

British Columbia Packers Limited

Present Company and Predecessors have Operated
Continuously since 1876

PACKERS OF



"CLOVER LEAF"

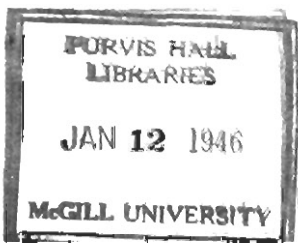
and other well known brands

Canned Sea Foods Edible Fish Meals and Oils

Thirteenth Annual Report

For the Fiscal Period ended

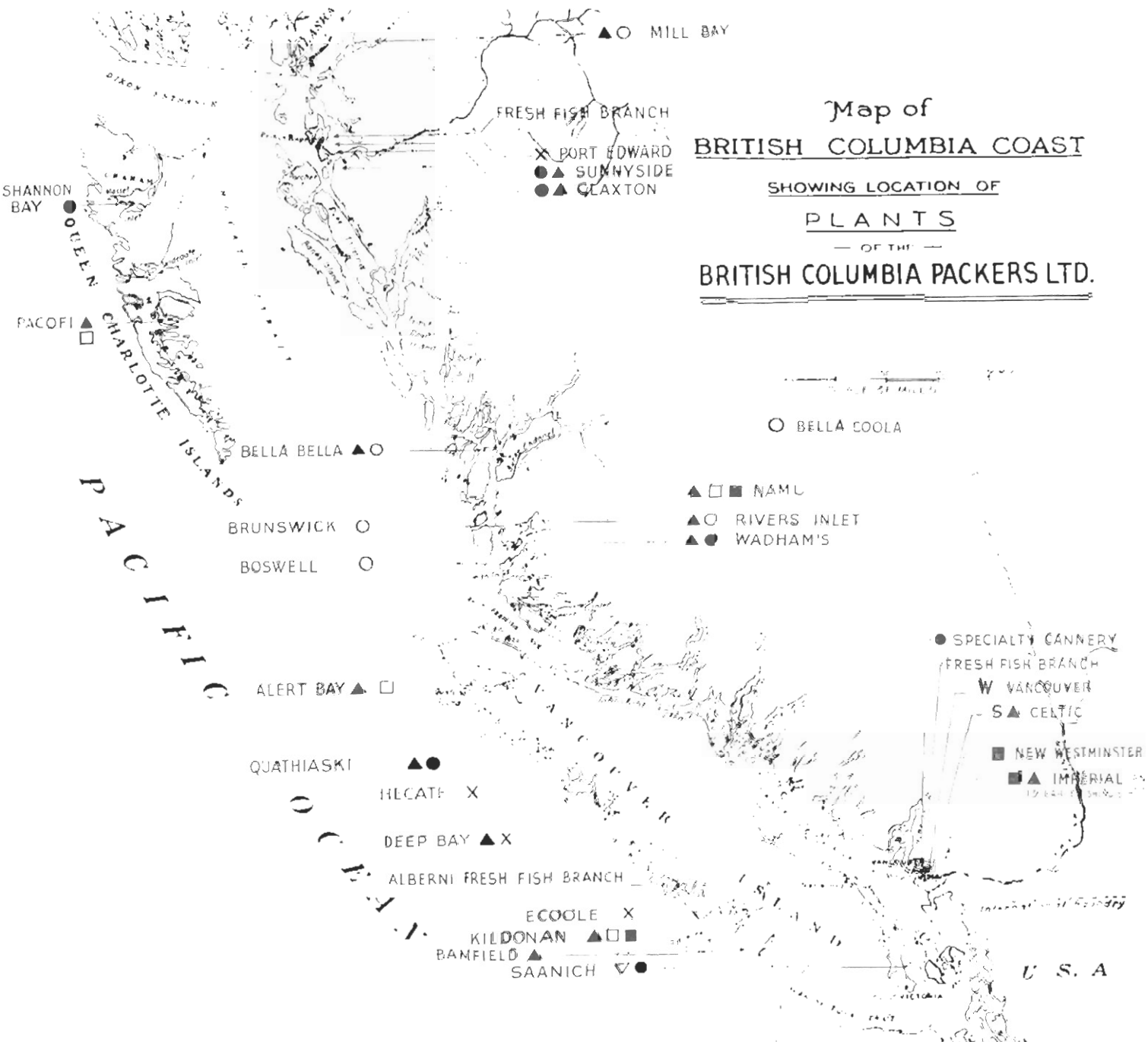
APRIL 30, 1941



Map of BRITISH COLUMBIA COAST

SHOWING LOCATION OF
PLANTS

OF THE
BRITISH COLUMBIA PACKERS LTD.



LEGEND

- CANNERIES.
- CANNERIES AND REDUCTION PLANTS COMBINED.
- X 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
E. 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, *General Manager*
S. K. MURRAY, *Assistant General Manager*
R. E. WALKER, *Production Manager*
C. B. POWELL, *Sales Manager*
G. M. FERGUSON, *Secretary-Treasurer*
A. HAMILTON, *Assistant Secretary*

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

Pricewaterhouse & 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, 1941.

The operations for the year resulted in a net profit as shown by the Profit and Loss Account of \$206,852.15. This represents 2.63% of the value of net sales or 11.6 cents per hundred pounds of raw product handled. Such profit is \$183,779.47 less than the profit for the previous year which was \$390,631.62. The foregoing decrease in net profit for the period under review was due to:

- (a) failure of the Pink salmon run,
- (b) decrease in the herring catch,
- (c) lower prices in the United Kingdom for Sockeye,
- (d) lower oil prices.

Partially offsetting such handicaps were the following favourable factors:

- (a) decrease in Sockeye fish cost per case due to larger fish,
- (b) increase in fish meal price,
- (c) increase in volume of pilchards.

Reference is made later in this report to some of these items.

The Company has continued a policy of building up plant, equipment and personnel to improve still further its functioning under varying conditions incidental to widespread operations. Some idea of the Company's importance to fishermen, employees, supply houses, and to the State is evidenced by the following figures:

	1940		1941	
Net Income from sales of products	\$6,190,953	100%	\$7,852,985	100%
Distribution of such Income:				
Paid to fishermen and employees	\$2,961,776	47.8	\$3,969,285	50.5
Paid for supplies and miscellaneous services	2,204,798	35.6	3,235,188	41.2
Depreciation (to be expended ultimately in maintenance and renewals)	263,812	4.3	287,256	3.7
Provision for Dominion and Provincial taxes	369,935	6.0	154,404	2.0
Remainder accumulated by the Company as earnings for the maintenance of the business and ultimate benefit of shareholders	390,632	6.3	206,852	2.6
	<u>\$6,190,953</u>	<u>100%</u>	<u>\$7,852,985</u>	<u>100%</u>

PRODUCTION:

The Provincial pack of canned salmon was normal in quantity except for one variety, Pink salmon. The run of this species was abnormally short, being only 53% of the previous cycle run. This failure does not necessarily indicate future failures. The canned herring pack was 56% greater than in the previous year. This pack was not limited by the supply of herring but by the uncertainty and method of handling United Kingdom import permits and the failure of the United Kingdom authorities to give such a large producer as our Company the opportunity to produce maximum quantities of canned herring. The production of frozen fish also declined owing to the inability of the United Kingdom to take such products. The production of pilchard oil and meal, while much greater than in the previous year, was nevertheless below normal. The production of herring meal and oil was only 50% of that of the previous year. This decrease was due principally to the very late arrival of the run in certain districts rather than to the failure of the run. The production of fish oils and meals is becoming increasingly important to the fishing and commercial life of British Columbia. Contrary to general belief, fish meal produced in British Columbia is rarely used as a fertilizer. It is a valuable source of protein for cattle and poultry foods. Fish oil is important, not only as a base in soap and paint manufacture, but, because of its vitamin content is a necessary ingredient in chicken feeding oils and medicinal oils. Canadian production of fish oil, in which this Company is the leader, is replacing oils hitherto imported from Norway and other foreign countries.

BALANCE SHEET:

Current and Working Assets total \$3,083,806.12, a decrease of \$147,767.33 from that of April 30th, 1940, due chiefly to decrease in inventory of products. Of the inventory of products amounting to \$947,809.59, approximately \$300,000.00 remained unsold as of June 30th, 1941. Inventory of store merchandise, cans, new nets, labels, etc., amounting to \$1,034,687.13, shows an increase of \$20,274.64, over that of the previous year. This is occasioned by the continued policy of maintaining supplies essential for future operations.

Current Liabilities amount to \$1,115,369.60, a decrease of \$357,440.38. Bank loans were liquidated as of April 30th, 1941.

There was at April 30th, 1941, an improvement in net current position of \$208,673.45 over April 30th, 1940, after payment of \$50,000.00 on First Mortgage Bonds and providing \$54,992.45 on account of Bill Payable secured by Second Mortgage Debentures and after expenditure of \$258,929.68 on new properties, plant and floating equipment, discussed hereunder.

PLANT AND FLOATING EQUIPMENT:

To process additional supplies in an increasing variety necessary to meet changing markets, your Directors authorized expenditures for capital account during the year of \$258,929.68. Additions at Namu, Alert Bay and Pacofi were completed. A reduction plant at Deep Bay on the east coast of Vancouver Island, previously operated under lease, was purchased and its capacity increased. Equipment for cold clearing and refining oils was installed. Two large boats and nine scows were purchased. An experimental plant for developing the manufacture of new fish products is being established adjacent to our head office and fresh fish plant in Vancouver.

PRESENT OUTLOOK:

The British Ministry of Food, acting through the Canadian Government, is arranging to purchase about two-thirds of the British Columbia 1941 pack of canned salmon, and approximately 1,600,000 cases of canned herring in tomato sauce. Terms of these prospective orders are now being negotiated. This canned herring purchase, if confirmed, will represent two and a half times the 1940 pack and will absorb all the productive capacity of existing canneries. Contrary to rumour, this will not do away with the need of herring reduction operations but, by providing a market for all fish fit to can, will naturally limit the supply of raw fish available for reduction. In all areas, herring unsuitable for canning because of size, broken texture and softness, will go to the reduction plants together with the offal from canneries. All surplus catch will be sent to reduction plants from those outlying areas where canning capacity is not available. Consequently, there should be a substantial supply of herring meal and oil for those markets which have been built up over recent years and which in peace times are the chief support of the important herring fishery. From a national standpoint these oils and meals are of particular value, not only because of their essential food and industrial value but also because their production and sale is an important means of strengthening Canada's U.S. Dollar position.

PERSONNEL:

We have had to meet the problem of changes in staff due to enlistment for overseas and home services. Our field and head office staffs are represented in all branches of active war service and several of our larger and most valuable fishing boats with their crews are being used in the Royal Canadian Navy.

We mention with much regret the loss at sea of our late sales manager, Mr. E. Gwynne Hurrell, who was a passenger en route to the United Kingdom on Company business on the ill-fated S. S. "Siamese Prince" which was sunk by enemy action on February 17th.

We are pleased to mention the appointment last November as Production Manager of Mr. R. E. Walker, who joined our staff last year when we purchased the firm of Edmunds & Walker Limited, and the appointment as Sales Manager of Mr. Clifford B. Powell, for fifteen years our sales representative in Montreal. Mr. Powell will assume his new duties on August 1st.

On behalf of the Board of Directors and Shareholders I wish to thank the officers and employees for their services during a trying year.

Respectfully submitted,

H. R. MACMILLAN,
President.

British Columbia Packers Limited and Subsidiary Companies

Consolidated Balance Sheet as at April 30, 1941

ASSETS	LIABILITIES
CURRENT AND WORKING ASSETS:	
INVENTORIES—	
Canned Salmon, Herring, Clams, Oysters, Meal and Oil, Fruit, etc., on hand, on consignment and in transit, 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.....	\$ 947,809.59
Store Merchandise, Cans, New Nets, Labels, etc.—at cost or market, whichever is lower.....	1,034,687.13
Used Nets, Fishing and Operating Supplies—as valued by the Management ..	236,368.48
	\$ 2,218,865.20
Unexpired Insurance and Prepaid Items	50,012.51
SUNDRY DEBTORS—	
Bills and Accounts Receivable, Advances to Fishermen and others, secured and unsecured—less reserve	648,609.18
Cash at Banks, on hand and in transit	166,319.23
	\$ 3,083,806.12
CAPITAL ASSETS—	
Freehold lands at 1938 assessed value	\$ 133,653.00
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	\$ 4,961,599.16
Floating Equipment—at book values	880,185.67
	\$ 5,841,784.83
<i>Less—</i>	
Reserve for Depreciation	3,403,457.34
	2,438,327.49
Licenses, Trade Marks, Goodwill, etc.—at book values	1,091,388.89
	3,663,370.38
DEFERRED CHARGES:	
Bond Discount and Expense—less amounts written off	\$ 50,596.74
Miscellaneous	3,826.00
	54,422.74
Approved on Behalf of the Board:	
S. BURKE, <i>Director.</i>	
W. J. VAN DUSEN, <i>Director.</i>	
\$ 6,801,599.24	\$ 1,115,369.60
CURRENT LIABILITIES:	
Sundry Creditors, including Accrued Interest, etc.	\$ 899,323.09
Bill Payable—instalment due July 1, 1941, secured by Second Mortgage (Closed) Serial Debentures	54,992.45
Reserve for Income, Excess Profits and other taxes	161,054.06
	\$ 1,115,369.60
DEFERRED LIABILITY:	
Bill Payable—payable in annual instalments of \$50,000.00 on July 1, 1942 to 1945 inclusive and \$54,992.45 on July 1, 1946 with certain provisions for acceleration, secured by deposit of the Second Mortgage (Closed) Serial Debentures mentioned below	250,000.00
FIRST MORTGAGE BONDS:	
<i>Aggregate principal amount which may be outstanding</i>	\$ 2,000,000.00
(\$1,000,000.00 Series A have been issued; remainder available for issue subject to terms and conditions of Deed of Trust and Mortgage).	
<i>Outstanding—</i>	
<i>First Mortgage Serial Bonds</i> payable \$50,000.00 annually on December 1 to 1944—redeemable at Company's option prior to maturity at 101%:	
4% Bonds	\$ 50,000.00
4½%	150,000.00
	\$ 200,000.00
<i>Convertible 5% Fifteen-year First Mortgage (Sinking Fund) Bonds</i> —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
	900,000.00
SECOND MORTGAGE (CLOSED) SERIAL DEBENTURES—4%:	
Maturing \$50,000.00 annually on July 1 to 1945 and \$54,992.45 on July 1, 1946—redeemable at par prior to maturity at Company's option	\$ 304,992.45
CAPITAL AND EARNED SURPLUS:	
CAPITAL—	
<i>Authorized:</i>	
390,994 Common Shares of no par value.	
<i>Issued:</i>	
136,279 Common Shares of 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	936,229.64
	4,536,229.64
CONTINGENT LIABILITIES:	
Bills under Discount, Endorsements and Guarantees including £59,798.93. Sterling commitments converted at \$4.47 to the £	\$ 1,858,257.12
	\$ 6,801,599.24

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of British Columbia Packers Limited and its Subsidiary Companies for the year ended April 30, 1941, and have obtained all the information and explanations which we have required. In connection therewith we have examined or tested the accounting records of the Companies and other supporting evidence, but the scope of our examination of the detail transactions was confined to a test thereof. We report that, based on such examination, the above Consolidated Balance Sheet is, in our opinion, properly drawn up so as to exhibit a true and correct view of the state of the affairs of the combined Companies, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

Vancouver, B.C.
June 30, 1941.

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, 1941

Sales (net)		\$ 7,852,984.85
<i>Deduct:</i>		
Cost of Sales		6,726,613.08
		\$ 1,126,371.77
<i>Deduct:</i>		
Selling, Administrative and General Expenses, including interest on bank loans and bills payable, etc.		385,917.33
		\$ 740,454.44
<i>Deduct:</i>		
Depreciation	\$287,255.55	
Interest on Bonds	44,922.58	
Directors' Fees and Remuneration	1,075.00	
Management and Executive Salaries	37,900.00	
Legal Fees and Expenses	4,024.10	
Bond Discount and Expense—amount written off	4,020.93	
Provision for Income and Excess Profits Taxes	154,404.13	
		533,602.29
Profit for year ended April 30, 1941		\$ 206,852.15
<i>Add—</i>		
Surplus as at April 30, 1940	\$658,377.49	
<i>Add—</i>		
Adjustment of provision for Income and Excess Profits Taxes relating to prior years	71,000.00	
		729,377.49
Earned Surplus as at April 30, 1941		\$ 936,229.64



HISTORY OF CELTIC SHIPYARDS

Manager, G. SEATON

This plant is located in Vancouver on the North Arm of the Fraser River. The property provides an excellent fresh water protected winter anchorage of 800 feet frontage for our fleet of 55 large boats.

One of the buildings was built in 1897 by Welsh Brothers and was operated as a cannery until 1917. The property was acquired in 1902 by one of our predecessor Companies. In 1918 the cannery was closed but the site was used as a fishing station on which a valuable fishing organization had been built up adjacent to the cannery. This camp is still an important fish producing unit for our Imperial Cannery at Steveston.

In 1926-7 a marine ways was built and a machine shop was installed. Both have been in continuous year round use as a repair and maintenance base for the Company's extensive fleet. In 1939 the first large boat was built at this location—the "Northisle"—a Seiner 66 feet in length, powered with a British Diesel Engine of 140 H.P.

To cope with additional work, the plant was extended and a high shed built over the marine ways in 1940. All the Company boats are repaired here, and approximately ninety-five men are employed in the busy season. This facility proved of inestimable value this year when other shipyards, suitable for our purposes, were booked up on war contracts. This plant is also used as a storage warehouse for spare machinery and cannery equipment.



Fleet at Celtic Shipyards Ready for Fishing Grounds



" CLOVER LEAF PRODUCTS
DISTRIBUTED IN CANADA "

