



**Wall & Redekop  
Corporation**

**Annual Report  
1986**

## Five Year Growth Comparison

Wall & Redekop Corporation  
Year Ended January 31

	1986	1985	1984	1983	1982
Operating revenues	<b>\$26,062,670</b>	\$21,966,826	\$30,508,688	\$29,716,270	\$38,553,960
Operating expenses	<b>25,973,645</b>	20,210,822	27,468,401	27,013,767	32,895,837
Income before taxes	<b>705,146</b>	1,756,004	3,040,287	3,318,360	5,658,123
Net income	<b>347,146</b>	979,053	1,405,763	1,571,134	2,614,053
Earnings per common share after tax	<b>\$0.06</b>	\$0.18	\$0.26	\$0.29	\$0.48
Earnings per common share before extraordinary item	<b>\$0.06</b>	\$0.15	\$0.26	\$0.22	\$0.48
Earnings per common share before tax	<b>\$0.13</b>	\$0.32	\$0.56	\$0.61	\$1.03
Cash flow provided from operations	<b>913,156</b>	2,729,366	3,878,436	3,084,198	5,460,348
Cash flow per common share	<b>\$0.17</b>	\$0.50	\$0.71	\$0.56	\$1.00
Shareholders' equity	<b>13,285,789</b>	13,485,075	14,375,123	13,829,968	13,901,910
Retained earnings	<b>11,892,912</b>	12,092,198	12,966,121	12,381,896	12,453,838
Total number of people employed by the Corporation	<b>150</b>	193	407	402	349
Total salaries, wages and commissions paid to employees of the Corporation	<b>\$ 4,607,832</b>	\$ 6,088,565	\$ 7,030,613	\$ 6,631,654	\$ 7,620,868
Number of rental units (suites)	<b>2.240</b>	2.238	1.985	1.948	1,888



## Director's Report

During the year ending January 31, 1986 net income amounted to \$347,146 or \$0.06 per share, while cash flow from operations was \$913,156 or \$0.17 per share.

The figures and accompanying statements in the annual report have been prepared in accordance with generally accepted accounting principles. This report is in concordance with the financial statements and has been approved by the Board of Directors.

On behalf of the Board of Directors



Peter Wall  
Chairman

## Auditors' Report

To the Shareholders  
Wall & Redekop Corporation

We have examined the consolidated balance sheet of Wall & Redekop Corporation as at January 31, 1986 and the consolidated statements of income and retained earnings and changes in cash resources for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at January 31, 1986 and the results of its operations and the changes in its cash resources for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Chartered Accountants  
Vancouver, British Columbia  
April 22, 1986



## Consolidated Statement of Income

Wall & Redekop Corporation  
Year ended January 31

	1986	1985
<b>Revenues</b>	<b>\$26,062,670</b>	<b>\$21,966,826</b>
<b>Expenses</b>		
Cost of sales and operating expenses	16,998,102	11,237,647
Selling, administrative and general	1,680,720	3,243,135
Interest	6,622,820	5,041,256
Depreciation and amortization	672,003	688,784
Total expenses	25,973,645	20,210,822
	89,025	1,756,004
Gain on sale of revenue property	616,121	—
Income before income taxes and extraordinary item	705,146	1,756,004
Income tax provision (recovery):		
Current	939,000	(105,967)
Deferred	(581,000)	1,015,468
Total income taxes	358,000	909,501
Income before extraordinary item	347,146	846,503
Gain on sale of division (net of applicable income taxes of \$82,300)	—	132,550
Net income	<b>\$ 347,146</b>	<b>\$ 979,053</b>
<b>Earnings per share</b>		
Before extraordinary item	\$0.06	\$0.15
After extraordinary item	\$0.06	\$0.18

See notes to consolidated financial statements

## Consolidated Statement of Retained Earnings

Wall & Redekop Corporation  
Year ended January 31

	1986	1985
Retained earnings at beginning of year:		
As previously reported	\$12,305,098	\$12,966,121
Reassessment of prior years' income taxes	(212,900)	(212,900)
As restated	12,092,198	12,753,221
Net income for the year	347,146	979,053
Dividends paid	(546,432)	(1,640,076)
Retained earnings at end of year	<b>\$11,892,912</b>	<b>\$12,092,198</b>

See notes to consolidated financial statements

## Consolidated Balance Sheet

Wall & Redekop Corporation  
January 31

	1986	1985
<b>Assets</b>		
Accounts receivable	\$ 1,262,628	\$ 780,596
Advances receivable	2,259,270	—
Agreements Receivable — Note C	1,341,945	1,285,527
Inventory — Note D	21,677,247	34,212,879
Revenue producing properties — at cost less accumulated depreciation of \$3,972,592 (1985 — \$3,449,488)	63,649,814	57,878,616
Fixed assets — at cost less accumulated depreciation of \$1,173,352 (1985 — \$1,120,217)	625,181	581,629
Other — Note E	1,664,277	1,133,903
	<b>\$92,480,362</b>	<b>\$95,873,150</b>
<b>Liabilities and Shareholders' Equity</b>		
Bank indebtedness — Note F		
Operating	\$ 8,563,295	\$12,783,789
Term	—	8,539,793
Accounts payable and accruals	2,095,768	1,828,551
Income taxes payable	1,031,507	236,540
Mortgages and agreements payable — Note G	332,491	3,438,904
Mortgages on revenue producing properties — Note H	52,926,706	40,214,625
Sinking fund debentures — Note I	544,800	616,400
Deferred income taxes	13,700,006	14,729,473
	<b>79,194,573</b>	<b>82,388,075</b>
Shareholders' equity		
Capital stock — Note J	1,392,877	1,392,877
Retained earnings	11,892,912	12,092,198
	<b>13,285,789</b>	<b>13,485,075</b>
Commitments and contingent liabilities — Note K		
	<b>\$92,480,362</b>	<b>\$95,873,150</b>

See notes to consolidated financial statements

Approved by the Directors:



Director



Director



## Consolidated Statement of Changes in Cash Resources

Wall & Redekop Corporation  
Year ended January 31

	1986	1985
<b>Funds provided by operations</b>		
Income before extraordinary item	\$ 347,146	\$ 846,503
Items not requiring an outlay of cash	566,010	1,882,863
Total from operations	913,156	2,729,366
Agreements receivable	—	1,838,220
Accounts receivable	—	560,702
Proceeds from sale of division	—	954,800
Other assets	—	21,942
Investment in revenue producing properties, net of mortgages thereon	6,411,679	—
Accounts payable	267,217	—
Income tax payable	794,967	—
Inventory, net of changes in mortgages and agreements payable	9,429,219	—
	17,816,238	6,105,030
<b>Application of Funds</b>		
Inventory, net of change in mortgages and agreements payable	—	2,564,168
Investment in revenue producing properties, net of mortgages thereon	—	1,164,453
Dividends	546,432	1,640,076
Agreements receivable	56,418	—
Reassessment of taxes of prior years	448,467	—
Other assets	1,005,381	—
Income taxes payable	—	187,360
Accounts receivable	482,032	—
Purchase of fixed assets, net of disposals	186,351	130,283
Purchase of sinking fund debentures	71,600	150,500
Acquisition of capital stock	—	16,125
Accounts payable and accruals	—	518,336
Advances receivable	2,259,270	—
	5,055,951	6,371,301
<b>Increase (decrease) in bank indebtedness</b>	<b>(12,760,287)</b>	<b>266,271</b>
<b>Bank indebtedness at beginning of year</b>	<b>21,323,582</b>	<b>21,057,311</b>
<b>Bank indebtedness at end of year</b>	<b>\$ 8,563,295</b>	<b>\$21,323,582</b>

See notes to consolidated financial statements

## Notes to Consolidated Financial Statements

Wall & Redekop Corporation  
January 31, 1986

### Note A. General

The Company is incorporated under the Company Act of British Columbia. Its principal business activities include real estate development, investment in revenue producing properties and real estate sales.

### Note B. Summary of Significant Accounting Policies

**Consolidation.** The consolidated financial statements include the accounts of the Company and its subsidiaries.

**Capitalization of Costs.** The Company capitalizes acquisition and direct development costs for property for resale or development and revenue producing properties. In addition, the following are also capitalized:

Direct carrying costs such as interest and property taxes to property for resale or development;

A portion of the interest on general borrowings and the applicable portion of administrative overhead to properties under development until the development is completed; and

Operating results of revenue producing properties until 80% occupancy is obtained.

**Inventory.** Property for resale or development and lumber and building products are carried at the lower of cost and estimated net realizable value.

**Revenue Recognition.** Revenue from the sale of land inventory and revenue producing properties is recognized when all material conditions of the sale have been fulfilled and a down-payment appropriate in the circumstances has been received.

**Foreign Currency Translation.** All gains or losses that arise from the translation of foreign currencies are included in income, except for unrealized gains or losses on monetary items which are hedged by land inventory and revenue streams from revenue producing properties, which are deferred until the settlement date of that monetary item. The financial statements of the Company's United States operations are translated into Canadian dollars as follows:

Monetary items—at the exchange rate in effect on the balance sheet date.

Non-monetary items—at the historical exchange rate.

Income and expenses—at a weighted average exchange rate for the year, except for depreciation and cost of goods sold, which are translated at the exchange rate in effect on the transaction date.

**Oil and Gas Properties.** The Company follows the full cost method of accounting for oil and gas properties whereby all costs relating to the exploration for and development of oil and gas reserves, whether productive or non-productive, are capitalized. Where a decline in value of these properties is indicated, provision is made to reduce the carrying values accordingly.

**Depreciation and Amortization.** The Company's revenue producing properties are depreciated on a 5% — 40 year sinking fund basis. Fixed assets are depreciated using the declining balance method at rates ranging from 10% to 30% and, in the case of leasehold improvements, using the straight-line method over 5 to 10 years.

**Income Taxes.** The Company provides for taxes on the tax allocation basis. Deferred income taxes arise principally from timing differences between accounting income and income for tax purposes due to certain property development costs that are deductible for tax purposes which are capitalized in the accounts and capital cost allowances claimed in excess of depreciation.

### Note C. Agreements Receivable

The agreements receivable consist of balances due from the sale of properties and are primarily secured by agreements for sale and mortgages.

Principal instalments receivable within the next five years are:

1987	\$834,000
1988	181,000
1989	39,000
1990	40,000
1991	46,000

### Note D. Inventory

	1986	1985
Property for resale or development	\$21,463,040	33,900,177
Lumber and building products	214,207	312,702
	<b>21,677,247</b>	<b>34,212,879</b>
Costs capitalized during the year	<b>649,535</b>	<b>2,418,528</b>

### Note E. Other

	1986	1985
Oil and gas properties	\$ —	474,764
Deposits and prepaids	<b>1,259,691</b>	417,687
Investments	<b>404,586</b>	241,452
	<b>1,664,277</b>	<b>1,133,903</b>



## Notes to Consolidated Financial Statements

Wall & Redekop Corporation  
January 31, 1986

### Note F. Bank Indebtedness

Bank Indebtedness is secured by fixed and floating demand debentures and various forms of specific security, and includes a balance of U.S.\$5,654,000 (1985 — U.S.\$8,933,000).

Bank lines of credit at January 31, 1986 amounted to \$20,805,000 of which \$10,378,675 had been drawn down (1985 — \$28,093,000 and \$21,325,822 respectively).

### Note G. Mortgages and Agreements Payable

Mortgages and agreements payable are secured by certain properties held for resale or development and include a balance of U.S.\$138,521 (1985 — U.S.\$398,890).

### Note H. Mortgages on Revenue Producing Properties

The approximate principal instalments payable within the next five years are:

1987	\$ 2,362,000
1988	950,000
1989	6,303,000
1990	4,363,000
1991	10,350,000

### Note I. Sinking Fund Debentures

The Company has covenanted to establish a sinking fund to retire principal amounts of the 8% redeemable Series A debentures. Amounts of \$75,000 per annum are payable cumulatively into the sinking fund through to 1986 plus an amount equal to the annual interest on Series A debentures previously retired. The unfunded balance will become due in 1987.

The debentures are secured by a floating charge on the Company's undertaking, property and assets, subject only to specifically mortgaged properties, floating charges to permit dealings in the ordinary course of business, and bank borrowings secured by specific charges or other collateral.

During the current year, the Company satisfied the balance of its April 15, 1985 sinking fund requirements by purchasing debentures on the open market and making a payment to the debenture trustee.

### Note J. Capital Stock

A. The Company has authorized capital stock of 9,000,000 common shares without nominal or par value. The number of shares issued and fully paid is 5,480,220 (1985—5,484,020), including 17,500 (1985—21,800) shares held by the Company.

B. During the year the Company cancelled 3,800 treasury shares.

C. Stock options are outstanding to certain employees to purchase up to 84,000 shares. The terms of the options provide that the options are exercisable at a price of 10% below market escalating at the rate of \$0.25 per year and expire on April 30, 1986. The options expire 15 days after an employee leaves the Company. No options were exercised during the current year.

D. The trust deed for the sinking fund debentures contains certain restrictions on the payment of dividends on the common shares.

### Note K. Commitments and Contingent Liabilities

**Lease Commitments.** The Company has entered into lease agreements on certain land, property and equipment for terms up to seventy-five years. The approximate amounts payable over the next five years, excluding any contingent liabilities noted below, are:

1987	\$ 205,000
1988	139,000
1989	54,000
1990	54,000
1991	54,000

The Company is contingently liable for outstanding letters of credit in the amount of \$1,485,269.

### Note L. Related Party Transactions

Under a joint venture agreement with a director, the Company acquired property from the director for \$300,000.

### Note M. Reclassifications

Certain of last year's balances have been reclassified according to this year's presentation.



## Notes to Consolidated Financial Statements

Wall & Redekop Corporation  
January 31, 1986

### Note N. Segmented Information

#### Industry segments

figures shown in thousands of dollars

	Land and revenue producing property sales		Rental and real estate agency		Other		Elimination		Consolidated	
	1986	1985	1986	1985	1986	1985	1986	1985	1986	1985
Sales — customer	\$ 5,837	\$ 3,306	\$17,937	\$16,224	\$ 2,289	\$ 2,437	\$ —	\$ —	\$26,063	\$21,967
Inter-segment	—	—	—	28	—	—	—	(28)	—	—
Total Revenue	5,837	3,306	17,937	16,252	2,289	2,437	—	(28)	26,063	21,967
Operating Profit (Loss)	\$ (476)	\$ (39)	\$ 3,444	\$ 2,909	\$ (1,322)	\$ (148)	\$ —	\$ —	\$ 1,646	\$ 2,722
General administration and interest									(941)	(966)
Income taxes									(358)	(910)
Income before extraordinary item									347	846
Extraordinary item									—	133
Net income for the year									\$ 347	\$ 979
Identifiable Assets	\$24,910	\$34,769	\$65,695	\$59,162	\$ 1,875	\$ 1,892	\$ —	\$ —	\$92,480	\$95,823
Corporate assets									—	50
Total Assets									\$92,480	\$95,873
Capital expenditures	\$ —	\$ —	\$ 7,577	\$12,150	\$ 113	\$ 177				
Depreciation and amortization	\$ —	\$ 6	\$ 605	\$ 597	\$ 67	\$ 86				

#### Geographical Segments

figures shown in thousands of dollars

	Canada		United States		Total	
	1986	1985	1986	1985	1986	1985
Total Revenue	\$18,929	\$19,646	\$ 7,134	\$ 2,321	\$26,063	\$21,967
Operating Profit (Loss)	1,527	3,267	119	(545)	1,646	2,722
General administration and interest					(941)	(966)
Income taxes					(358)	(910)
Income before Extraordinary Item					347	846
Extraordinary item					—	133
Net Income for the Year					\$ 347	\$ 979
Identifiable Assets	\$71,835	\$70,962	\$20,645	\$24,861	\$92,480	\$95,823
Corporate assets					—	50
Total Assets					\$92,480	\$95,873

### Directors

Peter Wall  
Peter Redekop  
John Redekop  
Alan D. Perley  
C.G. Baldwin  
Herman Frydenlund

### Officers

**Peter Wall**  
Chairman of the Board

**Peter Redekop**  
President

**John Redekop**  
Vice-President, Valley Division

**Dennis Facer**  
Senior Vice-President,  
Land & Construction

**C.G. Baldwin**  
Secretary & Treasurer

**Susan Dosot**  
Vice-President,  
Property Management

### Head Office

**Wall & Redekop Corporation**  
520 - 601 West Broadway  
Vancouver, British Columbia  
V5Z 4C2  
(604)872-3555

### Divisions

As a shareholder, you are part of the Wall & Redekop organization. When you have need of the services offered by Wall & Redekop, we suggest that you patronize your Company.

### Kitchen Cabinets

**Monocrest Kitchens Ltd.**  
10611 River Drive  
Richmond, British Columbia  
V6X 1Z2  
273-4655

### Property Management

520 - 601 West Broadway  
Vancouver, British Columbia  
V5Z 4C2  
(604)872-3555

### Construction & Land Development

**Vancouver Division**  
520 - 601 West Broadway  
Vancouver, British Columbia  
V5Z 4C2  
(604)872-3555

**Fraser Valley Division**  
105 - 33119 South Fraser Way  
Abbotsford, British Columbia  
V2S 2B1  
(604)530-9591 Toll Free  
(604)859-7636

**Bellevue**  
Suite 350  
520 - 112th Avenue NE  
Bellevue, WA 98004  
(206)453-8925

### Real Estate

#### Wall & Redekop Realty Ltd.

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520 - 601 West Broadway  
Vancouver, British Columbia  
V5Z 4C2  
(604)872-3555

*Richmond Branch*  
160 - 4800 No. 3 Road  
Richmond, British Columbia  
V6X 3A6  
(604)273-1111

*Abbotsford Branch*  
105 - 33119 South Fraser Way  
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(604)530-9591 Toll Free  
(604)859-7636









**Wall & Redekop  
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