

British Columbia Packers Limited

Eighth Annual Report

For Fiscal Year Ended
DECEMBER 31, 1935

BOARD OF DIRECTORS

F. E. BURKE
STANLEY BURKE
GORDON FARRELL
J. H. GUNDY
GEORGE KIDD
H. R. MACMILLAN
J. P. D. MALKIN
S. K. MURRAY
AUSTIN C. TAYLOR
C. C. THOMAS
A. H. WILLIAMSON

OFFICERS

H. R. MACMILLAN, *President*
STANLEY BURKE, *Vice-President*
C. C. THOMAS, *Managing Director*
J. M. BUCHANAN, *General Manager*
S. K. MURRAY, *General Sales Manager*
G. M. FERGUSON, *Secretary-Treasurer*

REGISTRAR AND TRANSFER AGENT:

The London & Western Trusts Company Limited,
Vancouver, Canada

CO-TRANSFER AGENT:

Chartered Trust and Executor Company,
Montreal, Canada

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British Columbia Packers Limited

Eighth Annual Report

To the Shareholders

BRITISH COLUMBIA PACKERS LIMITED.

Your Directors submit herewith the certified Consolidated Balance Sheet as at December 31, 1935, and the Consolidated Deficit and Profit and Loss Account of the Company for the fiscal year ended December 31, 1935.

The Profit and Loss Account shows a small loss but we hope that further economies, more complete use of our plant and equipment, and improving conditions will produce better results in the future.

The Skeena River run of Sockeye was disappointing in 1935, which adversely affected the operations of this Company in common with other companies operating in that region. The run of Sockeye in other districts was up to expectations.

The Company, in common with others, has suffered through Sockeye—which are purchased at a fixed price each—being markedly smaller in size than in any previous corresponding cycle. This decline in size of fish, below preceding averages, cost the Company about \$65,000.00 in 1935 against which additional cost no compensating additional sales price has been secured.

This decline in the size of fish gives additional force and urgency to the thought that those who have heavy investments in the salmon canning business have every reason to seek to discover acceptable and fair methods of working together to reduce all costs entering into their finished product.

The total pack put up by this Company reached the anticipated volume.

The Company's reduction equipment on the West Coast of Vancouver Island was improved and the reduction of both Pilchards and Herring for the production of oil and meal was profitably increased in volume as compared with previous years. It is the Company's intention to continue the expansion of these operations.

With the object of utilizing both plant and organization in the otherwise idle winter season, the manufacture of Dog Food was undertaken at the Company's Imperial Cannery on the Fraser River. This production is meeting with a favorable reception throughout Canada.

The capital reconstruction of the Company, forecast last year, has been completed, having received the almost unanimous support of both Common and Preference Shareholders. The Financial Statements presented herewith show the capital of the Company to have been reduced by \$4,172,347.22. The exchange of shares is now proceeding, 35,540 of the former 39,405 Preference shares and 211,599 of the former 277,665 Common shares having been exchanged for new Common—109,719 shares of which have been issued against a total of 126,279 shares to be issued in exchange for previously outstanding shares.

During the year \$44,000.00 was paid off the outstanding First Mortgage Sinking Fund Debentures which have been reduced by a further \$15,000.00 since the termination of the fiscal year.

The property and organization of the Company are being developed into a stronger position.

When I was asked, some three years ago, by some of the principal Shareholders and creditors of your Company to become its President, neither I nor H. R. MacMillan Export Company Limited had any share interest of any kind in your Company. I undertook the duties of President on the understanding that I should receive \$5,000.00 per annum in cash and that H. R. MacMillan Export Company Limited should receive shares of your Company to compensate it for the loss of my services as it was realized that I would have to give a large part of my time and attention to the affairs of your Company. It was then foreseen that there would have to be a re-organization of your Company's capital structure and it was accordingly agreed that the number of shares the H. R. MacMillan Export Company Limited should receive should remain in abeyance until the re-organization was completed. As this has now been completed your Directors have allotted to H. R. MacMillan Export Company Limited 10,000 Common shares as compensation for such loss of my services to the end of 1939, with the understanding that if for any cause I should cease to be President of your Company prior to the end of 1939, then a stipulated proportionate part of said 10,000 shares would be sold and the proceeds paid over to your Company.

On behalf of the Board of Directors and Shareholders, I wish to thank the officers and employees of the Company for another year's loyal service.

Respectfully Submitted,
H. R. MACMILLAN,
President.

Vancouver, Canada,
February 27, 1936.

British Columbia Packers Limited

and Subsidiary Companies

Consolidated Balance Sheet as at December 31, 1935

ASSETS

Current and Working Assets:	
Inventories as determined and certified to by a responsible official of the Company—	
Canned Salmon, Pilchards, Meal and Oil, etc. on hand, valued on the basis of proportion sold under Sales Contracts at net selling value, and balance at cost or market value, whichever is the lower.....	\$1,627,733.39
Store Merchandise, New Nets, Labels and Supplies at cost or market, whichever is the lower.....	120,391.36
	\$1,748,124.75
Expended on 1936 Pack.....	33,398.09
Sundry Debtors—	
Trade Bills and Accounts Receivable, Advances to Fishermen and Others secured and unsecured—less Reserve	185,251.65
Cash on Hand.....	2,444.43
	\$1,969,218.92
Investment in Allied Company — less amount written off.....	5,000.00
Capital Assets:	
Buildings, Plant, Machinery, etc. at replacement values as appraised in 1929 by the Canadian General Appraisal Co. Ltd., plus the cost of subsequent additions	\$4,479,050.56
Floating Equipment at book values.....	524,904.39
	\$5,003,954.95
Less—	
Reserve for Depreciation.....	2,910,461.85
	\$2,093,493.10
Nets and Fishing Equipment as valued by the Management.....	220,542.58
Land, Leases, Licenses, etc. at book values	1,273,903.90
	3,587,939.58
Note:	
The above Capital Asset values are derived from appraisal or book figures and do not purport to be realizable or present replacement values.	
Deferred Charges.....	80,000.00
Total Assets.....	\$5,642,158.50
Deficit—per statement attached	32,249.92
	\$5,674,408.42

LIABILITIES

Current Liabilities:	
Bank Loans and Overdraft—secured under Section 88 of the Bank Act and by Second charge on \$1,050,000.00	
Second Mortgage Debentures.....	\$1,093,825.53
Bills Payable—secured by first charge on \$1,050,000.00	
Second Mortgage Debentures	597,000.00
Sundry Creditors including Accrued Interest, etc.	127,080.79
Reserve for Provincial Taxes, etc.....	3,502.10
	\$1,821,408.42
Six Per Cent First Mortgage Sinking Fund Debentures Maturing January 10, 1944:	
Authorized and Issued.....	\$297,000.00
Of which \$23,700.00 remains to be exchanged for outstanding 6% First Mortgage Debenture Stock of Wallace Fisheries Limited (now wound up) to be cancelled upon surrender.	
Less—	
Redeemed and Cancelled.....	44,000.00
	253,000.00
Note:	
Deposits of \$15,000.00 on January 6 and July 6 are hereafter required to be made to Sinking Fund for redemptions of a like amount of Debentures.	
Second Mortgage Debentures Maturing December 31, 1960.....	
	\$1,050,000.00
Issued and held as security for repayment of liabilities as shown above.	
Capital:	
Authorized—	
390,994 Common Shares—no par value.	
Issued or to be Issued—	
136,279 Common Shares—no par value	
3,600,000.00	
No. of Shares	No. of Shares
(New Issue)	(Old Issue)
Issued:	
41,790 Exchanged for.....	16,716
5,022 Exchanged for.....	50,220
46,812	
To be Issued:	
56,722½ To be exchanged for	22,689
22,744½ To be exchanged for	227,445
10,000 For services.	
89,467	
136,279	39,405
	277,665
Contingent Liability:	
Bills under Discount, etc.....	\$337,139.86
	£18,410.
	\$5,674,408.42

Approved on behalf of the Board:
H. R. MacMILLAN, Director.
S. BURKE, Director.

Submitted with our Report dated February 21, 1936.
PRICE, WATERHOUSE & CO.,
Chartered Accountants.

British Columbia Packers Limited

and Subsidiary Companies

Consolidated Deficit and Profit and Loss Account for the Year Ended December 31, 1935

Balance being Deficit as at December 31, 1934.....	\$ 3,801,534.42
Add—	
Additional Reserve for Depreciation.....	370,812.80
	<u>\$ 4,172,347.22</u>
Deduct—	
Credit arising from re-organization of Share Capital	4,172,347.22
	<u>Nil</u>
Add—	
Loss for the year:	
Profit on operations for the year ended December 31, 1935, before Depre- ciation, Interest on Funded Debt, etc.....	\$218,491.45
Deduct—	
Depreciation	\$200,000.00
Interest on Debentures.....	15,884.29
Directors' Fees and Remuneration.....	2,325.00
Management and Executive Salaries.....	26,683.29
Legal Fees and Expenses.....	1,032.91
Re-organization Expense.....	3,100.00
Provision for Provincial Taxes.....	1,715.88
	<u>250,741.37</u>
	<u>\$ 32,249.92</u>
Balance being Deficit as at December 31, 1935.....	<u>\$ 32,249.92</u>

AUDITORS' CERTIFICATE

To the Shareholders of the British Columbia Packers Limited:

We have made an examination of the Books and Accounts of the British Columbia Packers Limited and its Subsidiary Companies as at December 31, 1935, and have obtained all the information and explanations which we have required.

Depreciation amounting to \$200,000.00, or approximately 75 per cent of the estimated normal requirements, based on the present Balance Sheet value of the depreciable assets, has been provided during the year under review.

Subject thereto we report that, in our opinion, the attached Consolidated Balance Sheet is properly drawn up on the basis indicated therein, so as to exhibit a true and correct view of the state of the combined affairs of the British Columbia Packers Limited and its Subsidiary Companies, according to the best of our information and the explanations given to us and as shown by the books of these Companies.

Vancouver, Canada,
February 21, 1936.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.