

~~1875~~ British Columbia Sugar Refining Co. Ltd.

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# **B.C. Sugar**

Refinery, Ltd.



*Annual Report 1968*



# B C SUGAR REFINERY, LIMITED

VANCOUVER, B.C. SEPTEMBER 30, 1968

## 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.
R. H. TUPPER	Vancouver, B. C.
H. R. WHITTALL	Vancouver, B. C.

\*Officers of the Company.

Head Office: Ft. Rogers St.,  
Vancouver 6, B.C.

Registrar and Transfer Agent:  
National Trust Company, Limited,  
Vancouver and Toronto



## OFFICERS AND OFFICIALS OF SUBSIDIARY COMPANIES

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
IAN ANGUS	Vice-President
H. A. DUNLOP	Treasurer
K. B. ALEXANDER	Comptroller
W. R. CRAIG	Chief Engineer
DR. F. H. PETO	Director, Agricultural Research
J. M. REID	Purchasing Agent
R. P. CLARK	Personnel Manager
W. W. BLANKENBACH	General Chemist
R. E. HEWITT	Office Manager, Vancouver
W. R. HETHERINGTON	Vice-President in Charge of Beet Operations
D. W. PURDY	Manager, Canadian Sugar Factories Limited
J. G. SNOW	Agricultural Superintendent, Canadian Sugar Factories Limited
W. A. WILLISON	Manager, The Manitoba Sugar Company Limited
J. S. McDIARMID, Jr.	Secretary, The Manitoba Sugar Company Limited
J. W. HALL	Agricultural Superintendent, The Manitoba Sugar Company Limited

## B C SUGAR REFINERY, LIMITED

### HIGHLIGHTS FOR THE YEAR

	1968	1967
Sales .....	\$39,969,550	\$38,549,904
Net earnings .....	3,261,173	3,482,383
Earnings per common share .....	3.83	3.98
Dividends paid per common share ....		
Regular dividend .....	2.00	1.50
Extra dividend from the prior year's earnings .....	.70	.35
	<u>2.70</u>	<u>1.85</u>
Capital expenditure .....	1,240,759	899,146
Current assets .....	13,167,194	15,789,848
Current liabilities .....	4,021,285	6,805,478
Net current assets .....	9,145,909	8,984,370

## PRESIDENT'S REPORT

Once again we have to report that world sugar prices, and consequently Canadian sugar prices, remained at ridiculously low levels throughout the past year. As we have reported before, low world prices do not have any effect on profits from our refining operations but do have a direct effect on the results of our beet sugar operations.

During the year, meetings were held in Geneva under the auspices of the United Nations in an endeavour to formulate a new International Sugar Agreement, the principal objective being to control world production in relation to consumption and thereby influence world sugar prices to give a fair return to the producers and a fair cost to the consumer. It seemed at the outset that the problems facing the delegates at Geneva were insurmountable and that it was most unlikely that an agreement would be reached. However, in the latter part of October a draft agreement was approved by the delegates from nearly all major sugar importing and exporting countries.

The new International Sugar Agreement, although approved by the delegates, now awaits ratification by the respective governments, and it is planned to become effective January 1, 1969.

The announcement of the approval of the draft agreement immediately brought about a marked improvement in world sugar prices, although the rise by no means brought values to the lower limit of the price range suggested in the agreement. It remains to be seen whether the new agreement will prove to be truly effective and thus result in a further increase in sugar prices, although it should be some months before the market can make a proper assessment of the effectiveness of the agreement.



Our volume of sugar sales improved slightly over the previous year, the increase being due entirely to population growth in the area of Canada in which we sell our products.

As reported in the interim report for the first six months of the financial year, profits for that period showed a distinct improve-



ment over the similar period in the previous year. The increased profit at that time was accounted for by the devaluation of the £ sterling which resulted in a non-recurring profit, and better sugar prices during the first half of the year. Unfortunately, these improvements were offset in the second half of the year due to lower sugar prices, and due to below average beet production, which in turn reduced the volume of pulp and molasses available for sale.

This year's beet crop on the prairies got off to a good start, and, despite adverse weather which prevailed in August, a near record high tonnage of beets was harvested in both Alberta and Manitoba. This will greatly improve our position regarding by-product sales, and if the new International Sugar Agreement proves to be effective, our profits from beet sugar in the coming year should be distinctly better.



As mentioned last year, our Company has endeavoured to expand its fertilizer sales in Southern Alberta and Manitoba. A very satisfactory increase in sales was achieved. However, this improvement was largely offset by price reductions brought about by very severe competition. Further increase in sales volume is expected in coming years and additional facilities and equipment have been purchased in anticipation of this.



Our Company's participation in World Seeds, Inc. has been given considerable publicity, as indeed has the whole concept of introducing high-yielding, short-strawed varieties of wheat into the prairie wheat growing areas. Unfortunately, not all the publicity has been favourable, and thus some difficulty was encountered in marketing the first variety which was introduced in the United States last spring.

We have been unable to introduce these new varieties to Canadian growers, as existing regulations in Canada do not permit private companies to introduce the new varieties freely. It is our firm conviction that these Canadian restrictions must eventually be eased, as only increased productivity and a greater range of quality will enable the Canadian farmers to remain competitive in world wheat trade. How long it will take for this



change to come about is difficult to foretell and, for this reason, and also because the Company has found that the time and effort required on the part of its executives to properly supervise the operation of World Seeds, Inc. has been excessive, the Company (as noted in the financial statements) has granted an option for the purchase of its 50% interest in World Seeds, Inc. for the sum of \$1,250,000 U.S. funds. This amount would reimburse the Company for its entire investment in World Seeds, Inc., both equity and advances, and show a small profit.

If the option is not exercised, the Company's position is unchanged and it will continue its efforts to make World Seeds, Inc. a success.





# BC SUGAR REFINERY, LIMITED

AND SUBSIDIARY COMPANIES

THE BRITISH COLUMBIA SUGAR REFINING  
COMPANY, LIMITED

CANADIAN SUGAR FACTORIES LIMITED

THE MANITOBA SUGAR COMPANY LIMITED

CONSOLIDATED ACCOUNTS FOR THE  
YEAR ENDING SEPTEMBER 30TH, 1968

**B C SUGAR RE**  
**AND SUBSIDIA**  
**CONSOLIDATED BALANCE SHE**  
**(WITH COMPARATIVE**

**ASSETS**

<b>Current Assets:</b>	<b>1968</b>	<b>1967</b> (reclassified)
Cash and short term deposits .....	\$ 2,948,107	\$ 4,202,534
Marketable securities at cost (market value \$74,000; 1967 - \$1,345,000) .....	80,150	1,349,257
Accounts receivable .....	4,447,103	3,497,385
Inventories (Note 2) .....	5,496,686	6,459,736
Prepaid expenses .....	195,148	280,936
	<u>13,167,194</u>	<u>15,789,848</u>
<b>Non-Current Accounts Receivable</b> .....	<u>377,202</u>	<u>365,023</u>
<b>Investment in World Seeds, Inc.</b> (Note 3) .....	<u>1,021,159</u>	<u>322,463</u>
<b>Fixed Assets at Cost:</b>		
Land .....	337,508	336,758
Buildings, plant, machinery and equipment .....	37,651,344	36,486,307
	<u>37,988,852</u>	<u>36,823,065</u>
<b>Less</b> accumulated depreciation .....	<u>28,694,680</u>	<u>27,557,652</u>
	<u>9,294,172</u>	<u>9,265,413</u>

**Approved on behalf of the Board:**

F. ROGERS, Director  
A. M. ROBERTSON, Director

<u>\$23,859,727</u>	<u>\$25,742,747</u>
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# FINERY, LIMITED

## RY COMPANIES

ETAS AT SEPTEMBER 30, 1968

FIGURES FOR 1967)

### LIABILITIES

Current Liabilities:	1968	1967 (reclassified)
Accounts payable .....	\$ 1,736,378	\$ 1,465,367
Amounts due to beet growers .....	816,975	1,354,125
Dividends payable .....	450,000	432,500
Income taxes payable .....	1,017,932	1,753,486
Due on redemption of preferred shares .....	—	1,800,000
	<u>4,021,285</u>	<u>6,850,478</u>
Seven Percent Notes Payable due October 24, 1969 .....	<u>3,000,000</u>	<u>3,000,000</u>

### SHAREHOLDERS' EQUITY

#### Capital:

Authorized:

300,000 Five percent  
cumulative Preferred  
Shares redeem-  
able at par value of \$20.00  
2,000,000 Common  
shares of no par  
value

Issued:

200,000 Preferred Shares .....	4,000,000	4,000,000
800,000 Common Shares .....	4,000,000	4,000,000

#### Capital Surplus:

Appropriated on the redemption of  
Preferred Shares .....

2,000,000	2,000,000
Earnings Reinvested in the Business .....	5,937,269
<u>16,838,442</u>	<u>15,937,269</u>
<u>\$23,859,727</u>	<u>\$25,742,747</u>

# B C SUGAR REFINERY, LIMITED

AND SUBSIDIARY COMPANIES

## CONSOLIDATED STATEMENT OF EARNINGS FOR THE YEAR ENDED SEPTEMBER 30, 1968

(WITH COMPARATIVE FIGURES FOR 1967)

	1968	1967
Sales .....	\$39,969,550	\$38,549,904
Cost of sales, selling and administrative expenses (Note 4) .....	32,148,567	30,542,695
Depreciation (Note 5) .....	1,212,000	1,230,000
	<u>33,360,567</u>	<u>31,772,695</u>
Operating income .....	6,608,983	6,777,209
Investment income (Note 6) .....	103,683	258,388
	<u>6,712,666</u>	<u>7,035,597</u>
Interest on notes payable .....	180,493	180,214
Income taxes (Note 7) .....	3,271,000	3,373,000
	<u>3,451,493</u>	<u>3,553,214</u>
Earnings for the year .....	<u>\$ 3,261,173</u>	<u>\$ 3,482,383</u>



# B C SUGAR REFINERY, LIMITED

## AND SUBSIDIARY COMPANIES

### CONSOLIDATED STATEMENT OF REINVESTED EARNINGS FOR THE YEAR ENDED SEPTEMBER 30, 1968

(WITH COMPARATIVE FIGURES FOR 1967)

	1968	1967
Balance at beginning of year .....	\$ 5,937,269	\$ 6,232,386
Earnings for the year .....	<u>3,261,173</u>	<u>3,482,383</u>
	<u>9,198,442</u>	<u>9,714,769</u>
Dividends:		
Preferred shares .....	200,000	297,500
Common shares .....	2,160,000	1,480,000
Transfer to Capital Surplus covering the redemption of preferred shares	<u>—</u>	<u>2,000,000</u>
	<u>2,360,000</u>	<u>3,777,500</u>
Balance at end of year .....	<u>\$ 6,838,442</u>	<u>\$ 5,937,269</u>

# BC SUGAR REFINERY, LIMITED

## AND SUBSIDIARY COMPANIES

### CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 1968

(WITH COMPARATIVE FIGURES FOR 1967)

Source of Funds:	1968	1967 (reclassified)
Earnings .....	\$ 3,261,173	\$ 3,482,383
Depreciation .....	1,212,000	1,230,000
Disposal of Investments .....	—	134,225
	<u>4,473,173</u>	<u>4,846,608</u>
Application of Funds:		
Investment in fixed assets .....	1,240,759	899,146
Investment in World Seeds, Inc.	698,696	322,463
Increase in non-current accounts receivable .....	12,179	87,353
Redemption of preferred shares ..	—	2,000,000
Repayment of notes payable .....	—	400,000
Payment of dividends .....	2,360,000	1,777,500
	<u>4,311,634</u>	<u>5,486,462</u>
Increase (decrease) in net current assets .....	\$ <u>161,539</u>	\$ <u>(639,854)</u>

# B C SUGAR REFINERY, LIMITED

## AND SUBSIDIARY COMPANIES

### NOTES TO FINANCIAL STATEMENTS

1. The consolidated financial statements include the accounts of all subsidiary companies.

To provide for improved comparison, the statements at September 30, 1967 have been reclassified as follows:

- (a) To include short term deposits with cash
  - (b) To reclassify certain investments as marketable securities
  - (c) To reclassify and show separately advances made to World Seeds, Inc. which were included in non-current receivables.
2. Cane sugar has been valued at lower of LIFO (last-in, first-out) cost and replacement; beet sugar, other saleable products and materials and operating supplies have been valued at the lower of actual cost and replacement.
  3. The Company's investment in World Seeds, Inc. has been valued as follows:

50,000 shares at cost representing a 50% interest .....	\$ 230,453
Notes receivable at cost bearing interest at rates varying from 6% to 7¾% .....	790,706
	<u>\$1,021,159</u>

An option dated November 19, 1968 has been granted to purchase the Company's investment, both shares and notes receivable for the sum of \$1,250,000 U.S. Funds; the option to run for a period of three months.

4. Operating expenses include remuneration of \$344,924 (1967 - \$357,541) received by directors in their capacity as directors and officers of the Company.
5. As in the preceding year depreciation has been computed in amounts approximately equal to maximum allowances at normal rates under The Income Tax Act.
6. In 1967 investment income included non-recurring gains amounting to \$99,716.
7. As there was no material difference between the income for the year on a taxation basis and that shown by the accounts, the amount provided for income taxes for the year was normal for the profits shown in the accounts.

# AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of B C Sugar Refinery, Limited and its subsidiaries at September 30, 1968 and the consolidated statements of earnings, reinvested earnings and source and application of funds for the year then ended. 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 these consolidated financial statements present fairly the financial position of the companies as at September 30, 1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON

Chartered Accountants

Vancouver, B.C.

November 20, 1968



