

# Annual Report



1954

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THE CANADA STARCH COMPANY LIMITED  
MCGILL UNIVERSITY

THE CANADA STARCH COMPANY LIMITED



# DIRECTORS AND OFFICERS

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## THE CANADA STARCH COMPANY LIMITED

### *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

J. R. ANNETT . . . . .	SALES MANAGER
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### *Plant*

CARDINAL, ONTARIO

A. S. FRASER . . . . .	PLANT MANAGER
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# THE DIRECTORS' REPORT

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## TO THE SHAREHOLDERS OF THE CANADA STARCH COMPANY LIMITED:

Your Directors take pleasure in presenting the Forty-ninth Annual Report of your Company for the year 1954, which was the Ninety-sixth year since the founding of The Edwadsburg Starch Company Limited, the name of the original organization. This report includes the Consolidated Financial Statements of your Company and Canada Starch Sales Company Limited for the year ended December 31st, 1954 and the Report of your Auditors.

Profit from operations for the year was down \$102,608, as compared with 1953 or a decrease of about 7%. This was due to an increase in operating expenses largely on account of higher wages and salaries paid during the year. The net profit for the year was \$712,986, after charging depreciation and after making full provision for taxes on income, estimated at \$703,000. This compares with a net profit of \$739,196, for the year 1953. After payment of Preferred dividends the earnings applicable to the Common shares are equivalent to \$8.40 per share as compared with \$8.84 per share in 1953.

Sales volume was about equal to last year but foreign competition was more in evidence than in 1953.

On September 17th, 1954 Corn Products Refining Company made an offer of \$75.00 per share to all holders of the Common Stock of your Company with the result that all but 2040 shares have been acquired by them. The acquisition of the minority interest by Corn Products Refining Company will not in any way affect the policy or management of your Company.

Dividends totalling \$7.00 on the Preferred and \$3.00, together with an extra distribution of \$2.00 per share on the Common, were paid during the year. All shareholders, who accepted Corn Products offer referred to above, qualified for the last quarterly dividend on the Common together with the extra distribution of \$2.00 per share.

In conformity with our normal practice, buildings and equipment were maintained in a good state of repair and operating efficiency and, as usual, depreciation has been provided at full rates.

The amount expended on new construction and additions to fixed assets for the year was \$336,060, which compares with like expenditure for the year 1953 of \$716,634. However old buildings and equipment which were disposed of during the year account for the lower figure indicated on the balance sheet.

Working capital at the close of the year was \$3,368,335, compared with \$3,162,403, at the end of 1953, an increase of \$205,932.

The average price paid for Corn during the year was about the same as in 1953. As usual, we purchased such quantities of domestic corn as were available but, to cover our requirements, we were obliged to purchase a considerable tonnage from South Africa and from the United States.

For various corporate reasons it was considered advisable to discontinue the operations of Canada Starch Sales Company Limited, our selling organization, as from December 31st, 1954. Since that date the business previously done under the name of that Company is being conducted by The Canada Starch Company Limited.

The contribution to our Pension Fund for the year amounted to \$110,404. compared with \$105,715. for the year 1953, an increase of \$4,689. As the calculation of the contribution is based on wages and salaries, the increase is the result of the higher wages and salaries paid for the year under review.

A very satisfactory safety record was maintained during the year and the efforts of our Safety Committee, and those co-operating with it, are to be commended.

A comprehensive recreation programme in the Cardinal community continues to provide well planned social and recreational activities to its members. Your Company gives its full support, not only financially, but also by encouraging participation in this programme.

It is gratifying to report that employee relations continue to be excellent and a new Union contract has been negotiated for the year 1955.

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.

The outlook for the immediate future is satisfactory.

On Behalf of the Board,

A handwritten signature in cursive script, appearing to read "G. Benson".

*President.*

Montreal, 14th March, 1955.

# THE CANADA STARCH COMPANY LIMITED AND

## CONSOLIDATED BALANCE SHEET

(with comparative figures)

ASSETS		1954	1953
CURRENT ASSETS:			
Cash (including \$4,392 U.S. funds at current rate of exchange)		\$ 24,589	\$ 37,641
Accounts receivable, less provision for doubtful accounts of \$52,054		1,151,027	1,194,689
Inventories—at the lower of cost or market—			
Finished goods	1,150,821		
Goods in process	160,060		
Corn	1,939,964		
Manufacturing supplies	460,524		
Mechanical stores and replacement parts	313,882	4,025,251	3,954,974
Advances to supplier (\$78,005 U.S. funds at current rate of exchange)		75,421	34,011
Prepaid insurance and other expenses		62,530	29,012
		5,338,818	5,250,327
INVESTMENT IN SHARES OF WHOLLY OWNED SUBSIDIARY COMPANY—			
at cost (Note 1)		200,000	200,000
FIXED ASSETS:			
Land and water power rights—at cost	147,031		
Buildings, machinery and equipment—at cost	6,665,022		
	6,812,053		
Accumulated depreciation	4,537,922		
	2,274,131		
Construction in progress—at cost (Note 2)	63,167	2,337,298	2,357,520
GOODWILL, TRADEMARKS, RIGHTS AND BRANDS			
		1	1
		\$7,876,117	\$7,807,848

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

# CANADA STARCH SALES COMPANY LIMITED

AS AT 31st DECEMBER 1954

for the previous year)

## LIABILITIES

	1954	1953
CURRENT LIABILITIES:		
Bank loan—secured by warehouse receipts for corn	\$ 900,000	
Bank overdraft	97,480	\$1,000,000
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Accounts payable and accrued liabilities	469,347	546,766
Taxes other than income	13,145	8,124
Provision for taxes on income	438,711	509,648
Due to—		
Parent company (\$43,618 U.S. funds at current rate of exchange)	42,173	7,753
Wholly owned subsidiary company— current portion	4,627	10,633
Instalments payable in 1955 on balance of purchase price	5,000	5,000
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	1,970,483	2,087,924
		.....
BALANCE OF PURCHASE PRICE OF REAL ESTATE WITH INTEREST AT 5½% PER ANNUM:		
Payable in semi-annual instalments	35,000	
Instalments paid to date	20,000	
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	15,000	
Instalments payable in 1955	5,000	15,000
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DUE TO WHOLLY OWNED SUBSIDIARY COMPANY:		
	176,954	194,127
		.....
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	
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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
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—	1,785,455	1,577,572
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	5,718,680	5,510,797
		.....
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	\$7,876,117	\$7,807,848
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**THE CANADA STARCH COMPANY LIMITED**  
and  
**CANADA STARCH SALES COMPANY LIMITED**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS**

FOR THE YEAR ENDED 31st DECEMBER 1954

(with comparative figures for the previous year)

	1954	1953
PROFIT FROM OPERATIONS		
after deducting all costs of manufacturing, selling and administration	\$1,391,006	\$1,493,614
OTHER INCOME		
Dividend from wholly owned subsidiary company	\$ 18,152	27,768
Net profit on disposals of fixed assets	4,056	4,637
Revenue from investments	2,772	11,577
	24,980	43,982
	1,415,986	1,537,596
PROVISION FOR TAXES ON INCOME	703,000	798,400
NET PROFIT FOR THE YEAR	\$ 712,986	\$ 739,196

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

Depreciation of fixed assets	\$ 309,994	\$ 325,361
Salaries and directors' fees of executive officers and directors	83,390	79,467
Fees of other directors	4,240	3,563
Legal fees and expenses	3,928	2,135
Interest on balance of purchase price	1,031	1,306
Contribution to Pension Fund Society	110,404	105,715

**CONSOLIDATED STATEMENT OF EARNED SURPLUS**

FOR THE YEAR ENDED 31st DECEMBER 1954

(with comparative figures for the previous year)

	1954	1953
OPENING BALANCE		
Net profit for the year	712,986	1,349,838
Overprovision in prior years for special expenses	6,359	719,345
	2,296,917	2,089,034
Dividends—		
Preferred—		
In respect of prior year	53,709	
In respect of current year	161,128	214,837
Common—		
Annual	177,975	
Extra	118,650	296,625
	511,462	511,462
CLOSING BALANCE	\$1,785,455	\$1,577,572

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Value of shares as shown by financial statements of the subsidiary company
 

Assets consisting of amounts due from parent company	\$204,553
	181,581
Net assets	\$ 22,972
2. An estimated amount of \$177,000 will be required to complete construction in progress.



ASSOCIATED WITH  
SCOVELL, WELLINGTON & CO.  
ACCOUNTANTS AND AUDITORS  
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AND  
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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 1954 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 \$13,599. 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 when read in conjunction 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 1954 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.*

21st February, 1955.





