

British Columbia Sugar Refining Co. Ltd. *C*

B.C. Sugar



Annual Report 1960

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, 1960

BC SUGAR REFINERY, LIMITED

INCLUDING SUBSIDIARY COMPANIES

VANCOUVER, B.C. SEPTEMBER 30, 1960

DIRECTORS

P. T. ROGERS (Chairman)	Vancouver, B. C.
H. F. ANGUS	Vancouver, B. C.
A. C. LAW	Vancouver, B. C.
A. M. ROBERTSON	Vancouver, B. C.
F. ROGERS	Vancouver, B. C.
IRENE ROGERS	Vancouver, B. C.
M. I. ROGERS	Vancouver, B. C.
R. H. TUPPER	Vancouver, B. C.
*T. GEORGE WOOD	Raymond, Alta.

*DIRECTOR OF CANADIAN SUGAR FACTORIES LIMITED ONLY

OFFICERS

P. T. ROGERS

Chairman of the Board

F. ROGERS

President and
Managing Director

A. M. ROBERTSON

Vice-President and
Secretary

H. A. DUNLOP

Treasurer and Comptroller

PETER CHERNIAVSKY

General Superintendent

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

General Manager

D. W. PURDY

Assistant General Manager

J. G. SNOW

Agricultural Superintendent

The Manitoba Sugar Company Limited

W. R. HETHERINGTON

General Manager

J. S. McDIARMID, Jr.

Secretary

J. W. HALL

Agricultural Superintendent



PRESIDENT'S REPORT

While developments in Cuba during the past year have engaged the attention of many people throughout the world, those in the sugar industry have followed the news with added interest, since for many years Cuba has been the largest supplier of sugar to the world market, and consequently events in that country can have a strong influence on sugar prices.

For many years Cuba has supplied the United States with about 35% of her sugar requirements at prices considerably higher than that obtainable in any other market available to her, but with the deterioration of relations between the two countries the United States announced in July of this year that no further supplies of sugar would be purchased from that source.

This put the world sugar market in some turmoil, and prices which had sunk to very low levels in June recovered slightly. This in turn was reflected in a small advance in domestic prices.

As we have pointed out in previous years, our refinery does not rely on Cuba for its raw sugar supplies, but buys from British Commonwealth producers—hence disorder in Cuba would not disrupt our supply of raw material, but can have a definite effect on the price we must pay, and consequently on the sales value of both refined cane and beet sugars.

It is impossible at this stage to forecast the future for world prices, particularly as so much depends on international negotiation between governments; historically an almost chronic difficulty of surplus supply has resulted in low price levels, and there is little reason to suppose that this condition will not again prevail when factors now upsetting the market are eventually straightened out.



In these notes it is usual to give separate descriptions of the year's operations for each company; however, this year it is difficult to describe the operations without referring to all three together.

To begin with, The Manitoba Sugar Company Limited experienced dreadful weather during the harvest season last fall, with the result that only some 70% of the beets were delivered to the factory and these had an abnormally low sugar content. Sugar production was thus lower than planned and in order to maintain our markets, sugar from Alberta and British Columbia was shipped to the Winnipeg area to fill the gap. This was a help to our operations in Alberta, as it enabled us to dispose of the entire 1959 crop production, plus a carry-over which has caused us some concern. It was also of advantage to the refinery in Vancouver, as in order to fill the gap, operation at full capacity was required which resulted in greater efficiency.

In Alberta, weather during the growing and harvesting seasons was such that a satisfactory production of sugar resulted, and as mentioned above, there was no difficulty in disposing of the entire output.



In presenting the Balance Sheet and Statement of Profit and Loss, we have for the first time consolidated the results from The Manitoba Sugar Company Limited, and for comparative purposes we have also adjusted the figures for the 1959 year to include that company. The effect of the poor crop in Manitoba last fall is fully reflected in the accounts, and taking this feature into consideration your directors feel that the results for the overall Company operations for the year are quite satisfactory.

It will be noted that in the Statement of Earnings Retained in the Business an amount of \$1,599,183 has been written off. This represents the difference between book value and the actual amount paid for shares in The Manitoba Sugar Company Limited.

In contrast to last year, the 1960 crop of beets was harvested under almost ideal weather conditions, and at the time of writing these notes the factories in Alberta and Manitoba are busy with the processing of the beets. It is expected that production in both areas will be ample to meet the demands of our markets.



In the spring of this year hearings under the Combines Act were held in Winnipeg before the Chief Justice, the question at issue being whether your Company's acquisition of The Manitoba Sugar Company Limited contravened the Act.

In August the Chief Justice handed down his decision, finding our Company not guilty of the charges laid. We have since had notice that the Crown intends to appeal to the Court of Appeal of Manitoba.



In last year's Report mention was made of the start of construction of a new pan house at Vancouver. This work is nearing completion, and the new facilities are now expected to be in operation by the end of February.







THIS NEW BULK TRAILER DELIVERS SUGAR INTO THE CUSTOMER'S BINS BY A SELF-CONTAINED COMPRESSED AIR SYSTEM. THE TRAILER ALSO SERVES AS A COLORFUL TRAVELLING DISPLAY FOR ROGERS GOLDEN SYRUP.

THE NEW EIGHT STOREY PAN HOUSE WILL HOUSE THE MOST MODERN SUGAR PROCESSING EQUIPMENT AVAILABLE. ON THE RIGHT ARE THE TWO NEW REFINED SUGAR BULK STORAGE SILOS. (This photo was taken July 15, 1960.)

THE BRITISH COLUMBIA SUGAR INCLUDING SUBSIDIARY

CONSOLIDATED BALANCE SHEET

(WITH COMPARATIVE FIGURES REVISED TO
AND LIABILITIES OF THE MANITOBA SUGAR

ASSETS

Current Assets:	1960	1959
Cash	\$ 221,235	\$ (30,782)
Funds on short-term deposit	3,394,616	204,332
Marketable securities (market value September 30, 1960—\$1,282,000) ..	1,260,328	7,276,632
Accounts receivable	2,574,412	2,931,984
Sugar and supplies—valued at cost or replacement	6,766,884	6,377,659
Prepaid expenses	208,521	198,237
	<u>14,425,996</u>	<u>16,958,062</u>

Investments at Cost

(Market value September 30, 1960— \$875,000)	<u>752,917</u>	<u>752,917</u>
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Fixed Assets at cost less amounts

written off:		
Land	336,026	337,568
Buildings, plant, machinery and equipment	<u>29,421,041</u>	<u>24,610,005</u>
	<u>29,757,067</u>	<u>24,947,573</u>

<u>\$44,935,980</u>	<u>\$42,658,552</u>
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Commitments for construction—\$1,100,000

REFINING COMPANY, LIMITED COMPANIES

AS AT SEPTEMBER 30, 1960

REFLECT CONSOLIDATION OF THE ASSETS
COMPANY LIMITED AT SEPTEMBER 30, 1959)

LIABILITIES

Current Liabilities:	1960	1959
Accounts payable	\$ 2,261,796	\$ 1,819,554
Final instalment of long-term debt of subsidiary due July 1, 1960	—	40,000
Balance due beet growers - estimated	862,669	675,952
Income taxes payable	839,785	841,282
	<u>3,964,250</u>	<u>3,376,788</u>
 Accumulated Depreciation	 18,443,891	 17,260,305
Minority Interest in preferred and common shares of a subsidiary company	 1,369,458	 1,369,335
 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	 17,158,381	 16,652,124
	<u>21,158,381</u>	<u>20,652,124</u>
	 <u>\$44,935,980</u>	 <u>\$42,658,552</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, 1960

(WITH COMPARATIVE FIGURES REVISED TO REFLECT CONSOLIDATION OF
THE OPERATING RESULTS OF THE MANITOBA SUGAR COMPANY LIMITED
FOR THE YEAR ENDED SEPTEMBER 30, 1959)

	1960	1959
Net operating profit before the		
undernoted items	\$4,205,579	\$4,376,483
Income from investments	309,752	164,352
Capital gain on sale of land	154,248	—
	<u>4,669,579</u>	<u>4,540,835</u>

Deduct:

Directors' fees	9,275	9,100
Provision for depreciation	1,250,000	1,091,985
Provision for income taxes	1,548,000	1,652,000
	<u>2,807,275</u>	<u>2,753,085</u>
	1,862,304	1,787,750
Deduct minority interest in earnings of The Manitoba Sugar Company Limited	76,047	76,314
Net profit for the year	<u>\$1,786,257</u>	<u>\$1,711,436</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, 1960

(WITH COMPARATIVE FIGURES REVISED TO REFLECT CONSOLIDATION OF
THE RETAINED EARNINGS OF THE MANITOBA SUGAR COMPANY LIMITED
FOR THE YEAR ENDED SEPTEMBER 30, 1959)

	1960	1959
Balance at beginning of the year	\$16,652,124	\$17,713,569
Adjustments on consolidation of The Manitoba Sugar Company Limited		
Reduction of the investment to net book value at acquisition	—	(1,599,183)
Share of increase in surplus from acquisition to September 30, 1958	—	226,302
	<hr/> 16,652,124	<hr/> 16,340,688
Net profit for the year	1,786,257	1,711,436
	<hr/> 18,438,381	<hr/> 18,052,124
Dividends paid	1,280,000	1,400,000
Balance at end of year	<hr/> <hr/> \$17,158,381	<hr/> <hr/> \$16,652,124

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, 1960 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, 1960 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 as revised.

Helliwell, MacLachlan & Co.,

Chartered Accountants.

Vancouver, B.C., November 16, 1960.

