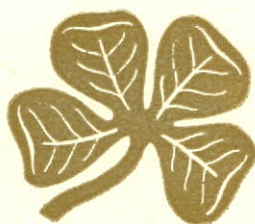


British Columbia Packers Limited

Present Company and Predecessors have Operated
Continuously since 1876

PACKERS OF



"CLOVER LEAF"

and other well known brands

Canned Sea Foods — Edible Fish Meals and Oils

Fresh, Frozen and Smoked Fish Products

Fourteenth Annual Report

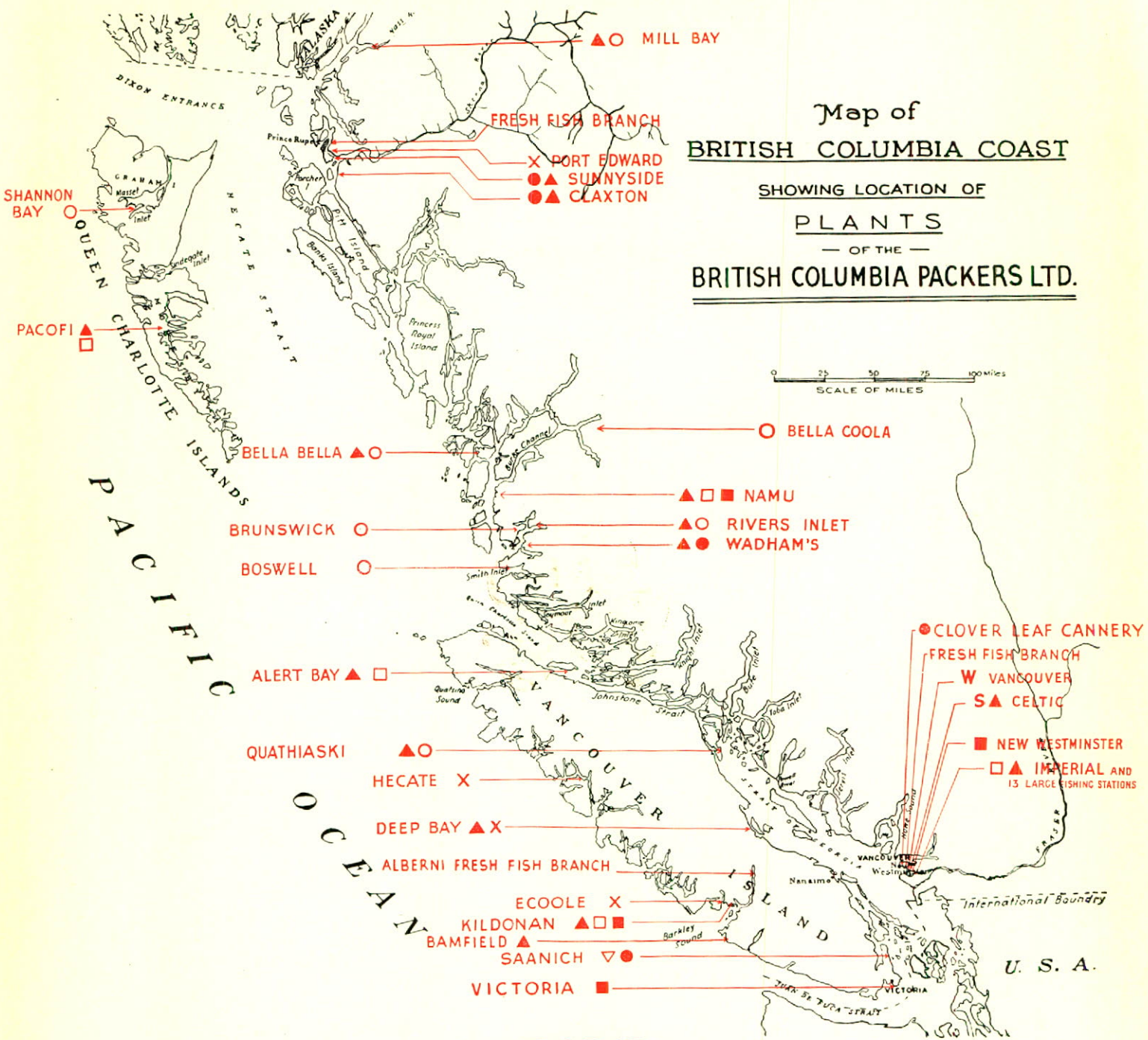
FOR THE FISCAL PERIOD ENDED
APRIL 30, 1942

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Map of
BRITISH COLUMBIA COAST
 SHOWING LOCATION OF
PLANTS
 — OF THE —
BRITISH COLUMBIA PACKERS LTD.



LEGEND

- CANNERIES.
- CANNERIES AND REDUCTION PLANTS COMBINED.
- × REDUCTION PLANTS ONLY.
- FORMER CANNERIES NOW OPERATED AS FISHING STATIONS.
- ▲ STORES CONTINUOUSLY OPERATED BY THE COMPANY SERVING BOTH THE PUBLIC AND EMPLOYEES.
- S SHIPYARDS.
- W WHARF, WAREHOUSE AND HEAD OFFICE.
- COLD STORAGE PLANTS.
- ▽ SMALL FRUITS AND CLAMS.

British Columbia Packers Limited

BOARD OF DIRECTORS

J. M. BUCHANAN
F. E. BURKE
STANLEY BURKE
J. H. COPEMAN
GORDON FARRELL
J. H. GUNDY
GEORGE KIDD
H. R. MACMILLAN
J. S. MCLEAN
J. P. D. MALKIN
A. HOWARD SPOHN
AUSTIN C. TAYLOR
W. J. VAN DUSEN
A. H. WILLIAMSON

OFFICERS

H. R. MACMILLAN, *President*
STANLEY BURKE, *Vice-President*
J. M. BUCHANAN, *Vice-President and General Manager*
S. K. MURRAY, *Assistant General Manager*
R. E. WALKER, *Production Manager*
C. B. POWELL, *Sales Manager*
G. M. FERGUSON, *Comptroller*
A. HAMILTON, *Secretary-Treasurer*

REGISTRAR AND TRANSFER AGENT

The London & Western Trusts Company Limited
Toronto and Vancouver, Canada

Co-Transfer Agent

Chartered Trust and Executor Company
Montreal, Canada

Auditors

Price, Waterhouse & Co.

Report of Directors

To the Shareholders

BRITISH COLUMBIA PACKERS LIMITED:

Your Directors submit herewith the Consolidated Balance Sheet and the Consolidated Statement of Profit and Loss and Earned Surplus Account of the Company as at April 30th, 1942.

The operations for the year resulted in a net profit as shown by the Profit and Loss Account of \$423,509.98. This represents 3.5% of the value of net sales or 37 cents per hundred pounds of raw products handled. This profit is \$216,657.83 more than the profit as shown at April 30th, 1941, which was \$206,852.15, but only \$32,878.36 more than the year ended April 30th, 1940, although the sales value of our product practically doubled in the intervening two-year period. The foregoing increase in net profit for the period under review was chiefly due to:

- (a) a large increase in production of canned salmon and herring over the 1940 season.
- (b) an increase in pilchard catch.
- (c) an increase in fish oil prices.

The comparison below shows the increase in net sales and the distribution of net proceeds from the sale of products in the fiscal years, 1940, 1941, and 1942.

	1940		1941		1942	
	\$6,190,953	100%	\$7,852,985	100%	\$12,212,296	100%
Net Sales						
DISTRIBUTION OF SUCH PROCEEDS:						
Paid to Fishermen and Employees.....	2,961,776	47.8	3,969,285	50.5	6,565,395	53.8
Paid for supplies and miscellaneous services.....	2,204,798	35.6	3,235,188	41.2	4,334,683	35.4
Depreciation (to be expended ultimately in main- tenance and renewals)	263,812	4.3	287,256	3.7	289,859	2.4
Provision for Dominion and Provincial Taxes.....	369,935	6.0	154,404	2.0	598,849	4.9
Remainder accumulated by the Company as earn- ings for the maintenance of the business and ultimate benefit of Shareholders.....	390,632	6.3	206,852	2.6	423,510	3.5
	<u>\$6,190,953</u>	<u>100%</u>	<u>\$7,852,985</u>	<u>100%</u>	<u>\$12,212,296</u>	<u>100%</u>

PRODUCTION:

The 1941 pack of canned salmon in British Columbia was 55% over 1940 and the largest since the year 1930. This increase was partially due to certain species of salmon being canned that had formerly been shipped frozen to various markets of the world. The pack of canned salmon for the 1941 season totalled 2,245,715 cases against 1,467,227 in 1940; 1,539,057 in 1939; 1,707,830 in 1938; 1,509,175 in 1937; 1,881,026 in 1936; 2,221,819 in 1930. The canned herring pack for the Province totalled 1,563,638 cases compared with 643,725 cases in 1940, an increase of 143%. This pack of canned herring was limited not so much by the supply of herring as by the districts in which the herring runs occurred. Most of the fish from the East Coast of Vancouver Island was canned. The quantity caught in this district totalled approximately 60,000 tons. The facilities to can in other areas were limited. The production of herring oil and meal was considerably reduced in volume.

The production of pilchards for the Province totalled 51,553 tons against a production of 28,770 tons in the previous year. There was accordingly a corresponding increase in production of pilchard oil and meal as pilchards are converted chiefly into oil and meal.

Due to an increase in the demand for vitamin A oils, there was a marked increase in the quantity of greyfish liver oils produced. These oils are now being sold under Government contract chiefly to Great Britain to augment the supply of vitamin oils. Fish oils and meals continue to be a very important factor in the commercial fishing life of British Columbia.

The production of frozen salmon, particularly that of Cohoe, declined because of the loss of the markets for frozen fish in Great Britain and the United States. The production of frozen halibut remained normal.

BALANCE SHEET:

Current and Working Assets total \$3,962,691.07, an increase of \$878,884.95 from that of April 30th, 1941, due chiefly to increase of store merchandise, cans and supplies on hand and accounts receivable.

Of the inventory of products, amounting to \$616,616.72, all was sold with the exception of about \$100,000.00 as of June 30th, 1942. The inventory of store merchandise, cans, new nets, labels, etc., amounting to \$1,786,933.75, increased \$752,246.62 over that of the previous year. Our increased volume of production has necessitated a larger inventory of essential supplies for current operations.

Current Liabilities amount to \$1,923,275.22, an increase of \$807,905.62 over April 30th, 1941, due to large purchases of supplies at the end of the financial year.

The Bank loans were liquidated as at April 30th, 1942.

Current Position was \$70,979.33 greater at April 30th, 1942, than at April 30th, 1941. This gain is notwithstanding payment of \$50,000. First Mortgage Bonds, net expenditure of \$322,832.58 in Capital Assets discussed hereunder, a dividend payment of \$204,418.50 on March 16th, 1942, being \$1.50 per share of outstanding stock and a provision for \$70,979.34 on account of bill payable secured by Second Mortgage Debentures.

CAPITAL ASSETS:

The Capital Assets increased \$32,973.37 after a depreciation provision of \$289,859.21. The chief expenditures for Capital account were a large warehouse at Imperial Cannery to handle the increased herring pack; new power plant at Imperial where new boilers were installed and converted from oil fuel to coal; a large addition to our office building; a large cold storage plant situated on the waterfront in the city of Victoria purchased under favourable conditions and the purchase of a number of boats previously owned by Japanese.

After declaration of war on Japan, the Japanese were excluded from the fishing industry and their boats taken over for disposal by a Committee set up by the Canadian Government. Of these boats some previously used in our operations under seasonal charters were purchased by the Company.

The plants and fleet have been fully maintained during the past year in keeping with the Company's established policy.

The Company exists to perform the combined functions of catching fish along the whole coast of British Columbia, processing those fish for their highest use and delivering the many final products to a wide range of markets. These ends can be accomplished only by the use of many plants at strategic points and a large fleet of boats employing many thousands of experts whose lives are spent wholly or chiefly in the deep sea fishing industry. It is a definite policy of the Company to maintain and modernize the plants, to keep the fleet up to the everchanging requirements, and to improve the living conditions for those employees living on the Company's many properties, many of which constitute small isolated and self-sufficient communities, surrounded by ocean, forest and mountains, accessible only by salt water. Something has been done to improve these communities, more remains to be done.

PRESENT OUTLOOK:

The British Ministry of Food acting through the Canadian Government have arranged to purchase the whole 1942 production in British Columbia of canned salmon and canned herring. Consequently for the next year at least there will be no canned salmon or canned herring available for distribution either in Canada or in other markets of the world excepting the carryover in dealers' hands from last year's pack.

In order to keep our "Clover Leaf" brand before our customers, your Directors have authorized the adoption of an advertising program. One of the advertisements used is reproduced in this report.

No agreement has yet been made with the Canadian Government on prices to be obtained for this year's salmon and herring pack. As large a canned herring pack as possible will be produced; nevertheless, there should still be available for fish oil and meal a considerable quantity of herring although such operations may be limited to certain areas. All herring which are unsuitable for canning due to size and softness will be converted into oil and meal together with the waste from the herring canneries. These products are essential for feeds and commercial purposes in the Canadian, United Kingdom and United States markets. During the last year a larger volume of fish meal was supplied to the Canadian market.

At this date the early salmon pack of this season compares unfavourably with that of last season, but is in line with the previous cycle run. The catch of pilchards to date is only 50% of that of last year at the same date, also the return of oil per ton of fish is down very sharply. However, the season is not far enough advanced to make any worthwhile predictions as to possible final outturns.

GENERAL:

Some twenty-five of the largest and best boats ordinarily used in the Company's operations have been requisitioned by the Armed Services for duty along our coast.

As in other industries our personnel problem has become very difficult due to Governmental regulations and the enlisting of our younger men in the essential Services. However, to date, this situation has been met partially by closing two plants which were operated during last season, Wadhams in Rivers Inlet and Alert Bay in Johnstone Straits. The fish from these districts is being transported to other plants for processing.

During the year it became necessary to create a Personnel Department which Department is now functioning satisfactorily.

Due to the increased detail in connection with Governmental reports, taxes and secretarial work of the Company, a new position, that of Comptroller, was created to which was appointed the former Secretary-Treasurer, Mr. G. M. Ferguson. Mr. A. Hamilton who has been with the Company for seventeen years was in turn named as Secretary-Treasurer.

On behalf of the Board of Directors and Shareholders I wish to thank the Officers and employees for their service during the past year.

Respectfully submitted,

H. R. MACMILLAN,
President.

British Columbia and Subsidiaries

Consolidated Balance Sheet

ASSETS

CURRENT AND WORKING ASSETS:

INVENTORIES—

Canned salmon, herring, pilchards, clams, oysters, meal and oil, fruit, etc., on hand and on consignment, valued on the basis of (a) amount sold under sales contracts at net selling value, (b) remainder at cost (excluding depreciation) or market value, whichever is lower.....	\$ 616,616.72
Store merchandise, cans, new nets, etc.—at cost or market, whichever is lower.....	1,786,933.75
Used nets, fishing and operating supplies—as valued by the management.....	291,853.93
	\$ 2,695,404.40

Unexpired insurance and prepaid items.....	28,076.07
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SUNDRY DEBTORS—

Bills and accounts receivable, advances to fishermen and others, secured and unsecured—less reserve.....	1,168,553.78
Dominion of Canada 3% 1954 Victory Loan Bonds at cost..... (Market value \$4,975.00.)	5,000.00
Cash at banks, on hand and in transit.....	65,656.82
	\$ 3,962,691.07

CAPITAL ASSETS:

Freehold lands at 1938 assessed value.....	\$ 133,188.00
Leasehold lands at nominal value.....	1.00
Buildings, plant, machinery, etc. at replacement values as appraised in 1929 by the Canadian General Appraisal Co. Ltd., less retirements and abandonments at such value, plus the cost of subsequent additions.....	\$ 5,110,104.48
Floating equipment at book values.....	966,816.77
	\$ 6,076,921.25
<i>Less—</i>	
Reserve for depreciation.....	3,622,584.59
	2,454,336.66
Licences, trade marks, goodwill, etc., at book values.....	1,108,818.09
	3,696,343.75

DEFERRED CHARGES:

Bond discount and expense—less amounts written off.....	\$ 46,575.81
Miscellaneous.....	2,006.37
	48,582.18

Approved on Behalf of the Board:

H. R. MacMILLAN, *Director.*

J. M. BUCHANAN, *Director.*

\$ 7,707,617.00

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of British Columbia Pacific obtained all the information and explanations which we have required. In connection with supporting evidence, but the scope of our examination of the detail transactions was confined to the Balance Sheet is, in our opinion, properly drawn up so as to exhibit a true and correct statement of our information and the explanations given to us and as shown by the books of the company.

Vancouver, B.C.
July 20, 1942.

Packers Limited

Company

Statement as at April 30, 1942

LIABILITIES

CURRENT LIABILITIES:

Sundry creditors, including accrued interest, etc.....	\$ 1,231,794.50	
Bills payable—instalment due July 1, 1942, secured by Second Mortgage (Closed)		
Serial Debentures.....	70,979.34	
Reserve for income, excess profits and other taxes.....	620,501.38	
		<u>\$ 1,923,275.22</u>

DEFERRED LIABILITY:

Bill payable—payable in annual instalments of \$50,000.00 on July 1, 1943 to 1945 inclusive and \$29,020.66 on July 1, 1946, the latter instalment having been reduced as a result of accelerated payments; secured by deposit of the Second Mortgage (Closed) Serial Debentures mentioned below.....		179,020.66
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FIRST MORTGAGE BONDS:

Aggregate principal amount which may be outstanding.....	<u>\$ 2,000,000.00</u>	
(\$1,000,000.00 Series A were issued, of which \$150,000.00 have been redeemed; the remainder are available for issue subject to terms and conditions of Deed of Trust and Mortgage.)		
<i>Outstanding—</i>		
First Mortgage Serial Bonds payable \$50,000.00 annually on December 1 to 1944—redeemable at Company's option prior to maturity at 101%: 4½% Bonds.....	\$ 150,000.00	
Convertible 5% Fifteen-year First Mortgage (Sinking Fund) Bonds—maturing December 1, 1953—redeemable at Company's option to December 1, 1941 at 105% and thereafter at reducing premiums to maturity; or convertible to December 1, 1943 at option of holders into shares of the Company.....	700,000.00	
		<u>850,000.00</u>

SECOND MORTGAGE (CLOSED) SERIAL DEBENTURES—4%:

Issued as collateral security to bill payable above.....	<u>\$ 250,000.00</u>	
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CAPITAL AND EARNED SURPLUS:

CAPITAL—

Authorized:

390,994 Common shares—no par value.

Issued:

136,279 Common shares—no par value..... \$ 3,600,000.00

NOTE—31,500 of the unissued common shares are held against the conversion privilege to the holders of 5% First Mortgage Bonds.

EARNED SURPLUS—

Per statement attached.....	1,155,321.12	
		<u>4,755,321.12</u>

CONTINGENT LIABILITIES:

Bills under discount, endorsements and guarantees including £1,035.10.10 Sterling commitments converted at \$4.47 to the £.....	<u>\$ 853,968.45</u>	
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\$ 7,707,617.00

Packers Limited and its Subsidiary Companies for the year ended April 30, 1942, and have herewith we have examined or tested the accounting records of the Companies and other confined to a test thereof. We report that, based on such examination, the above Consolidated view of the state of the affairs of the combined Companies, according to the best of our knowledge and belief, is true and correct.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

British Columbia Packers Limited

and Subsidiary Companies

Consolidated Statement of Profit and Loss and Earned Surplus Account as at April 30, 1942

Sales (net)	\$12,212,295.69
<i>Deduct—</i>	
Cost of sales	10,389,468.72
	\$ 1,822,826.97
 <i>Deduct—</i>	
Selling, administrative and general expenses, including interest on bank loans and bills payable, etc.....	410,759.85
	\$ 1,412,067.12
 <i>Deduct—</i>	
Depreciation	\$289,859.21
Interest on bonds	42,922.63
Directors' fees and remuneration.....	1,000.00
Management and executive salaries.....	46,149.92
Legal fees and expenses.....	5,755.71
Bond discount and expense—amount written off.....	4,020.93
Provision for taxes on income, etc.....	598,848.74
	988,557.14
Profit for year ended April 30, 1942.....	\$ 423,509.98
 <i>Add—</i>	
Surplus as at April 30, 1941.....	\$936,229.64
 <i>Deduct—</i>	
Dividend paid.....	204,418.50
	731,811.14
Earned Surplus as at April 30, 1942.....	\$ 1,155,321.12



HISTORY OF IMPERIAL CANNERY and Meal and Oil Plant

STEVESTON, FRASER RIVER, B. C.

Manager, C. H. GILLESPIE

The operations of this plant date back to 1893 when the Brunswick Cannery No. 1 was erected by Benjamin J. Short and W. H. Squair. Part of the original cannery still serves as a warehouse for the present plant.

The same two pioneers built the Hume Cannery in 1896 on the site where now stands the present fish oil and meal reduction plant.

The present cannery was built in 1903 and completely remodelled in 1937.

As an example of the growth in operations, it is interesting to note that in 1893, only sockeye salmon were packed in B.C. and only some 34,000 cases were put up on this site in that year.

By 1932 just over 1,000,000 cases of all species of salmon had been canned here.

In addition to salmon, this plant now cans herring, clams, oysters, and pet food, and has produced up to the present time 2,844,509 cases.

The fish oil and meal plant has been an important phase of the Imperial operations since 1937.

The plant operates almost continuously throughout the year and provides employment for approximately 700 persons during the peak of the herring season. This does not include the men engaged in fishing and transporting fish.



CLOVER LEAF *Salmon*

... Goes to its third War

CLOVER Leaf Salmon, veteran of the Boer War, 1899, and World War, 1914, is off again on active service to World War No. 2. The need in Great Britain for salmon is far more urgent today than it was twenty-five years ago. Whilst enormous quantities were shipped at that time . . . Clover Leaf Salmon was plentiful in Canada.

This time, however, the entire pack will go overseas . . . the familiar Clover Leaf labels will be absent for the first time in over fifty years.

As quickly as conditions permit, Clover Leaf Salmon will return again to Canadian tables from Victoria to Halifax.



BRITISH COLUMBIA PACKERS LTD

Clover Leaf Sea Foods

VANCOUVER BRITISH COLUMBIA



" **CLOVER LEAF** " PRODUCTS

DISTRIBUTED IN CANADA

