXED ASSETS:		
Land and water power rights—at cost	141,031	
Buildings, machinery and equipment—at cost	6,522,726	
	6,663,757	
Less: Accumulated depreciation	4,306,237	2,006,689
	2,357,520	
 GOODWILL, TRADEMARKS, RIGHTS AND BRANDS	1	1
	\$7,807,848	\$7,495,337

APPROVED ON BEHALF OF THE BOARD:
 G. F. BENSON }
 NORMAN J. DAWES } *Directors.*

CANADA STARCH SALES COMPANY LIMITED

AS AT 31st DECEMBER 1953

for the previous year)

LIABILITIES			
CURRENT LIABILITIES:	1953		1952
Bank loan—secured by warehouse receipts for corn	\$1,000,000		
Accounts payable and accrued expenses (Note 1)	546,766		\$ 391,027
Taxes other than income	8,124		9,594
Income taxes payable	509,648		609,619
Due to—			
Affiliated company (\$7,952 U.S. funds at current rate of exchange)	7,753		955,495
Wholly owned subsidiary company—current portion	10,633		18,947
Instalments payable in 1954 on balance of purchase price	5,000		5,000
	<u>2,087,924</u>		<u>1,989,682</u>
BALANCE OF PURCHASE PRICE OF REAL ESTATE WITH INTEREST AT 5½% PER ANNUM:		
Payable in semi-annual instalments	\$ 35,000		
Instalments paid to date	15,000		
	<u>20,000</u>		
Instalments payable in 1954	5,000	15,000	20,000
	<u>5,000</u>		
		
DUE TO WHOLLY OWNED SUBSIDIARY COMPANY	194,127		202,592
		
CAPITAL STOCK, RESERVE AND SURPLUS:			
Capital stock—			
AUTHORIZED—			
32,500 7% non-cumulative preferred shares of \$100 par value	\$3,250,000		
62,500 common shares of \$5 par value	\$ 312,500		
ISSUED AND FULLY PAID—			
30,691 preferred shares	3,069,100		3,069,100
59,325 common shares	296,625		296,625
	<u>3,365,725</u>		<u>3,365,725</u>
Reserve for future decline in inventory values	550,000		550,000
Capital surplus—			
Credit arising from sale of fixed asset to the subsidiary company	17,500		17,500
Earned surplus—	1,577,572		1,349,838
	<u>5,510,797</u>		<u>5,283,063</u>
	<u>\$7,807,848</u>		<u>\$7,495,337</u>

THE CANADA STARCH COMPANY LIMITED
and
CANADA STARCH SALES COMPANY LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31st DECEMBER 1953

(with comparative figures for the previous year)

	1953	1952
PROFIT FROM OPERATIONS		
after deducting all costs of manufacturing, selling and administration	\$1,493,614	\$1,448,035
OTHER INCOME:		
Dividend from wholly owned subsidiary company	\$ 27,768	38,000
Net profit on disposals of fixed assets	4,637	13,249
Revenue from investments	11,577	5,325
	43,982	56,574
	1,537,596	1,504,609
PROVISION FOR INCOME TAXES	798,400	831,000
NET PROFIT FOR THE YEAR	\$ 739,196	\$ 673,609

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

Provision for depreciation of fixed assets	\$ 325,361	\$ 227,834
Salaries and directors' fees of executive officers and director	79,467	80,680
Fees of other directors	3,563	3,600
Legal fees and expenses	2,135	1,787
Interest on balance of purchase price	1,306	1,581
Contribution to Pension Fund Society	105,715	98,821

CONSOLIDATED STATEMENT OF EARNED SURPLUS

FOR THE YEAR ENDED 31st DECEMBER 1953

(with comparative figures for the previous year)

	1953	1952
OPENING BALANCE	\$1,349,838	\$1,098,704
Net profit for the year	739,196	673,609
	2,089,034	1,772,313
Dividends paid during the year—		
Preferred—		
in respect of prior year	\$ 53,709	
in respect of current year	161,128	214,837
	214,837	214,837
Common—		
annual	118,650	
extra	177,975	207,638
	296,625	207,638
	511,462	422,475
CLOSING BALANCE	\$1,577,572	\$1,349,838

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. \$40,075 of finished goods held on consignment are included in the inventory of finished goods and accounts payable.
2. Value of shares as shown by the financial statements of the subsidiary company

Amount due from parent company included in assets	218,152
	204,760
Net assets	\$ 13,392

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

McDonald, Currie & Co.
Chartered Accountants

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

TELEPHONE MARQUETTE 8311
CABLE ADDRESS "CURMAC"

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 1953 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 118 of The Companies Act, we report that the dividend received from Lakes and St. Lawrence Navigation Company Limited, a wholly owned subsidiary company, and included in income in the attached accounts exceeded the profits for the year of the subsidiary company by the amount of \$9,616. Such excess has been paid out of the accumulated profits 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, with 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 1953 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.

McDONALD, CURRIE & CO.,
Chartered Accountants.

22nd February, 1954.



THE
Jane Ashley
STORY

During the many years of promoting the use of The Canada Starch Company products, Jane Ashley has become friend, adviser and culinary confidante to countless menu-conscious Canadian housewives.

Though she is well known to most homemakers, no one has ever met her personally; for she is a brain child of the modern merchandising era—a Corporate Personality. She is no one single person, but represents a group—that of another modern merchandising phenomenon—the Home Service Department. She is the voice and the means by which all the many and varied activities of this highly important function are co-ordinated.

With the advent of packaged goods, the value of brand names and consumer loyalty became apparent. Product inquiries, formerly addressed to the supplier or grocer, are now sent to the manufacturer instead.

Since Canada Starch package products are used mainly in the kitchen, it was thought only fitting that such correspondence be answered by a woman. In this way a friendlier, more personal relationship is created.

Thus the career of Jane Ashley was launched; first as a signature on recipe material and later as a voice on radio programmes.

In spirit, she is quiet and dignified; neither too young nor too old; friendly but never personal. Her physical form is depicted in an oil portrait by Franklin Arbuckle, well-known Canadian artist, and is now reproduced in all Canada Starch advertising and promotion for household products.

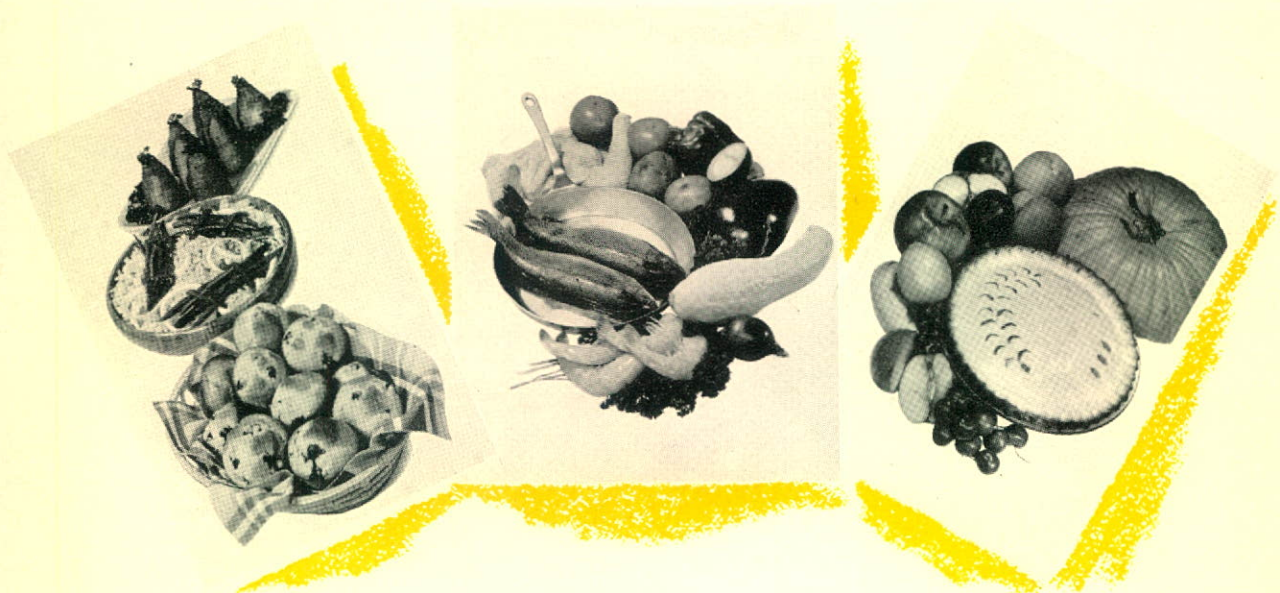
In person, she is represented by a qualified dietitian and home economist, who is in charge of our Home Service Department. Here, under the same conditions as exist in the average home, the trained home economists turn their talents to developing new recipes and new uses for our food products and





laundry starches. This information is regularly sent to newspapers and magazines to be used editorially by food columnists.

Themes for many local and national advertising and publicity campaigns originate in our Home Service Department. Special dishes are prepared to tie-in with such occasions as Christmas, Hallowe'en, Thanksgiving, Salad Week, etc. These are actively promoted by the Advertising and Sales Departments. Recent promotions featured the use of Mazola Salad Oil in the preparation of Salad Dressing, Fried Chicken, "Quick 'n' Sure" Pastry and the use of Crown Brand Corn Syrup in a delicious One-Bowl Chocolate Cake.



These taste-tempting food ideas which appear in our advertising are, of course, credited to Jane Ashley, whose picture and signature establish confidence and attract reader-interest for the message.

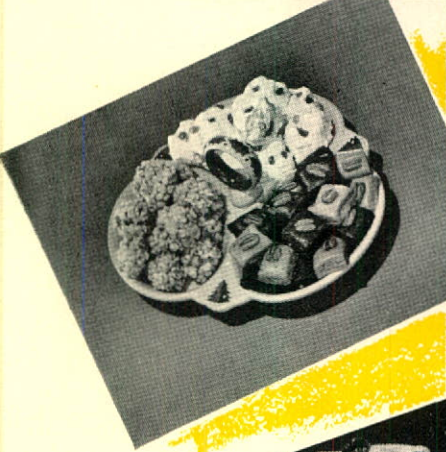
Great care is exercised to build and maintain this consumer faith. Every recipe published or distributed is diligently pre-tested, and must be practical and economical. Last year more than 2 million recipe folders were produced and distributed to meet a steady flow of consumer requests.

Aside from her kitchen duties, Jane Ashley spends considerable time at her desk keeping abreast of new products and ideas in the widespread consumer market.

In the role of goodwill ambassador, our home economist attends meetings and conventions where she works closely with the committees of the Dietetic and Home Economic Associations.

Handling consumer mail is another important function of the Home Service Department. Letters requesting recipe sets, teaching units and information dealing with specific dietary difficulties are received daily. Each letter receives a prompt and courteous reply signed by Jane Ashley.

As the Corporate Personality of the Canada Starch Company, Jane Ashley's value lies in the confidence and goodwill she has helped create for our products.



She has earned the loyalty and respect of consumers by rendering them a valuable and worthwhile service. Her signature is the mark of authority, and her counsel is accepted without question.

Jane Ashley is one of the most valued employees of the Canada Starch Company and a friend indeed to all housewives, whom she constantly helps with their ever-present problems of menu-planning and food preparation.

