

British Columbia Sugar Refining Co. Ltd.

B.C. Sugar



Annual Report 1962

THE
BRITISH COLUMBIA SUGAR
REFINING COMPANY,
LIMITED

INCLUDING SUBSIDIARY COMPANIES

CANADIAN SUGAR FACTORIES LIMITED

THE MANITOBA SUGAR COMPANY LIMITED

CONSOLIDATED ACCOUNTS AND REPORT FOR
THE YEAR ENDING SEPTEMBER 30TH, 1962

B C SUGAR REFINERY, LIMITED

INCLUDING SUBSIDIARY COMPANIES

VANCOUVER, B.C. SEPTEMBER 30, 1962

DIRECTORS

F. ROGERS (Chairman)	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

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

As has been pointed out in previous Annual Reports, the domestic price of refined sugar in Canada fluctuates in sympathy with variations in the world prices of sugar. Hence world events, apparently far removed from Canada, can and do have a direct effect on the sale price of sugar in our country.

In this respect two important events occurred during the past twelve months. First, in the fall of last year, a conference to review the working of the International Sugar Agreement was convened in Geneva. While a number of minor matters were dealt with successfully, the distribution of quotas between the participating exporting countries presented an insurmountable stumbling block. Thus, the International Sugar Agreement became largely inoperative and, with quotas abandoned, sugar prices reached lower levels.

Second, during the current year, the United States Sugar Act came before Congress for revision and renewal. The complications of this legislation are such that they cannot be explained in a Report such as this; however, it is sufficient to state that while in past years the United States sugar market has been to a large extent isolated from world markets, under the new legislation this is no longer true and the change resulted in a slight strengthening of prices. (The American Government still maintains a very strict quota system, so that it is not possible for our Company to expand its sales in the United States.)

World sugar consumption continues to expand. Statistically, production and consumption appear to be in better balance than a year ago. As a result prices have improved somewhat in the past twelve months.



As shown on the enclosed Consolidated Statement of Earnings, profits for the past year showed a significant increase over those of a year ago. This was brought about through slightly better world prices and a profit on sale of investments and other non-recurring items.

The devaluation of the Canadian dollar had little effect. With the increased cost of raw sugar, prices for refined advanced to the benefit of our beet sugar operations; however, the advance only amounted to about 10c per hundred pounds, or slightly more than 1%, so the benefit when divided between the Company and its growers was of insignificant advantage to either. Parenthetically, it might be pointed out that the same increase cost the Canadian consumers less than 10c per person per year, since the per capita consumption of sugar in Canada is just under one hundred pounds per annum.



Holders of shares in B.C. Sugar Refinery, Limited (the parent company) will remember that last year they received a stock dividend of newly authorized 5% Cumulative Redeemable Preferred shares, one preferred share being issued for each share of common stock outstanding. In September of this year 200,000 preferred shares, or 25%, were redeemed at \$20 per share.

Your directors expect that further redemptions by lot will take place in coming years, and that all preferred shares will have been called in within the next ten years; however, it is quite impossible to forecast exactly when future redemptions will take place since the timing is dependent on financial results in future years.

With the redemption of one quarter of the preferred stock, a slightly larger portion of the Company's earnings has become available for distribution to the shareholders of common stock. Your directors, therefore, have decided to pay a quarterly dividend of 15c per share on the common stock, commencing on October 31, 1962. The Company expects to pay an extra dividend on the common stock next January; however, the amount of such dividend has not yet been determined by the directors.



Production of beet sugar last fall was somewhat curtailed by drought conditions in the Prairie Provinces, the lack of rainfall being more seriously felt in Manitoba than Alberta, since in the latter province irrigation is used to provide the necessary moisture. This year's crop in Alberta appears very promising. In Manitoba where the drought of 1961 was followed by excessive rainfall this year, planting in the spring was hampered and the total acreage sown to sugar beets was rather less than desired; however, a satisfactory crop has been harvested.

The Company is continuing with its plans to modernize the factory at Fort Garry. The bulk storage bins for sugar are nearing completion, and plans have been laid for replacement of the diffusion battery during the coming year. This should complete the major changes required in Manitoba for some years to come. In Alberta further improvement to the Picture Butte factory is actively under consideration.

The image displays a wide variety of sugar and molasses products. In the top left, there are bags of 'C.S.F. DRIED MOLASSES BEET PULP' and 'ICING SUGAR'. The central focus is on 'Alberta SUGAR' products, including large bags of 'FINE GRANULATED SUGAR' and 'ICING SUGAR', as well as smaller bags and boxes of 'WRAPPED CUBE SUGAR' and 'INDIVIDUAL ENVELOPES'. To the right, 'B.C. SUGAR REFINERY' products are shown, including 'PURE CANE SUGAR' in cube and granulated forms, and 'PURE CANE SUGAR' in individual envelopes. The packaging is diverse, with some featuring the Alberta Sugar maple leaf logo and others the B.C. Sugar Refinery logo. The products are arranged in a way that showcases the range of options available from these manufacturers.

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

ASSETS

Current Assets:	1962	1961
Cash	\$ 448,394	\$ 114,791
Funds on short-term deposit	2,312,800	2,254,400
Accounts receivable	2,879,136	2,479,082
Sugar and supplies—valued at cost or replacement	6,674,790	6,063,663
Prepaid expenses	187,548	147,167
	<u>12,502,668</u>	<u>11,059,103</u>
 Deferred Accounts Receivable:		
(Reclassified from accounts receivable in 1961)	<u>203,496</u>	<u>124,931</u>
 Investments at Cost:		
(Market value September 30, 1962— \$623,000)	<u>549,583</u>	<u>591,884</u>
 Fixed Assets at cost less amounts written off:		
Land	346,152	340,256
Buildings, plant, machinery and equipment	<u>32,813,382</u>	<u>31,775,701</u>
	<u>33,159,534</u>	<u>32,115,957</u>
	<u>\$46,415,281</u>	<u>\$43,891,875</u>

Commitments for construction—\$425,000

REFINING COMPANY, LIMITED COMPANIES

AS AT SEPTEMBER 30, 1962

AS AT SEPTEMBER 30, 1961)

LIABILITIES

Current Liabilities:	1962	1961
Accounts payable	\$ 2,029,538	\$ 951,875
Balance due beet growers— estimated	980,919	983,673
Income taxes payable	1,294,663	989,651
	<u>4,305,120</u>	<u>2,925,199</u>
 Six Percent Notes Payable due October 28, 1963	 3,000,000	 —
 Accumulated Depreciation	 <u>20,762,997</u>	 <u>19,428,011</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	 14,347,164	 17,538,665
	<u>18,347,164</u>	<u>21,538,665</u>
	 <u>\$46,415,281</u>	 <u>\$43,891,875</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, 1962

(WITH COMPARATIVE FIGURES FOR
THE YEAR ENDED SEPTEMBER 30, 1961)

	1962	1961
Net operating profit before the undernoted items	\$5,670,945	\$5,078,148
Income from investments	89,178	84,349
Profit on disposal of investments	185,800	69,000
	<u>5,945,923</u>	<u>5,231,497</u>

Deduct:

Directors' fees	9,875	9,925
Interest on notes payable	124,549	—
Provision for depreciation	1,600,000	1,600,000
Provision for income taxes	2,023,000	1,758,000
	<u>3,757,424</u>	<u>3,367,925</u>
	2,188,499	1,863,572

Deduct minority interest in earnings of

The Manitoba Sugar Company Limited	—	68,017
Net profit for the year	<u>\$2,188,499</u>	<u>\$1,795,555</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, 1962

(WITH COMPARATIVE FIGURES FOR
THE YEAR ENDED SEPTEMBER 30, 1961)

	1962	1961
Balance at beginning of the year	\$17,538,665	\$17,158,381
Adjustment on consolidation of The Manitoba Sugar Company Limited to reduce the investment to net book value	—	55,271
	17,538,665	17,103,110
Net profit for the year	2,188,499	1,795,555
	19,727,164	18,898,665
Dividends paid	5,380,000	1,360,000
Balance at end of the year	<u>\$14,347,164</u>	<u>\$17,538,665</u>

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, 1962 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 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, 1962 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 16, 1962

