

British Columbia Sugar Refining Co. Ltd.

# B.C. Sugar



*Annual Report 1964*



# B C SUGAR REFINERY, LIMITED

VANCOUVER, B.C. SEPTEMBER 30, 1964

## DIRECTORS

F. ROGERS *	Vancouver, B. C.
H. F. ANGUS	Vancouver, B. C.
P. A. CHERNIAVSKY *	Vancouver, B. C.
H. A. DUNLOP *	Vancouver, B. C.
A. C. LAW	Vancouver, B. C.
A. M. ROBERTSON *	Vancouver, B. C.
IRENE ROGERS	Vancouver, B. C.
R. H. TUPPER	Vancouver, B. C.

\*Officers of the Company.



## OFFICERS OF SUBSIDIARY COMPANIES

### **The British Columbia Sugar Refining Company, Limited**

F. ROGERS

Chairman of the Board  
President and Managing Director

A. M. ROBERTSON

Vice-President and  
Secretary

P. A. CHERNIAVSKY

Vice-President and  
General Superintendent

H. A. DUNLOP

Treasurer and Comptroller

W. R. CRAIG

Chief Engineer

DR. F. H. PETO

Dir. Agricultural Research

J. M. REID

Purchasing Agent

R. P. CLARK

Personnel Manager

W. W. BLANKENBACH

General Chemist

R. E. HEWITT

Office Manager

### **Canadian Sugar Factories Limited**

IAN ANGUS

Vice-President and  
General Manager

D. W. PURDY

Assistant General Manager

J. G. SNOW

Agricultural Superintendent

### **The Manitoba Sugar Company Limited**

W. R. HETHERINGTON

Vice-President and  
General Manager

J. S. McDIARMID, Jr.

Secretary

J. W. HALL

Agricultural Superintendent



## PRESIDENT'S REPORT

At the beginning of the year under review, world sugar prices were advancing rapidly because of an apparent imbalance between supply and demand. These abnormally high prices encouraged cane and beet sugar producers to increase plantings. At the same time, consumers throughout the world endeavoured to postpone purchases as long as possible by cutting down inventories.

The combination of these two major factors resulted in a gradual decrease in world sugar prices, to such an extent that world values are once again approaching the cost of production in many countries.

The supply and demand balance appears to be still quite delicate and the market very vulnerable to various influences. If, for example, one of the "brush fire" wars were to develop into something of a more serious and far-reaching nature, the inevitable scramble for sugar supplies would undoubtedly result in a swing upwards in the sugar markets.

On October 21st last year, when raw sugar prices were surging upwards, the Company set a ceiling on refined sugar prices in an effort to ease the strain on its customers. In last year's report we expressed doubt as to how long the Company could maintain this "freeze" under current market conditions. Fortunately the peak of raw sugar prices was passed in November 1963 and since the 2nd of March, 1964 the Company has been able to follow its traditional pricing policy, basing the price of its products on the cost of raw sugar replacements.

We have no doubt that our action in placing a ceiling on refined sugar prices was much appreciated by the grocery and manufacturing trades. Inevitably it was costly to the Company, which has to purchase raw sugar at world prices; but losses from this, though large, were held to a minimum by restricting future com-



mitments in anticipation of the decline which has occurred. One effect has been to reduce our inventories of cane sugar substantially below the base quantity which, under the LIFO (last-in, first-out) method of accounting adopted last year, was carried at prices well below world prices.

The apparent profit which arose from liquidation of part of the base stock was more than adequate to absorb the losses caused by the ceiling on refined prices and since it had already been subject to income taxation, it has, in effect, been added in full to the results shown for the year under review.

The profit shown in the accompanying accounts is therefore distorted by market conditions and does not reflect the operating results of a normal year. Reference to the amount set up as a provision for income taxes will indicate the extent of the abnormal income.

As was reported last year, the redemption of 200,000 preferred shares was carried out on October 31, 1963. The funds for this redemption were provided through the medium of a dividend of \$4,000,000 paid by The British Columbia Sugar Refining Company, Limited to B C Sugar Refinery, Limited. This was reflected in the statements submitted to you last year and included under dividends payable and receivable in the balance sheets of the respective companies. By comparison, however, the accounts for the year ended at September 30, 1964 provide only for the dividends payable to shareholders on October 30, 1964 as no further preferred shares have been called for redemption as of the date of this report.



Good crops were harvested last fall in both Alberta and Manitoba, and with higher prices prevailing during the first half of the year, profits from these subsidiary companies were higher than for previous years. With the return to lower sugar prices, it



is anticipated that profits from the beet sugar operations will revert to lower levels.

The Company has continued to spend large sums for the modernization and expansion of its beet sugar factories. Further work of a major nature is planned for the Taber factory next year.

With the completion of this work, it is anticipated that considerably less money will be required for capital expenditure for several years ahead.

**B C SUGAR REFINING CO. LTD.**  
**VANCOUVER, B.C.**

**BALANCE SHEET AS AT**

**ASSETS**

**Investments:**

800,000 Shares of No Par Value of The British  
Columbia Sugar Refining Company, Limited  
at approximate book value of underlying net  
assets in 1961 ..... \$20,000,000.00

**Dividends Receivable:**

Dividends declared by The British Columbia  
Sugar Refining Company, Limited payable  
on October 30, 1964 ..... 300,000.00

**Cash in Bank** ..... 12.30

**On Behalf of the Board:**

Forrest Rogers, Director

A. M. Robertson, Director

\$20,300,012.30

# NERY, LIMITED

B. C.

SEPTEMBER 30, 1964

## LIABILITIES

**Dividends Payable** ..... \$ 300,000.00

### Capital:

Authorized:

800,000 Five Percent Cumulative Redeemable Preferred Shares of a Par Value of \$20.00 each ..... \$16,000,000.00

2,000,000 Shares of No Par Value ..... —

Issued:

400,000 Preferred Shares (200,000 shares redeemed during the year) ..... 8,000,000.00

800,000 Shares of No Par Value ..... 4,000,000.00

12,000,000.00

### Capital Surplus:

Created in accordance with the provisions of Section 61 of The Companies Act on the redemption of preferred shares:

Balance, September 30, 1963 ..... 4,000,000.00

Add amount transferred from earned surplus during the year ..... 4,000,000.00

8,000,000.00

**Earned Surplus** ..... 12.30

\$20,300,012.30

SUGAR REFINING COMPANY, LIMITED APPEAR LATER IN THIS REPORT

## B C SUGAR REFINERY, LIMITED

### STATEMENT OF INCOME AND EARNED SURPLUS FOR THE YEAR ENDED SEPTEMBER 30, 1964

Net income for the year consisting of dividends  
from The British Columbia Sugar Refining  
Company, Limited ..... \$ 2,000,000.00

Balance of Earned Surplus, September 30, 1963 .. 4,000,012.30  
6,000,012.30

#### Deduct:

Dividends on preferred shares  
of \$1.00 per share ..... \$ 400,000.00

Dividends on shares of no par  
value of \$2.00 per share ..... 1,600,000.00  
2,000,000.00

Transfer to Capital Surplus on  
the redemption of 200,000  
preferred shares during the  
year ..... 4,000,000.00  
6,000,000.00

**Balance of Earned Surplus, September 30, 1964** \$ 12.30

## **B C SUGAR REFINERY, LIMITED**

### **AUDITORS' REPORT TO THE SHAREHOLDERS**

We have examined the balance sheet of B C Sugar Refinery, Limited as at September 30, 1964 and the statement of income and earned 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 our opinion, and according to the best of our information and explanations given to us and as shown by the books of the company, the accompanying balance sheet and related statement of income and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at September 30, 1964 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In accordance with the provisions of Section 118 of The Companies Act, we report that, except to the extent of dividends received, neither profits nor losses of subsidiary companies, so far as they concern the holding company, have been dealt with in the accounts of the holding company; the aggregate profits less losses of the subsidiaries exceed the dividends paid by them; the balances of profits and losses of the subsidiaries have been carried forward in their accounts.

HELLIWELL, MACLACHLAN & CO.,  
Chartered Accountants.

Vancouver, B.C.  
November 20, 1964



THE  
BRITISH COLUMBIA SUGAR  
REFINING COMPANY,  
LIMITED

INCLUDING SUBSIDIARY COMPANIES

CANADIAN SUGAR FACTORIES LIMITED

THE MANITOBA SUGAR COMPANY LIMITED

CONSOLIDATED ACCOUNTS FOR THE  
YEAR ENDING SEPTEMBER 30TH, 1964



**THE BRITISH COLUMBIA SUGAR**  
**INCLUDING SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEET**  
(WITH COMPARATIVE FIGURES)

**ASSETS**

<b>Current Assets:</b>	<b>1964</b>	<b>1963</b>
Cash .....	\$ 4,309,532	\$ 3,099,925
Funds on short-term deposit .....	3,008,450	6,060,250
Marketable securities (Market value \$203,500; 1963—\$609,000) .....	203,132	608,482
Accounts receivable .....	3,481,793	4,087,108
Sugar and supplies—valued at cost or replacement (note 2) .....	6,246,398	7,118,821
Prepaid expenses .....	253,296	287,467
	<u>17,502,601</u>	<u>21,262,053</u>
<b>Deferred Accounts Receivable</b> .....	<u>311,920</u>	<u>263,338</u>
<b>Investments at Cost:</b>		
(Market value \$196,000; 1963— \$162,000) .....	<u>157,177</u>	<u>157,177</u>
<b>Fixed Assets</b> at cost less amounts writ- ten off:		
Land .....	354,927	354,738
Buildings, plant, machinery and equipment .....	<u>34,411,550</u>	<u>33,876,518</u>
	<u>34,766,477</u>	<u>34,231,256</u>
	<u>\$52,738,175</u>	<u>\$55,913,824</u>

# REFINING COMPANY, LIMITED COMPANIES

AS AT SEPTEMBER 30, 1964

AS AT SEPTEMBER 30, 1963)

## LIABILITIES

Current Liabilities:	1964	1963
Accounts Payable .....	\$ 3,744,687	\$ 3,375,700
Balance due beet growers—estimated	966,537	3,102,984
Dividends payable .....	300,000	4,350,000
Income taxes payable (note 3) .....	752,945	4,325,208
	<u>5,764,169</u>	<u>15,153,892</u>
 Six Percent Notes Payable due October 28, 1965 .....	 6,000,000	 3,000,000
 Accumulated Depreciation .....	 <u>23,381,950</u>	 <u>22,542,750</u>
 Capital:		
Authorized:		
2,000,000 shares of no par value		
Issued:		
800,000 shares of no par value at a stated value of \$5 per share .....	4,000,000	4,000,000
 Earnings Retained in the Business .....	 13,592,056	 11,217,182
	<u>17,592,056</u>	<u>15,217,182</u>
	<u>\$52,738,175</u>	<u>\$55,913,824</u>
 On Behalf of the Board:		
Forrest Rogers, Director		
A. M. Robertson, Director		

# THE BRITISH COLUMBIA SUGAR REFINING COMPANY, LIMITED

INCLUDING SUBSIDIARY COMPANIES

## CONSOLIDATED STATEMENT OF EARNINGS FOR THE YEAR ENDED SEPTEMBER 30, 1964

(WITH COMPARATIVE FIGURES FOR  
THE YEAR ENDED SEPTEMBER 30, 1963)

	1964	1963
Net operating profit before the under- noted items .....	\$ 9,347,864	\$10,084,271
Income from investments .....	103,574	170,098
Profit on disposal of investments .....	—	93,875
	<u>9,451,438</u>	<u>10,348,244</u>
<b>Deduct:</b>		
Directors' fees .....	9,825	9,925
Interest on notes payable .....	274,739	213,301
Provision for depreciation (note 1) .....	2,525,000	2,038,000
Provision for income taxes (note 3) .....	2,267,000	5,307,000
	<u>5,076,564</u>	<u>7,568,226</u>
Net profit for the year .....	<u>\$ 4,374,874</u>	<u>\$ 2,780,018</u>

# THE BRITISH COLUMBIA SUGAR REFINING COMPANY, LIMITED

INCLUDING SUBSIDIARY COMPANIES

## CONSOLIDATED STATEMENT OF EARNINGS RETAINED IN THE BUSINESS FOR THE YEAR ENDED SEPTEMBER 30, 1964

(WITH COMPARATIVE FIGURES FOR  
THE YEAR ENDED SEPTEMBER 30, 1963)

	1964	1963
Balance at beginning of the year .....	\$11,217,182	\$14,347,164
Net profit for the year .....	<u>4,374,874</u>	<u>2,780,018</u>
	15,592,056	17,127,182
Dividends .....	<u>2,000,000</u>	<u>5,910,000</u>
Balance at end of year .....	<u><u>\$13,592,056</u></u>	<u><u>\$11,217,182</u></u>

# THE BRITISH COLUMBIA SUGAR REFINING COMPANY, LIMITED

INCLUDING SUBSIDIARY COMPANIES

## NOTES TO FINANCIAL STATEMENTS

### 1. Depreciation:

The Income Tax Act allows depreciation to be claimed at normal rates and various special rates. In the current year, as in 1963, the Company has provided depreciation equal to the maximum amount allowable under both normal and special rates. The charge to operations for the current year is \$770,000 more than if depreciation had been provided at normal rates only.

### 2. Sugar and Supplies:

In accordance with the policy established in 1963, the Company calculates the cost of cane sugar on hand on a LIFO (last-in, first-out) basis. Other sugar and supplies are valued at the lower of current cost or replacement.

### 3. Income Taxes:

The Company's method of calculating cost of cane sugar on hand referred to in Note 2, is not currently allowable for income tax purposes. As a result the income for the year on a taxation basis is materially less than that shown in the accounts, and the amount provided for income taxes for the year is approximately \$1,350,000 less than would have been required had taxes been payable on the profits shown in the accounts.



# AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of The British Columbia Sugar Refining Company, Limited and subsidiary companies as at September 30, 1964 and the related consolidated statements of earnings and earnings retained in the business 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 the accounting records and other supporting evidence as we considered necessary in the circumstances, except for one subsidiary company, the accounts of which have been examined and reported on by other chartered accountants.

In our opinion, based on our examination and the report of the other chartered accountants referred to above and according to the best of our information and the explanations given to us and as shown by the books of the companies, the foregoing consolidated balance sheet and related consolidated statements of earnings and earnings retained in the business are properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the company and subsidiary companies as at September 30, 1964 and the results of their combined operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HELLIWELL, MACLACHLAN & CO.,  
Chartered Accountants.

Vancouver, B.C., November 20, 1964







