



Arctic Development
Library

***A Report To The Department Of Economic
Development On Business Plans For Two
Arctic Char Freezing/packing Plants And A
Catalogue Number: 3-7-24***

FISHERIES

3-7-24

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Project Report

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REPORT TO THE
DEPARTMENT OF ECONOMIC DEVELOPMENT
ON BUSINESS PLANS FOR
TWO ARTIC CHAR FREEZING/PACKING PLANTS
AND A FREEZER BOAT
Volume 2- Appendix

March 31, 1991

Consultants:

Jerrold S. Goldenberg, Bsc., B. Comm Hon., C.A.
Wayne Dilk, P. Eng.

DRAFT
FOR DISCUSSION
PURPOSES ONLY

Report to the Department of Economic Development on Arctic Char Freezing/Packing
Plants

APPENDIX A
WAYNE **DILK** CONSULTING
ENGINEER'S REPORT

14 March 1991

S. 0

ARTIC CHAR
FREEZING/ ICE MAKING/HOLD
AND VESSEL HARVESTING

SCOPE

Provide assessment of existing facility located at Arviat particular addressing capital costs, operating costs, refrigeration capabilities including Freezing, Ice Making and Holding fresh fish capacity,

Provide assessment of existing parker/freezer boat including freezing and holding capability capital replacement and operating costs.

LAND BASED FACILITY.

The existing land based facility (line dwg. attached) constructed by Atco was assessed, Discussions were held with Atco (Gordon Whellan), DFOC (Pat Bobinsky) ED&T (Sam Ransom). The plant capabilities are compared to requirements at the two new locations ie: Whale Cove and Rankin Inlet on the following chart. Requirements for the two new locations are based on data provided:

Whale Cove: 1991 quota as established by DFO 63,800 lbs. round, 56,654 lbs. dressed. Fishing season 25 days 17% shipped fresh, 83% frozen. This translated to 440 lbs/day fresh and 1826 frozen/day (24 hr. period),

Rankin Inlet: 19s1 quota established by DFO 20,020 lbs. and 17,417 lbs. dressed. It assumed all product will be shipped fresh. Some freezing capability should be available in case of inclement weather etc.

All operating costs for plants are based on kilowatt units as operation of the plants is based on electrical units. Manpower is also expressed in units, hourly wage rates must be subscribed by the business plan, Capital costs are F.O.B. the job site including deviations on design particular refrigeration requirements.

NOTE: No comment is provided for interior finish, however, it is understood that ceiling height is 9 feet as required, floor sloped to drain and aluminum deck plating us used, All satisfactory to the Fisheries Act,

Effluent disposal, domestic or process is not addressed,

	ARVIAT Existing	*WHALE COVE Future	RANKIN INLET
Dimension (FT ²)	14 x 54 (756)	14 x 94 (756)	12 x 54 (648)
Process Area	300 FT ²	300 FT ²	250
Cooler	112 FT ²	112 FT ²	112
Freezer Storage	112 FT ²	112 FT ²	60
Personnel	120 FT ²	120 FT ²	114
Ice Storage Available (required)	112 FT ² (112)	112 FT ² (112)	112
Freezer Cap BTUH Available (required)	23,000 (20,000)	23,000 (19,000)	10,000 10,000
Cooler Cap BTUH Available (required)	28,000 (19,000)	28,000 (19,000)	12,000
Ice flaking Available Required	2,000 (2,000)	2,000 (2,000)	1,000

* Whale Cove is similar to Arviat. Design is adequate, ice capability shows a daily short fall but storage capacity is sufficient to accommodate short falls. Rankin Inlet production is sufficiently less to address a smaller design.

OPERATION

The existing plant at Arviat can store approximately 4,800 lbs. iced, fresh fish and equivalent frozen capacity. The Arviat plant employs duplicate air cooled compressors (6 hp. each) for the cooler and freezer making them interchangeable. They are Freon R-502 which will be phased out by the year 2000.



CAPITAL COST.

Based on the data available and differentiation from Rankin Inlet to Whale Cove, capital investment would be represented as follows:

Whale Cove - Base Plant	132,300
- Freight to site	16,000 - low?
- On site - Mechanics & Electricians	30,000
	<hr/>
	178,300
 Rankin Inlet - Base Plant	 113,400
- Freight to site	15,000
- On site Mechanics & Electricians	30,000
	<hr/>
	158,400

OPERATING COSTS

Whale Cove and Rankin Inlet

- Man Power	32 hours/day
- Maintenance	\$142,00/day
- Electrical	480Kw/day
(Rankin Inlet)	360Kw/day

VESSEL

The existing vessel is welded aluminum hull, 54' long with a 14' beam powered by a single screw 300 hp diesel drive. It requires a two man operating crew and can sleep up to six people. To date it has primarily been used as a day boat.

The refrigeration system is powered by a separate 10Kw generator and consists of a 3 ton blast freezer and a 1,5 ton capacity holding cooler. No ice making equipment,

The holding capacity of the blast freezer is approximately 2,000 lbs/24 hrs. and the cooler/gutting area approximately 4,000 lbs.

CAPITAL COSTS

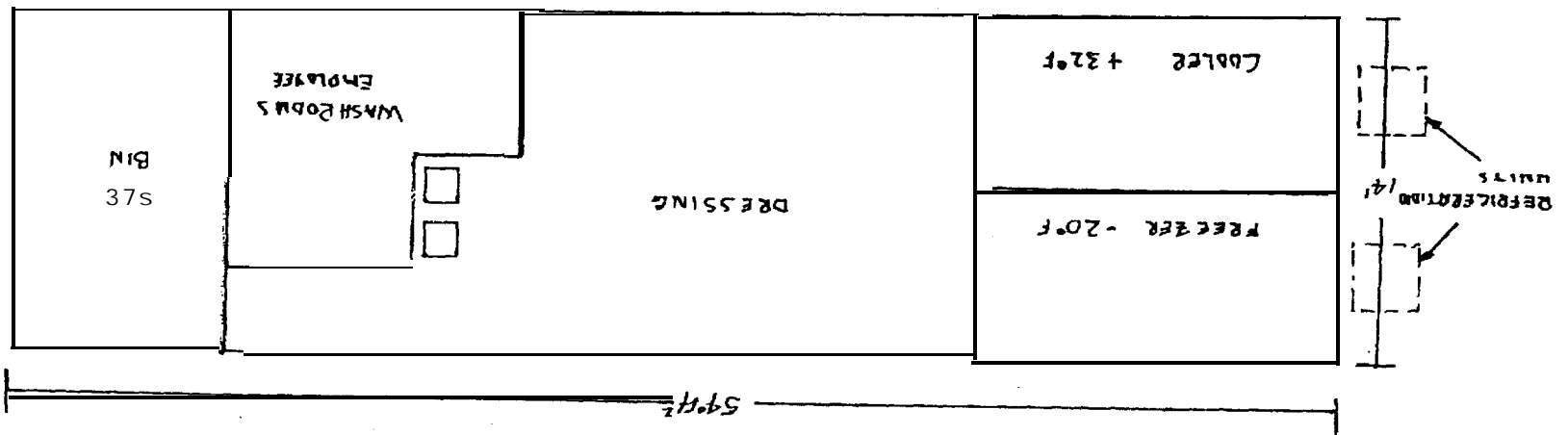
Replacement cost with improvements to the hull and refrigeration system is approximately \$400,000.00 landed in Churchill Manitoba,

OPERATING COSTS

Man Power	2 men/24 hours
Fuel Consumption -	18 to 20 gal/hour
Generator	1.5 to 2 gal/hour
Maintenance	\$10,000/Year,

NOTE: It is not likely that this boat can be out fitted as a conventional dragger.

AKVAT PLANT
1991



APPENDIX B
MARKETING QUESTIONNAIRE

**keewatin plants
arctic char survey**

1. Do you currently serve arctic char in your restaurant(s)?

2. If you serve arctic char, In what form do you purchase It and how much Is your annual requirements.

<u>form</u>	<u>annual requirements (lbs)</u>
dressed whole frozen	_____
steaks	_____
fillets	_____
dressed whole fresh	_____

3. Do you have storage for your annual requirements of frozen char or do you require dellvery throughout the year.

We can take dellvery during the fishing season _____

We require dellvery throughout the year _____

4. Who Is your current supplier of arctic char?

NWT Co-operative; please name _____

FFMC _____

Other, please name _____

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5. What is the price range that you have been paying for frozen dressed arctic char?

6. Would you consider dealing with a new supplier?

7. If you have not purchased arctic char in the past, would you consider purchasing it in the future.

8. Are you familiar with the canned smoked arctic char currently being marketed by the Government of the NWT, Department of Economic Development and Tourism?

9. Would you be prepared to purchase smoked arctic char in 200 gram tins?

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APPENDIX C
WHALE COVE PLANT
FINANCIAL PROJECTIONS
PRODUCTION OF **55,000 POUNDS** DRESSED **WEIGHT**

WHALE COYE PROCESSING PLANT
NET PRESENT VALUE ANALYSIS
(condition of 55,000 pounds of production, ~~30%~~ debt financing)

Discount factor:
Cost of capital 12%
Risk 10%
0.22

Investment:
Present value of investment 190000

Value of assets end of 20 years 0

Year	Cash flow	Add PAYT L.T. LOAN	Adj cash flow
1	3,794	3,800	7,594
2	15,768	7,790	23,558
3	15,116	7,505	22,621
4	14,435	7,220	21,655
5	13,725	6,935	20,660

purpose: discount to ensure cost of capital is recovered.

20 20000

PRESENT VALUE OF CASH FLOWS 83,861

NET PRESENT VALUE (\$106,139)

WHALE COYE PROCESSING PLANT
PROJECTED BALANCE SHEET
FIVE YEARS ENDING DECEMBER 31, 1992-1996
 (Condition of **55,000** pounds production, 25% debt financing)

ASSETS	OPENING	1992	1993
Current assets:			
Bank	\$100	\$3,894	\$19,662
FFMC, Final Payment Receivable		18,875	18,875
Supplies inventory	1,000	1,000	1,000
	1,100	23,769	39,537
Fixed assets (accost):			
Building and equipment	179,000	179,000	179,000
Truck	10,000	10,000	10,000
	189,000	189,000	189,000
less capital grants			
	189,000	189,000	189,000
less accumulated depreciation		11,000	22,000
	189,000	178,000	167,000
Incorporation costs	1,000	1,000	1,000
	\$191,100	\$202,769	\$207,537

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<u>1994</u>	<u>1995</u>	<u>1996</u>
\$34,778	\$49,213	\$62,938
18,875	18,875	18,875
1,000	1,000	1,000
<hr/>		
54,653	69,088	82,813
<hr/>		
179,000	173,000	179,000
10,000	10,000	10,000
<hr/>		
189,000	189,000	189,000
<hr/>		
189,000	189,000	189,000
33,000	44,000	55,000
<hr/>		
156,000	145,000	134,000
<hr/>		
1,000	1,000	1,000
<hr/>		

\$211,653 \$215,088 \$217,813

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	<u>OPENING</u>	<u>1992</u>	<u>1993</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$2,000	\$4,000	\$4,000
Shareholder's loan	141,500	141,500	141,500
Current portion of long-term debt	2,375	2,375	2,375
	<u>145,875</u>	<u>147,875</u>	<u>147,875</u>
Long-term debt:			
Term loan	47,500	45,125	42,750
less current portion	2,375	2,375	2,375
	<u>45,125</u>	<u>42,750</u>	<u>40,375</u>
SHAREHOLDER'S EQUITY			
Capital stock:			
Authorized:			
Unlimited number of no par value common shares			
Issued:			
100 common shares	100	100	100
Contributed surplus-Government Grant			
Retained earnings (deficit)	<u>0</u>	<u>12,044</u>	<u>19,187</u>
	<u>100</u>	<u>12,144</u>	<u>19,287</u>
	<u>\$191,100</u>	<u>\$202,769</u>	<u>\$207,537</u>

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1994	1995	1996
\$4,000	\$4,000	\$4,000
141,500	141,500	141,500
2,375	2,375	2,375
<hr/>	<hr/>	<hr/>
147,875	147,875	147,875
<hr/>	<hr/>	<hr/>
40,375	38,000	35,625
2,375	2,375	2,375
<hr/>	<hr/>	<hr/>
38,000	35,625	33,250
<hr/>	<hr/>	<hr/>

100	100	100
<hr/>	<hr/>	<hr/>
25,678	31,488	36,588
<hr/>	<hr/>	<hr/>
25,778	31,588	36,688
<hr/>	<hr/>	<hr/>

\$211,653 \$215,088 \$217,813

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WHALE COVE PROCESSING PLANT
PROJECTED STATEMENT OF INCOME AND RETAINED EARNINGS
FIVE YEARS ENDING DECEMBER 31, 1992-1996
(Condition of 55,000 pounds production, 25% debt financing)

	1992	1993	1994
Fish sales:			
Fresh	\$42,500	\$42,500	\$42,500
Frozen	146,250	146,250	146,250
	<u>188,750</u>	<u>188,750</u>	<u>188,750</u>
Variable costs:			
Shipping costs	19,910	\$20,507	\$21,123
Payment to fishermen	96,250	96,250	96,250
Direct Labour	12,000	12,000	12,000
Packaging material			
	<u>128,160</u>	<u>128,757</u>	<u>129,373</u>
Contributed margin	<u>60,590</u>	<u>59,993</u>	<u>59,377</u>
Expenses, Plant:			
Heat and power	10,436	10,749	11,072
Repairs and maintenance	4,050	4,050	4,050
Supplies	1,500	1,500	1,500
Salary and benefits, manager	7,000	7,000	7,000
Start-up and closing down	1,260	1,260	1,260
Sundry	1,000	1,000	1,000
Truck and travel	2,000	2,000	2,000
Insurance	2,500	2,500	2,500
	<u>29,746</u>	<u>30,059"</u>	<u>30,382</u>
Expenses, Administrative:			
Audit	4,000	4,000	4,000
Office and Telephone	2,000	2,000	2,000
Working capital interest	375	375	375
	<u>6,375</u>	<u>6,375</u>	<u>6,375</u>
Income before the under noted:	<u>24,469</u>	<u>23,558</u>	<u>22,621</u>
Depreciation	11,000	11,000	11,000
Interest, long-term	1,425	5,415	5,130
	<u>12,425</u>	<u>16,415</u>	<u>16,130</u>
Net income	12,044	7,143	6,491
Retained earnings beginning of year	0	12,044	19,187
Retained earnings end of year	<u>\$12,044</u>	<u>\$19,187</u>	<u>\$25,678</u>

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<u>1995</u>	<u>1996</u>
\$42,500	\$42,500
<u>146,250</u>	<u>146,250</u>
188,750	188,750
\$21,756	\$22,409
96,250	96,250
12,000	12,000
<u>130,006</u>	<u>130,659</u>
<u>58,744</u>	<u>58,091</u>
11,404	11,746
4,050	4,050
1,500	1,500
7,000	7,000
1,260	1,260
1,000	1,000
2,000	2,000
2,500	2,500
<u>30,714</u>	<u>31,056</u>
4,000	4,000
2,000	2,000
37s	375
<u>6,375</u>	<u>6,375</u>
<u>21,655</u>	<u>20,660</u>
11,000	11,000
4,845	4,560
<u>151845</u>	<u>15,560;</u>
5,810	5,100
<u>25,678</u>	<u>31,488</u>
<u>\$ 31,488</u>	<u>\$ 36,588</u>

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WHALE COVE FISH PLANT
PROJECTED STATEMENT OF CHANGES IN CASH POSITION
FIVE YEARS ENDING DECEMBER 31, 1992-1996
(Condition of 55,000 pounds production, 25% debt financing)

	OPENING	1992
SOURCE OF CASH:		
Net income (loss)	\$0	\$12,044
Add charges to net income not requiring an outlay of cash:		
-depreciation	0	11,000
	0	23,044
Capital grants		
Working capital and pre-operative grants		
Share capital	1 0 0	
Shareholder's loan	141,500	
Commercial financing -term loan	4 7 , 5 0 0	
Increase in accounts payable	2,000	2,000
	191,100	25,044
USES OF CASH:		
Purchase of fixed assets	189,000	
Repayment of term loan		2,375
Increase in final payment receivable		18,875
Incorporation costs:	1,000	
Increase in supplies	1,000	
	191,000	21,250
Increase(decrease) in cash	100	3,794
Bank(overdraft) beginning of year	0	100
	\$100	\$ 3 , 8 9 4

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<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
\$7,143	\$6,491	\$5,810	\$5,100
<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>
18,143	17,491	16,810	16,100
<hr/>			
18,143	17,491	16,810	16,100
<hr/>			
2,375 0	2,375 0	2,375 0	2,375 0
<hr/>			
<u>2,375</u>	<u>2,375</u>	<u>2,375</u>	<u>2,375</u>
15,768	15,116	14,435	13,725
3,894	19,662	34,778	49,213
<hr/>			
\$19,662	\$34,778	\$49,213	\$62,938

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**WHALE C(WE PLANT
STATEMENT OF ASSUMPTIONS**

Effects of inflation:

All projections are in real 1991 dollars. General changes due only to inflation are not considered.

Projected statement of income:

Fish sales:

Fish sales are to the FFMC at the following price (initial & final)

Fresh	4.25
Frozen	3.25

Sales volume per analysis in text:

Fresh	pounds/dressed weight	10000
Frozen	pounds/dressed weight	45000

Shipping costs: (\$/lb)

Whale Cove to Rankin - based on Calm Air quote	0.30
Handling at Rankin	0.02 - ? w/7 crts!
NWT Air to Winnipeg (15% over 1990)	0.37
Winnipeg International to FFMC	0.03
	0.72
Less NWT subsidy-50%	0.36
	0.36

Payment to fishermen:

Assume that fishermen will be paid 1.75/pound	1.75
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Direct labour:

Engineering estimate based on equipment-32 hr/day*25days*\$12/hr

9600

Based on observation at Rankin Plant and assuming grading, glazing and final packaging performed in Winnipeg and adjusted for a wage rate of \$12/hr

\$.30/lb for freezing

13,500

\$.1 S/lb for fresh packing

1,500

15,000

no. of persons working per engineer estimate- 4.5

Receiving and weighing

1

Processing- (washing, spooring, fresh packing)

2

Fast freezing

1

Packaging

1

5

5 persons @ 8hrs day for 25days \$ 12/hr

12,000

We assume the middle cost of \$1 2000.

Packaging material:

Packaging material rests paid by FFMC and charged to pool. The plant will pay a deposit that will be returned upon return of carton (with product).

fresh

0.07

Frozen

0.03

Expenses:

Heat and power:

Power

480kw/day*\$.69/kwh*25 days

8280

100 kw/day*.69/kwh*5 days

345

Heat

75KW/day for 35 days

1811

10436

Power rates quoted by DPW Rankin Inlet.

Repairs and maintenance

Engineering estimate of \$ 142/day
Add share of air fare from Winnipeg

3550
500

high?

4050

Supplies:

Estimate

1500

Salary & Benefits, manager

2 months at \$3,500 per month

7000

Start-up and close down:

Refrigeration by contract and included in R&M

3 persons for 6 days @ \$ 10/hr.

1260

Truck & Travel:

Transporting fish to airport and running around town

1000

Travel

1000

2000

Insurance

Truck

500

Building & equipment - .80/1 00

1500

Liability

500

2500

Administrative expense:

Audit:

Estimate by Golden berg & Levitt, Chartered Accountants

4000

Office and telephone

Estimate

2000

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Working capital interest:

Average A/R from FFMC- \$ 40,000 for 3 weeks @ 13%
Other W/C requirements- 5000 @ 13% for 6 weeks

300
75

375

Fixed asset charges:

Depreciation

Building and equipment- 20 year st. line
Truck- 5 year st. line

9000
2000

11000

1992-1996:

Fish sales:

We assume that there will be no real price increases.

Shipping costs:

Assume real price increases of 3% per annum. Based on our review of price changes 1990 versus 1981.

Payment to fishermen:

Assume no real price increases.

Heat & Power:

Assume real price increases of 3% per annum. Based on our review of price changes 1990 versus 1981.

Other expenses:

Assume no real price increases.

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BALANCE SHEET

FFMC final payment receivable:

Assume final payment of 10% of total payment. The final payment is receivable at the year end.

Supplies inventory:

We assume that the plant will not sell fishing supplies to the fishermen. The supplies inventory will consist of cleaning and production supplies.

Estimate

1000

Fixed assets:

Building and equipment:

The building and equipment are as quoted by ATCO.

Truck:

The truck is a used vehicle used for odd jobs and delivering fish to airport.

Incorporation costs:

Assume that would operate as an incorporated company.

1000

Liabilities:

Accounts payable:

Fishing ends early in September. Therefore by year end all accounts payable should be paid except for audit fees.

One gear audit fee

3000

Shareholders' loan

Assume the shareholders' equity in excess of share capital contributed as a non interest bearing loan.

Term loan:

Assume 100% financed with debt. Assume a 20 year term loan at 12 percent. One payment at the end of each operating year. Interest for 3 months in first year.

WHALECOVE PROCESSING PLANT
NET PRESENT VALUE ANALYSIS
(condition of 55,000 pounds of production, 50% debt financing)

Discount factor:
 Cost of capital 12%
 Risk 10%
0.22

Investment:
 Present value of Investment 190000

Value of assets end of 20 years 0

Year	Cash flow	Add	Adj cash flow
		PAYT L.T.LOAN	
1	- 6	7,600	7,594
2	7,978	15,580	23,558
3	7,611	15,010	22,621
4	7,215	14,440	21,655
5	6,790	13,870	20,660

20 20000

PRESENT VALUE OF CASH FLOWS 83,861

NET PRESENT VALUE _(\$106,139)

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WHALE COYE PROCESSING PLANT
PROJECTED BALANCE SHEET
FIVE YEARS ENDING DECEMBER 31, 1992-1996
 (Condition of 55,000 **pounds** production, 50% debt financing)

	OPENING	1992	1993
ASSETS			
Current assets:			
Bank	\$100	\$94	\$8,072
FFMC, Final Payment Receivable		181875	18,875
Supplies inventory	1,000	1,000	1,000
	1,100	19,969	27,947
Fixed assets (at cost):			
Building and equipment	179,000	179,000	179,000
Truck	10,000	10,000	10,000
	189,000	189,000	189,000
less capital grants			
	189,000	189,000	189,000
less accumulated depreciation			
		11,000	22,000
	189,000	178,000	167,000
Incorporation costs			
	1,000	1,000	1,000
	\$191,100	\$198,969	\$195,947

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1994	1995	1996
\$15,683	\$22,898	\$29,688
18,875	18,875	18,875
1,000	1,000	1,000
35,558	42,773	49,563
179,000	179,000	179,000
10,000	10,000	10,000
189,000	189,000	189,000
189,000	189,000	189,000
33,000	44,000	55,000
156,000	145,000	134,000
1,000	1,000	1,000

\$192,558 \$188,773 \$184,563

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LIABILITIES	<u>OPENING</u>	<u>1992</u>	<u>1993</u>
Current liabilities:			
Accounts payable	\$2,000	\$4,000	\$4,000
Shareholder's loan	94,000	94,000	94,000
Current portion of long-term debt	4,750	4,750	4,750
	<u>100,750</u>	<u>102,750</u>	<u>102,750</u>
Long-term debt:			
Term loan	95,000	90,250	85,500
less current portion	4,750	4,750	4,750
	<u>90,250</u>	<u>85,500</u>	<u>80,750</u>

SHAREHOLDER-S EQUITY

Capital stock:			
Authorized:			
Unlimited number of no par value common shares			
Issued:			
100 common shares	100	100	100
Contributed surplus-Government Grant			
Retained earnings (deficit)	<u>0</u>	<u>10,619</u>	<u>12,347</u>
	<u>100</u>	<u>10,719</u>	<u>12,447</u>
	<u>\$191,100</u>	<u>\$198,969</u>	<u>\$195,947</u>

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<u>1994</u>	<u>1995</u>	<u>1996</u>
\$4,000	\$4,000	\$4,000
94,000	94,000	94,000
<u>4,750</u>	<u>4,750</u>	<u>4,750</u>
<u>102,750</u>	<u>102,750</u>	<u>102,750</u>
80,750	76,000	71,250
<u>4,750</u>	<u>4,750</u>	<u>4,750</u>
<u>76,000</u>	<u>71,250</u>	<u>66,500</u>
100	100	100
<u>13,708</u>	<u>14,673</u>	<u>15,213</u>
<u>13,808</u>	<u>14,773</u>	<u>15,313</u>
<u>\$192,558</u>	<u>\$188,773</u>	<u>\$184,563</u>

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WHALE COYE PROCESSING PLANT
PROJECTED STATEMENT OF INCOME AND RETAINED EARNINGS
FIVE YEARS ENDING DECEMBER 31, 1992-1996
(Condition of **55,000** pounds production, 50% **debt** financing)

	1992	1993	1994
Fish sales:			
Fresh	\$42,500	\$42,500	\$42,500
Frozen	146,250	146,250	146,250
	<u>188,750</u>	<u>188,750</u>	<u>188,750</u>
Variable costs:			
Shipping costs	19,910	\$20,507	\$21,123
Payment to fishermen	96,250	96,250	96,250
Direct Labour	12,000	12,000	12,000
Packaging material			
	<u>128,160</u>	<u>128,757</u>	<u>129,373</u>
Contributed margin	60,590	59,993	59,377
Expenses, Plant:			
Heat and power	10,436	10,749	11,072
Repairs and maintenance	4,050	4,050	4,050
Supplies	1,500	1,500	1,500
Salary and benefits, manager	7,000	7,000	7,000
Start-up and closing down	1,260	1,260	1,260
Sundry	1,000	1,000	1,000
Truck and travel	2,000	2,000	2,000
Insurance	2,500	2,500	2,500
	<u>29,746</u>	<u>30,059</u>	<u>30,382</u>
Expenses, Administrative:			
Audit	4,000	4,000	4,000
Office and Telephone	2,000	2,000	2,000
World ng capital i nterest	375	375	375
	<u>6,375</u>	<u>6,375</u>	<u>6,375</u>
Income before the under noted:	<u>24,469</u>	<u>23,558</u>	<u>22,621</u>
Depreciation	11,000	11,000	11,000
Interest, long-term	2,850	10,830	10,260
	<u>13,850</u>	<u>21,830</u>	<u>21,260</u>
Net income	10,619	1,728	1,361
Retained earnings beginning of year	0	10,619	12,347
Retained earnings end of year	<u>\$10,619</u>	<u>\$12,347</u>	<u>\$13,708</u>

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1995	1996
\$42,500	\$42,500
146,250	146,250
<u>188,750</u>	<u>188,750</u>
\$21,756	\$22,409
96,250	96,250
12,000	12,000
<u>130,006</u>	<u>130,659</u>
<u>58,744</u>	<u>58,091</u>
11,404	11,746
4,050	4,050
1,500	1,500
7,000	7,000
1,260	1,260
1,000	1,000
2,000	2,000
2,500	2,500
<u>30,714</u>	<u>31,056</u>
4,000	4,000
2,000	2,000
375	375
<u>6,375</u>	<u>6,375</u>
<u>21,655</u>	<u>20,660</u>
11,000	11,000
9,690	9,120
<u>20,690</u>	<u>20,120</u>
965	540
<u>13,708</u>	<u>14,673</u>
<u>\$14,673</u>	<u>\$15,213</u>

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WHALE COYE FISH PLANT
PROJECTED STATEMENT OF CHANGES IN CASH POSITION
FIVE YEARS ENDING DECEMBER 31, 1992-1996
(Condition of 55,000 pounds production, 50% debt financing)

	OPENING	1992
SOURCE OF CASH:		
Net income (loss)	\$0	\$10,619
Add charges to net income not requiring an outlay of cash:		
-depreciation	0	11,000
	0	21,619
Capital grants		
Working capital and pre-operative grants		
ShareCapital	1 0 0	
Shareholder's loan	94,000	
Commercial financing -term loan	95,000	
Increase in accounts payable	2, 0 0 0	2,000
	191,100	23,619
USES OF CASH:		
Purchase of fixed assets	189,000	
Repayment of term loan		4,750
Increase in final payment receivable		18,875
Incorporation costs:	1,000	
Increase in supplies	1,000	
	191,000	23,625
Increase(decrease) in cash	100	- 6
Bank(overdraft) beginning of year	0	100
Bank(overdraft) end of year	\$100	\$94

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<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
\$1,728	\$1,361	\$965	\$540
<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>
12,728	12,361	11,965	11,540

<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>12,728</u>	<u>12,361</u>	<u>11,965</u>	<u>11,540</u>

4,750	4,750	4,750	4,750
0	0	0	0

<u>4,750</u>	<u>4,750</u>	<u>4,750</u>	<u>4,750</u>
--------------	--------------	--------------	--------------

7,978	7,611	7,215	6,790
94	8,072	15,683	<u>22,898</u>
<u>\$8,072</u>	<u>\$15,683</u>	<u>\$22,898</u>	<u>\$29,688</u>

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WHALE COVE PROCESSING PLANT
NET PRESENT VALUE ANALYSIS
 (condition of 55,000 pounds of production, 100% debt financing)

Discount factor:
 Cost of capital 12%
 Risk 10%
0.22

Investment:
 Present value of investment **1900001**

Value of assets end of 20 years **0**

Year	Cash flow	Add PAYT L.T. LOAN	Adj cash flow
1	-7,526	15,120	7,594
2	-7,438	30,996	23,558
3	-7,241	29,862	22,621
4	-7,073	28,728	21,655
5	-6,934	27,594	20,660

20

20000

PRESENT VALUE OF CASH FLOWS **83,861**

NET PRESENT VALUE **(\$106,139)**

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WHALECOYE PROCESSING PLANT
PROJECTED BALANCE SHEET
FIVE YEARS ENDING DECEMBER 31, 1992-1996
(Condition of **55,000** pounds production, 100% debt financing)

ASSETS	OPENING	1992	1993
Current assets:			
Bank	\$100	(\$7,426)	(\$14,864)
FFMC, Final Payment Receivable		18,875	18,875
Supplies inventory	1,000	1,000	1,000
	1,100	12,449	5,011
Fixed assets (at cost):			
Building and equipment	179,000	179,000	179,000
Truck	10,000	10,000	10,000
	189,000	189,000	189,000
less capital grants		189,000	189,000
less accumulated depreciation		11,000	22,000
	189,000	178,000	167,000
Incorporation costs	1,000	1,000	1,000
	\$191*100	\$191.449	\$173.011

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1994	1995	1996
(\$22,105)	(\$29,178)	(\$36,112)
18,875	18,875	18,875
1,000	1,000	1,000
-2,230	-9,303	-16,237
179,000	179,000	179,000
10,000	10,000	10,000
189,000	189,000	189,000
189,000	189,000	189,000
33,000	44,000	55,000
156,000	145,000	134,000
1,000	1,000	1,000

\$154,770 \$136,697 \$118,763

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LIABILITIES	OPENING	1992	1993
Current liabilities:			
Accounts payable	\$2,000	\$4,000	\$4,000
Shareholder's loan			
Current portion of long-term debt	9,450	9,450	9,450
	<u>11,450</u>	<u>13,450</u>	<u>13,450</u>
Long-term debt:			
Term loan	189,000	179,550	170,100
less current portion	9,450	9,450	9,450
	<u>179,550</u>	<u>170,100</u>	<u>160,650</u>
SHAREHOLDER-S EQUITY			
Capital stock:			
Authorized:			
Unlimited number of no par value common shares			
Issued:			
100 common shares	100	100	100
Contributed surplus-Government Grant			
Retained earnings (deficit)	0	7,799	-1,189
	<u>100</u>	<u>7,899</u>	<u>-1,089</u>
	<u>\$191,100</u>	<u>\$191,449</u>	<u>\$173,011</u>

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<u>1994</u>	<u>1995</u>	<u>1996</u>
\$4,000	\$4,000	\$4,000
<u>9,450</u>	<u>9,450</u>	<u>9,450</u>
<u>13,450</u>	<u>13,450</u>	<u>13,450</u>
160,650	151,200	141,750
<u>9,450</u>	<u>9,450</u>	<u>9,450</u>
<u>151,200</u>	<u>141,750</u>	<u>132,300</u>

100	100	100
<u>-9,980</u>	<u>-18,603</u>	<u>-27,087</u>
<u>-9,880</u>	<u>-18,503</u>	<u>-26,987</u>

\$154,770 \$136,697 \$118,763

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WHALE COYE PROCESSING PLANT
PROJECTED STATEMENT OF INCOME AND RETAINED EARNINGS
FIVE YEARS ENDING DECEMBER 31, 1992-1996
(Condition of 55,000 pounds production, 100% debt financing)

	1992	1993	1994
Fish sales:			
Fresh	\$42,500	\$42,500	\$42,500
Frozen	146,250	146,250	146,250
	<u>188,750</u>	<u>188,750</u>	<u>188,750</u>
Variable costs:			
Shipping costs	19,910	\$20,507	\$21,123
Payment to fishermen	96,250	96,250	96,250
Direct Labour	12,000	12,000	12,000
Packaging material			
	<u>128,160</u>	<u>128,757</u>	<u>129,373</u>
Contributed margin	<u>60,590</u>	<u>59,993</u>	<u>59,377</u>
Expenses, Plant:			
Heat and power	10,436	10,749	11,072
Repairs and maintenance	4,050	4,050	4,050
Supplies	1,500	1,500	1,500
Salary and benefits, manager	7,000	7,000	7,000
Start-up and closing down	1,260	1,260	1,260
Sundry	1,000	1,000	1,000
Truck and travel	2,000	2,000	2,000
Insurance	2,500	2,500	2,500
	<u>29,746</u>	<u>30,059</u>	<u>30,382</u>
Expenses, Administrative:			
Audit	4,000	4,000	4,000
Office and Telephone	2,000	2,000	2,000
Working capital interest	375	375	375
	<u>6,375</u>	<u>6,375</u>	<u>6,375</u>
Income before the under noted:	<u>24,469</u>	<u>23,558</u>	<u>22,621</u>
Depreciation	11,000	11,000	11,000
Intercst, long-term	5,670	21,546	20,412
	<u>16,670</u>	<u>32,546</u>	<u>31,412</u>
Net income	7,799	-8,988	-8,791
Retained earnings beginning of year "	0	7,799	-1,189
Retained earnings end of year	\$7,799 (\$1,189)	(\$9,980)	(\$9,980)

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<u>1995</u>	<u>1996</u>
\$42,500	\$42,500
<u>146,250</u>	<u>146,250</u>
188,750	188,750
\$21,756	\$22,409
96,250	96,250
12,000	12,000
<u>130,006</u>	<u>130,659</u>
<u>58,744</u>	<u>58,091</u>
11,404	11,746
4,050	4,050
1,500	1,500
7,000	7,000
1,260	1,260
1,000	1,000
2,000	2,000
<u>2,500</u>	<u>2,500</u>
<u>30,714</u>	<u>31,056</u>
4,000	4,000
2,000	2,000
375	375
<u>6,375</u>	<u>6,375</u>
<u>21,655</u>	<u>20,660</u>
11,000	11,000
<u>19,278</u>	<u>18,144</u>
<u>30,278</u>	<u>29,144</u>
-8,623	-8,484
<u>-9,980</u>	<u>-18,603</u>
<u>(\$18,603)</u>	<u>(\$27,087)</u>

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WHALE COVE FISH PLANT
PROJECTED STATEMENT OF CHANGES IN CASH POSITION
FIVE YEARS ENDING DECEMBER 31, 1992-1996
(Condition of 55,000 pounds production, 100% debt financing)

	OPENING	1992
SOURCE OF CASH:		
Net income (loss)	\$0	\$7,799
Add charges to net income not requiring an outlay of cash:		
-depreciation	0	11,000
	0	18,799
Capital grants		
Working capital and pre-operative grants		
Share capital	1 0 0	
Shareholder's loan	0	
Commercial financing -term loan	189,000	
Increase in accounts payable	2,000	2,000
	191,100	20,799
USES OF CASH:		
Purchase of fixed assets	189,000	
Repayment of term loan		9,450
Increase in final payment receivable		18,875
Incorporation costs:	1,000	
Increase in supplies	1,000	
	191,000	28,325
Increase(decrease) in cash	100	-7,526
Bank(overdraft) beginning of year	0	100
Bank(overdraft) end of year	\$100	(\$7,426)

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<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
(\$8,988)	(\$8,791)	(\$8,623)	(\$8,484)
<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>
2,012	2,209	2,377	2,516
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>2,012</u>	<u>2,209</u>	<u>2,377</u>	<u>2,516</u>
9,450	9,450	9,450	9,450
0	0	0	0
<u>9,450</u>	<u>9,450</u>	<u>9,450</u>	<u>9,450</u>
- 7,438	-7,241	-7,073	-6,934
<u>-7,426</u>	<u>-14,864</u>	<u>-22,105</u>	<u>-29,178</u>
<u>(\$14,864)</u>	<u>(\$ 22,105)</u>	<u>(\$29,178)</u>	<u>(\$36,112)</u>

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APPENDIX D
WHALE COVE PLANT
FINANCIAL PROJECTIONS
PRODUCTION OF **28,000** POUNDS DRESSED WEIGHT

WHALE CRYE PROCESSING PLANT
NET PRESENT VALUE ANALYSIS
 (condition of 28,000 pounds of **production, 25%** debt financing)

Discount factor:

Cost of capital	1 2%
Risk	1 0%
	0.22

Investment:

Present value of investment	19000
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Value of assets end of 20 years	0
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Year	Cash flow	Add PAYT L.T.LOAN	Adj cash flow
1	-13,207	3,800	-9,407
2	-8,714	7,790	-924
3	-9,065	7,505	-1,560
4	-9,435	7,220	-2,215
5	-9,824	6,935	-2,889

20	-9000
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PRESENT VALUE OF CASH FLOWS	-25,630
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NET PRESENT VALUE	(\$215.630)
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WHALE COVE PROCESSING PLANT
PROJECTED BALANCE SHEET
FIVE YEARS ENDING DECEMBER 31, 1992- 1996
 (Condition of 28,000 **pounds** production, 25% **debt** financing)

ASSETS	OPENING	1992	1993
Current assets:			
Bank	\$100	(\$13,107)	(\$21,822)
FFMC, Final Payment Receivable		10,100	10,100
Supplies inventory	1,000	1,000	1,000
	1,100	-2,007	-10,722
Fixed assets (at cost):			
Building and equipment	179,000	179,000	179,000
Truck	10,000	10,000	10,000
	189,000	189,000	189,000
less capital grants	189,000	189,000	183,000
less accumulated depreciation		11,000	22,000
	189,000	178,000	157,000
Incorporation costs	1,000	1,000	1,000
	\$191,100	\$176,993	\$157,278

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1994	1995	1996
(\$30,887)	(\$40,322)	(\$50,146)
10,100	10,100	10,100
1,000	1,000	1,000
-19,787	-29,222	-39,046
179,000	179,000	179,yJ-J
10,000	10,000	10,000
189,000	189,000	189,000
189,000	189,000	189,000
33,000	44,000	55,000
156,000	145,000	134,000
1,000	1,000	1,000

\$137,213 \$116,778 \$95,954

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LIABILITIES	OPENING	1992	1993
Current liabilities:			
Accounts payable	\$2,000	\$3,000	\$3,000
Shareholder's loan	141,500	141,500	141,500
Current portion of long-term debt	2,375	2,375	2,375
	<u>145,875</u>	<u>146,875</u>	<u>146,875</u>
Long-term debt:			
Term loan	47,500	45,125	42,750
less current portion	2,375	2,375	2,375
	<u>45,125</u>	<u>42,750</u>	<u>40,375</u>
SHAREHOLDER'S EQUITY			
Capital stock:			
Authorized:			
Unlimited number of no par value common shares			
Issued:			
100 common shares	100	100	100
Contributed surplus—Government Grant			
Retained earnings (deficit)	0	-12,732	-30,072
	<u>100</u>	<u>-12,632</u>	<u>-29,972</u>
	<u>\$191,100</u>	<u>\$176,993</u>	<u>\$157,278</u>

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<u>1994</u>	<u>1995</u>	<u>1996</u>
\$3,000	\$3,000	\$3,000
141,500	141,500	141,500
<u>2,375</u>	<u>2,375</u>	<u>2,375</u>
146,875	146,875	146,875
40,375	38,000	35,625
<u>2,375</u>	<u>2,375</u>	<u>2,375</u>
<u>38,000</u>	<u>35,625</u>	<u>33,250</u>
100	100	100
<u>-47,762</u>	<u>-65,822</u>	<u>-84,271</u>
<u>-47,662</u>	<u>-65,722</u>	<u>-84,171</u>
<u>\$137,213</u>	<u>\$116,778</u>	<u>\$95,954</u>

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WHALE COVE PROCESSING PLANT
PROJECTED STATEMENT OF INCOME AND RETAINED EARNINGS
FIVE YEARS ENDING DECEMBER 31, 1992-1996
(Condition of 28,000 pounds production, 25% debt financing)

	<u>1992</u>	<u>1993</u>	<u>1994</u>
Fish sales:			
Fresh	\$42,500	\$42,500	\$42,500
Frozen	58,500	58,500	58,500
	<u>101,000</u>	<u>101,000</u>	<u>101,000</u>
Variable costs:			
Shipping costs	10,136	\$10,440	\$10,753
Payment to fishermen	49,000	49,000	49,000
Direct Labour	7,200	7,200	7,200
Packaging material			
	<u>66,336</u>	<u>66,640</u>	<u>66,953</u>
Contributed margin	<u>34,664</u>	<u>34,360</u>	<u>34,047</u>
Expenses, Plant:			
Heat and power	10,436	10,749	11,072
Repairs and maintenance	4,050	4,050	4,050
Supplies	1,500	1,500	1,500
Salary and benefits, manager	7,000	7,000	7,000
Start-up and closing down	1,260	1,260	1,260
sundry	1,000	1,000	1,000
Truck and travel	2,000	2,000	2,000
Insurance	2,500	2,500	2,500
	<u>29,746</u>	<u>30,059</u>	<u>30,332</u>
Expenses, Administrative:			
Audit	3,000	3,000	3,000
Office and Telephone	2,000	2,000	2,000
Working capital interest	225	225	225
	<u>5,225</u>	<u>5,225</u>	<u>5,225</u>
Income before the under noted:	<u>-307</u>	<u>-924</u>	<u>-1,560</u>
Depreciation	11,000	11,000	11,000
Interest, long-term	1,425	5,415	5,130
	<u>12,425</u>	<u>16,415</u>	<u>16,130</u>
Net income	-12,732	-17,339	-17,690
Retained earnings beginning of year	0	-12,732	-30,072
Retained earnings end of year	<u>(\$1 2,732)</u>	<u>(\$30,072)</u>	<u>(\$47,762)</u>

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<u>1995</u>	<u>1996</u>
\$42,500	\$42,500
58,500	58,500
<u>101,000</u>	<u>101,000</u>
\$11,076	\$11,408
49,000	49,000
7,200	7,200
<u>67,276</u>	<u>67,608</u>
33,724	33,392
11,404	11,746
4,050	4,050
1,500	1,500
7,000	7,000
1,260	1,260
1,000	1,000
2,000	2,000
2,500	2,500
<u>30,714</u>	<u>31,056</u>
3,000	3,000
2,000	2,000
225	225
<u>5,225</u>	<u>5,225</u>
<u>-2,215</u>	<u>-2,889</u>
11,000	11,000
4,845	4,560
<u>15,845</u>	<u>15,560</u>
-18,060	-18,449
<u>-47,762</u>	<u>-65,822</u>
<u>(\$65,822)</u>	<u>(\$84,271)</u>

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WHALE COVE FISH PLANT
PROJECTED STATEMENT OF CHANGES IN CASH POSITION
FIVE YEARS ENDING DECEMBER 31, 1992-1996
 (Condition of 28,000 pounds production, 25% debt financing)

	OPENING	1992
SOURCE OF CASH:		
Net income (loss)	\$0	(\$12,732)
Add charges to net income not requiring an outlay of cash:		
-depreciation	0	11,000
	0	-1,732
Capital grants		
Working capital and pre-operative grants		
Share capital	100	
Shareholder's loan	141,500	
Commercial financing -term loan	47,500	
Increase in accounts payable	2,000	1,000
	191,100	-732
USES OF CASH:		
Purchase of fixed assets	189,000	
Repayment of term loan		2,375
Increase in final payment receivable		10,100
Incorporation costs:	1,000	
Increase in supplies	1,000	
	191,000	12,475
Increase(decrease) in cash	100	-13,207
Bank(overdraft) beginning of year	0	100
	\$100	(\$13,107)

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1993	1994	1995	1996
(\$17,339)	(\$17,690)	(\$18,060)	(\$18,449)
11,000	11,000	11,000	11,000
-6,339	-6,690	-7,060	-7,449
0	0	0	0
-6,339	-6,690	-7,060	-7,449
2,375	2,375	2,375	2,375
0	0	0	0
2,375	2,375	2,375	2,375
-8,714	-9,065	-9,435	-9,824
-13,107	-21,822	-30,887	-40,322
(\$21,822)	(\$30,887)	(\$40,322)	(\$50,146)

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**WHALE COVE PLANT
STATEMENT OF ASSUMPTIONS**

Effects of inflation:

All projections are in real 1991 dollars. General changes due only to inflation are not considered.

Projected statement of income:

Fish sales:

Fish sales are to the FFMC at the following price (initial & final)

Fresh	4.25
Frozen	3.25

Sales volume per analysis in text:

Fresh	Pounds/dressed weight	10000
Frozen	pounds/dressed weight	18000

Shipping costs: **(\$/lb)**

Whale Cove to Rankin- based on Calm Air quote	0.30
Handling at Rankin	0.02
NWT Air to Winnipeg (15% over 1990)	0.37
Winnipeg International to FFMC	0.03
	0.72
Less NWT subsidy- 50%	0.36
	0.36

Payment to fishermen:

Assume that fishermen will be paid 1.75/pound	1.75
---	------

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Direct labour:

Engineering estimate based on equipment-16 hr/day*25days*\$12/hr 4800

Based on observation at Rankin Plant and assuming grading, glazing and final packaging performed in Winnipeg and adjusted for a wage rate of \$12/hr

\$.30/lb for freezing 5,400
\$1.5/lb for fresh packing 1,500

6,900

no. of persons working per engineer estimate-2

Receiving and weighing 1
Processing- (washing, spoiling, fresh packing) 1
Blast freezing and packaging 1

3

3 persons @ 8hrs day for 25days \$12/hr 7,200

We assume the middle cost of \$7,200

Packaging material:

Packaging material costs paid by FFMC and charged to pool. The plant will pay a deposit that will be returned upon return of carton (with product).

fresh 0.07

Frozen 0.03

Expenses:

Heat and power:

Power
480kw/day*\$.69/kwh*25 days 8280
100 kw/day*.69/kwh*5 days 345

Heat
75KW/day for 35 days 1811

10436

Power rates quoted by DPW Rankin Inlet.

Jerrold S. Goldenberg Associates

Repairs and maintenance

Engineering estimate of \$142/day 3550
Add share of air fare from Winnipeg 500

4050

Supplies:

Estimate 1500

Salary & Benefits, manager

2 months at \$3,500 per month 7000

Start-up and close down:

Refrigeration by contract and included in R&M
3 persons for 6 days @ \$10/hr. 1260

Truck & Travel:

Transporting fish to airport and running around town 1000
Travel 1000

2000

Insurance
Truck 500
Building & equipment-.80/1 00 1500
Liability 500

2500

Administrative expense:

Audit:

Estimate by Golden berg & Levitt, Chartered Accountants 3000

Office and telephone

Estimate 2000

Working capital interest:

Average A/R from FFMC- \$ 20,000 for 3 weeks @ 13%
Other W/C requirements- 5000 @ 13% for 6 weeks

150
75

225

Fixed asset charges:

Depreciation

Building and equipment- 20 year st. line
Truck- 5 year st. line

9000
2000

11000

Interest:

1992-1996:

Fish sales:

We assume that there will be no real price increases.

Shipping costs:

Assume real price increases of 3% per annum. Based on our review of price changes 1990 versus 1981.

Payment to fishermen:

Assume no real price increases.

Heat & Power:

Assume real price increases of 3% per annum. Based on our review of price changes 1990 versus 1981.

Other expenses:

Assume no real price increases.

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BALANCE SHEET

FFMC final payment receivable:

Assume final payment of 10% of total payment. The final payment is receivable at the year end.

Supplies inventory :

We assume that the plant will not sell fishing supplies to the fishermen. The supplies inventory will consist of cleaning and productions supplies.

Estimate

1000

Fixed assets:

Building and equipment:

The building and equipment are as quoted by ATCO.

Truck:

The truck is a used vehicle used for odd jobs and delivering fish to airport.

Incorporation costs:

Assume that would operate as an incorporated company.

1000

Liabilities:

Accounts payable:

Fishing ends early in September. Therefore by year end all accounts payable should be paid except for audit fees.

One year audit fee

3000

Shareholders' loan

Assume the shareholders' equity in excess of share capital contributed as a non interest bearing loan.

Term loan:

Assume 25% financed with debt. Assume a 20 year term loan at 12 percent. One payment at the end of each operating year. Interest for 3 months in first year.

WHALE COVE PROCESSING PLANT
NET PRESENT VALUE ANALYSIS
(condition of 28,000 pounds of production, 50% debt financing)

Discount factor:	
Cost of capital	17%
Risk	10%
	0.22

Investment:	
Present value of investment	1900001

Value of assets end of 20 years	0
---------------------------------	----------

Year	Cash flow	Add PAYT L.T. LOAN	Adj cash flow
1	-21,507	7,600	-13,907
2	-21,504	15,580	-5,924
3	-21,570	15,010	-6,560
4	-21,655	14,440	-7,215
5	-21,759	13,870	-7,889

20	-9000
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PRESENT VALUE OF CASH FLOWS	-39,538
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NET PRESENT VALUE	(\$229,538)1
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WHALE COYE PROCESSING PLANT
PROJECTED BALANCE SHEET
FIVE YEARS ENDING DECEMBER 31, 1992-1996
 (Condition of 28,000 pounds **production, 50%** debt financing)

	OPENING	1992	1993
ASSETS			
Current assets:			
Bank	\$100	(\$ 21,407)	(\$ 42,912)
FFMC, Final Payment Receivable		9,600	9,600
Supplies inventory	1,000	1,000	1,000
	1,100	-10,807	-32,312
Fixed assets (at cost):			
Building and equipment	179,000	179,000	179,000
Truck	10,000	10,000	10,000
	189,000	189,000	189,000
less capital grants	—		
	189,000	189,000	189,000
less accumulated depreciation		11,000	22,000
	189,000	178,000	167,000
incorporation costs	1,000	1,000	1,000
	\$ 191,100	\$ 168,193	\$ 135,688

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1994	1995	1996
(\$64,452)	(\$86,137)	(\$107,896)
9,600	9,600	9,600
1,000	1,000	1,000
-53,882	-75,537	-97,296
179,000	179,000	179,000
10,000	10,000	10,000
189,000	189,000	189,000
189,000	189,000	189,000
33,000	44,000	55,000
156,000	145,000	134,000
1,000	1,000	1,000

\$103,118 \$70,463 \$37,704

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LIABILITIES	<u>OPENING</u>	<u>1992</u>	<u>1993</u>
Current liabilities:			
Accounts payable	\$2,000	\$3,000	\$3,000
Shareholder's loan	94,000	94,000	94,000
Current portion of long-term debt	4,750	4,750	4,750
	<u>100,750</u>	<u>101,750</u>	<u>101,750</u>
Long-term debt:			
Term loan	95,000	90,250	85,500
less current portion	4,750	4,750	4,750
	<u>90,250</u>	<u>85,500</u>	<u>80,750</u>

SHAREHOLDER'S EQUITY

Capital stock:

Authorized:

Unlimited number of no par value common shares

Issued:

100 common shares

100	100	100
-----	-----	-----

Contributed surplus-Government Grant

Retained earnings (deficit)

<u>0</u>	<u>-19,157</u>	<u>-46,912</u>
----------	----------------	----------------

<u>100</u>	<u>-19,057</u>	<u>-46,812</u>
------------	----------------	----------------

<u>\$191,100</u>	<u>\$168,193</u>	<u>\$135,688</u>
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<u>1994</u>	<u>1995</u>	<u>1996</u>
\$3,000	\$3,000	\$3,000
94,000	94,000	94,000
4,750	4,750	4,750
<u>101,750</u>	<u>101,750</u>	<u>101,750</u>
80,750	76,000	71,250
4,750	4,750	4,750
<u>76,000</u>	<u>71,250</u>	<u>66,500</u>

100 100 100

<u>-74,732</u>	<u>-102,637</u>	<u>-130,646</u>
<u>-74,632</u>	<u>-102,537</u>	<u>-130,546</u>

<u>\$103,118</u>	<u>\$70,463</u>	<u>\$37,704</u>
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WHALE COVE PROCESSING PLANT
PROJECTED STATEMENT OF INCOME AND RETAINED EARNINGS
FIVE YEARS ENDING DECEMBER 31, 1992-1996
 (Condition of 28,000 pounds production, 50% debt financing)

	1992	1993	1994
Fish sales:			
Fresh	\$21,250	\$21,250	\$21,250
Frozen	74,750	74,750	74,750
	<u>96,000</u>	<u>96,000</u>	<u>96,000</u>
Variable costs:			
Shipping costs	10,136	\$10,440	\$10,753
Payment to fishermen	49,000	49,000	49,000
Direct Labour	7,200	7,200	7,200
Packaging material			
	<u>66,336</u>	<u>66,640</u>	<u>66,953</u>
Contributed margin	<u>29,664</u>	<u>29,360</u>	<u>29,047</u>
Expenses, Plant:			
Heat and power	10,436	10,749	11,072
Repairs and maintenance	4,050	4,050	4,050
Supplies	1,500	1,500	1,500
Salary and benefits, manager	7,000	7,000	7,000
Start-up and closing down	1,260	1,260	1,260
Sundry	1,000	1,000	1,000
Truck and travel	2,000	2,000	2,000
Insurance	2,500	2,500	2,500
	<u>29,746</u>	<u>30,059</u>	<u>30,382</u>
Expenses, Administrative:			
Audit	3,000	3,000	3,000
Office and Telephone	2,000	2,000	2,000
Working capital interest	225	225	225
	<u>5,225</u>	<u>5,225</u>	<u>5,225</u>
Income before the under noted:	<u>-5,307</u>	<u>-5,924</u>	<u>-6,560</u>
Depreciation	11,000	11,000	11,000
Interest, long-term	2,850	10,830	10,260
	<u>13,850</u>	<u>21,830</u>	<u>21,260</u>
Net income	<u>-19,157</u>	<u>-27,754</u>	<u>-27,820</u>
Retained earnings beginning of year	<u>0</u>	<u>-19,157</u>	<u>-46,912</u>
Retained earnings end of year	<u>(\$19,157)</u>	<u>(\$46,912)</u>	<u>(\$74,732)</u>

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1995	1996
\$21,250	\$21,250
74,750	74,750
96,000	96,000
\$11,076	\$11,408
49,000	49,000
7,200	7,200
67,276	67,608
28,724	28,392
11,404	11,746
4,050	4,050
1,500	1,500
7,000	7,000
1,260	1,260
1,000	1,000
2,000	2,000
2,500	2,500
3,0714	31,056
3,000	3,000
2,000	2,000
225	225
5,225	5,225
-7,215	-7,889
11,000	11,000
9,690	9,120
20,690	20,120
-27,905	-28,009
-74,732	-102,637
(\$102,637)	(\$130,646)

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WHALE COYE FISH PLANT
PROJECTED STATEMENT OF CHANGES IN CASH POSITION
FIVE YEARS ENDING DECEMBER 31, 1992-1996
(Condition of 28,000 pounds production, 50% debt financing)

	OPENING	1992
SOURCE OF CASH:		
Net income (loss)	\$ 0	(\$19,157)
Add charges to net income not requiring an outlay of cash:		
-depreciation	0	11,000
	0	-8,157
Capital grants		
Working capital and pre-operative grants		
Share capital	1 0 0	
Shareholder's loan	94,000	
Commercial financing -term loan	95,000	
Increase in accounts payable	2,000	1,000
	191,100	-7,157
USES OF CASH:		
Purchase of fixed assets	189,000	
Repayment of term loan		4,750
Increase in final payment receivable		9,600
Incorporation costs:	1,000	
Increase in supplies	1,000	
	191,000	14,350
Increase (decrease) in cash	1 0 0	-21,507
Bank (overdraft) beginning of year	0	100
Bank(overdraft) end of year	\$100	(\$21 ,407)

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1993	1994	1995	1996
(\$27,754)	(\$27,820)	(\$27,905)	(\$28,009)
11,000	11,000	11,000	11,000
-16,754	-16,820	-16,905	-17,009
0	0	0	0
-16,754	-16,820	-16,905	-17,009
4,750	4,750	4,750	4,750
0	0	0	0
4,750	4,750	4,750	4,750
-21,504	-21,570	-21,655	-21,759
-21,407	-42,912	-64,482	-86,137
(\$42,912)	(\$64,482)	(\$86,137)	(\$107,896)

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WHALE COVE PROCESSING PLANT
NET PRESENT VALUE ANALYSIS
 (condition of 28,000 pounds of production, 100% debt financing)

Discount factor:
 Cost of capital 12%
 Risk 10%
0.22

Investment:
 Present value of investment **190000**

Value of assets end of 20 years **0**

Year	Cash flow	Add PAYT L.T. LOAN	Adj cash flow
1	-29,107	15,200	-13,907
2	-37,084	31,160	-5,924
3	-36,580	30,020	-6,560
4	-36,095	28,880	-7,215
5	-35,629	27,740	-7,889

20 -9000

PRESENT VALUE OF CASH FLOWS **-39,5381**

NET PRESENT VALUE **(\$229.5381)**

Jerrold S. Goldenberg Associates

WHALE COVE PROCESSING PLANT
PROJECTED BALANCE SHEET
FIVE YEARS ENDING DECEMBER 31, 1992-1996
 (Condition of 28,000 pounds production, 100% debt financing)

ASSETS	OPENING	1992	1993
Current assets:			
Bank	\$1,100	(\$28,007)	(\$65,092)
FFMC, Final Payment Receivable		9,600	9,600
Supplies inventory	1,000	1,000	1,000
	2,100	-17,407	-54,492
Fixed assets (at cost):			
Building and equipment	179,000	179,000	179,000
Truck	10,000	10,000	10,000
	189,000	189,000	189,000
less capital grants			
	189,000	189,000	189,000
less accumulated depreciation			
		11,000	22,000
	189,000	178,000	167,000
Incorporation costs	1,000	1,000	1,000
	\$192,100	\$161,593	\$113,508

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<u>1994</u>	<u>1995</u>	<u>1996</u>
(<u>\$101,672</u>)	(<u>\$137,767</u>)	(<u>\$173,396</u>)
9,600	9,600	9,600
1,000	1,000	1,000
<u>-91,072</u>	<u>-127,167</u>	<u>-162,796</u>
179,000	179,000	179,000
10,000	10,000	10,000
<u>189,000</u>	<u>189,000</u>	<u>189,000</u>
189,000	189,000	189,000
33,000	44,000	55,000
<u>156,000</u>	<u>145,000</u>	<u>134,000</u>
1,000	1,000	1,000

\$65,928 \$18,833 (\$27,796)

Jerrold S. Goldenberg Associates

LIABILITIES	<u>OPENING</u>	<u>1992</u>	<u>1993</u>
Current liabilities:			
Accounts payable	\$2,000	\$3,000	\$3,000
Shareholder's loan			
Current portion of long-term debt	<u>9,500</u>	<u>9,500</u>	<u>9,500</u>
	<u>11,500</u>	<u>12,500</u>	<u>12,500</u>
Long-term debt:			
Term loan	190,000	180,500	171,000
less current portion	<u>9,500</u>	<u>9,500</u>	<u>9,500</u>
	<u>180,500</u>	<u>171,000</u>	<u>161,500</u>
 SHAREHOLDERS EQUITY			
Capital stock:			
Authorized:			
Unlimited number of no par value common shares			
Issued:			
100 common shares	100	100	100
Contributed surplus-Government Grant			
Retained earnings (deficit)	<u>0</u>	<u>-22,007</u>	<u>-60,592</u>
	<u>100</u>	<u>-21,907</u>	<u>-60,492</u>
	<u>\$192,100</u>	<u>\$161,593</u>	<u>\$113,508</u>

Jerrold S. Golden berg Associates

1994	1995	1996
\$3,000	\$3,000	\$3,000
9,500	9,500	9,500
12,500	12,500	12,500
161,500	152,000	142,500
9,500	9,500	9,500
152,000	142,500	133,000
100	100	100
-98,672	-136,267	-173,396
-98,572	-136,167	-173,296
\$65,928	\$18,833	(\$27,796)

Jerrold S. Goldenberg Associates

WHALE COVE PROCESSING PLANT
PROJECTED STATEMENT OF INCOME AND RETAINED EARNINGS
FIVE YEARS ENDING DECEMBER 31, 1992-1996
(Condition of 28,000 pounds production, 100% debt financing)

	1992	1993	1994
Fish sales:			
Fresh	\$21,250	\$21,250	\$21,250
Frozen	74,750	74,750	74,750
	<u>96,000</u>	<u>96,000</u>	<u>96,000</u>
Variable costs:			
Shipping costs	10,136	\$10,440	\$10,753
Payment to fishermen	49,000	49,000	49,000
Direct Labour	7,200	7,200	7,200
Packaging material			
	<u>66,336</u>	<u>66,640</u>	<u>66,953</u>
Cent ributed margin	29,664	29,360	29,047
Expenses, Plant:			
Heat and power	10,436	10,749	11,072
Repairs and maintenance	4,050	4,050	4,050
Supplies	1,500	1,500	1,500
Salary and benefits, manager	7,000	7,000	7,000
Start-up and closing down	1,260	1,260	1,260
Sundry	1,000	1,000	1,000
Truck and travel	2,000	2,000	2,000
Insurance	2,500	2,500	2,500
	<u>29,746</u>	<u>30,059</u>	<u>30,382</u>
Expenses, Administrative:			
Audit	3,000	3,000	3,000
Office and Telephone	2,000	2,000	2,000
Working capital interest	'225	'225	225
	<u>5,225</u>	<u>5,225</u>	<u>5,225</u>
Income before the undernoted:	<u>-5,307</u>	<u>-5,924</u>	<u>-6,560</u>
Depreciation	11,000	11,000	11,000
Interest, long-term	5,700	21,660	20,520
	<u>16,700</u>	<u>32,660</u>	<u>31,520</u>
Net income	-22,007	-38,584	-38,080
Retained earnings beginning of year	0	-22,007	-60,592
Retained earnings end of year	<u>(\$22,007)</u>	<u>(\$60,592)</u>	<u>(\$98,672)</u>

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<u>1995</u>	<u>1996</u>
\$21,250	\$21,250
74,750	74,750
<hr/>	<hr/>
96,000	96,000
<hr/>	<hr/>
\$11,076	\$11,408
49,000	49,000
7,200	7,200
<hr/>	<hr/>
67,276	67,608
<hr/>	<hr/>
28,724	28,392
<hr/>	<hr/>
11,404	11,746
4,050	4,050
1,500	1,500
7,000	7,000
1,260	1,260
1,000	1,000
2,000	2,000
2,500	2,500
<hr/>	<hr/>
30,714	31,056
<hr/>	<hr/>
3,000	3,000
2,000	2,000
225	225
<hr/>	<hr/>
5,225	5,225
<hr/>	<hr/>
-7,215	-7,889
<hr/>	<hr/>
11,000	11,000
19,380	18,240
<hr/>	<hr/>
30,380	29,240
<hr/>	<hr/>
-37,595	-37,129
<hr/>	<hr/>
-98,672	-136,267
<hr/>	<hr/>
(\$136,267)	(\$173,396)

Jerrold S. Goldenberg Associates

WHALE COVE FISH PLANT
PROJECTED STATEMENT OF CHANGES IN CASH POSITION
FIVE YEARS ENDING DECEMBER 31, 1992-1996
(Condition of 28,000 pounds production, 100% debt financing)

	OPENING	1992
SOURCE OF CASH:		
Net income (loss)	\$ 0	(\$ 22,007)
Add charges to net income not requiring an outlay of cash:		
-depreciation	0	11,000
	0	-11,007
Capital grants		
Working capital and pre-operative grants		
Share capital	1 0 0	
Shareholder's loan	0	
Commercial financing -term loan	190,000	
Increase in accounts payable	2,000	1,000
	192,100	-10,007
USES OF CASH:		
Purchase of fixed assets	189,000	
Repayment of term loan		9,500
Increase in final payment receivable		9,600
Incorporation costs:	1,000	
Increase in supplies	1,000	
	191,000	19,100
Increase(decrease) in cash	1,100	-29,107
Bank(overdraft) beginning of year	0	1,100
Bank(overdraft) end of year	\$1,100	(\$28,007)

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1993	1994	1995	1996
(\$38,584)	(\$38,080)	(\$37,595)	(\$37,129)
11,000	11,000	11,000	11,000
-27,584	-27,080	-26,595	-26,129
0	0	0	0
-27,584	-27,080	-26,595	-26,129
9,500	9,500	9,500	9,500
0	0	0	0
9,500	9,500	9,500	9,500
-57,084	-36,580	-36,095	-35,629
-28,007	-65,092	-101,672	-137,767
(\$65,092)	(\$101,672)	(\$137,767)	(\$173,396)

Jerrold S. Goldenberg Associates

APPENDIX E
RANKIN INLET PLANT
FINANCIAL PROJECTIONS
PRODUCTION (IF 18,000 POUNDS DRESSED WEIGHT

RANKIN INLET PROCESSING PLANT
NET PRESENT VALUE ANALYSIS
(condition ofl 8,000 pounds of **production, 25%** debt financing)

Discount factor:

Cost of capital	12%
Risk	10%
	0.22

Invest ment:

Present value of invest ment	171 000
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Pal ue of assets end of 20 years	0
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Year	Cash flow	Add PAYT L.T.LOAN	Adj cash flow
1	-9,638	3,440	-6,198
2	-7,703	7,052	-651
3	-7,756	6,794	-962
4	-7,819	6,536	-1,283
5	-7,892	6,278	-1,614

20	-9000
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PRESENT VALUE OF CASH FLOWS	-21 ,594
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NET PRESENT VALUE	(\$192,594)
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RANKINLET PROCESSING PLANT
PROJECTED BALANCE SHEET
FIVE YEARS ENDING DECEMBER 31, 1992-1996
(Condition of 18,000 pounds production, 25% debt financing)

ASSETS	OPENING	1992	1993
Current assets:			
Bank	\$600	(\$9,038)	(\$16,741)
FFMC, Final Payment Receivable		6,850	6,850
Supplies inventory	500	500	500
	1,100	-1,688	-9,391
Fixed assets (accost):			
Building and equipment	160,000	160,000	160,000
Truck	10,000	10,000	10,000
	170,000	170,000	170,000
less capital grants			
	170,000	170,000	170,000
less accumulated depreciation			
		9,900	19,800
	170,000	160,100	150,200
Incorporation costs			
	1,000	1,000	1,000
	\$172,100	\$159,412	\$141,809

Jerrold S. Goldenberg Associates

1994	1995	1996
(\$24,497)	(\$32,317)	(\$40,208)
6,850	6,850	6,850
500	500	500
-17,147	-24,967	-32,858
160,000	160,000	160,000
10,000	10,000	10,000
170,000	170,000	170,000
170,000	170,000	170,000
29,700	39,600	49,500
140,300	130,400	120,500
1,000	1,000	1,000

\$124,153 \$106,433 \$88,642

Jerrold S. Golden berg Associates

LIABILITIES	<u>OPENING</u>	<u>1992</u>	<u>1993</u>
Current liabilities:			
Accounts payable	\$2,000	\$3,000	\$3,000
Shareholder's loan	127,000	127,000	127,000
Current portion of long-term debt	2,150	2,150	2,150
	<u>131,150</u>	<u>132,150</u>	<u>132,150</u>
Long-term debt:			
Term loan	43,000	40,850	38,700
less current portion	2,150	2,150	2,150
	<u>40,850</u>	<u>38,700</u>	<u>36,550</u>

SHAREHOLDER'S EQUITY

Capital stock :			
Authorized:			
Unlimited number of no par value common shares			
Issued:			
100 common shares	100	100	100
Contributed surplus-Government Grant			
Retained earnings (deficit)	<u>0</u>	<u>-11,538</u>	<u>-26,991</u>
	<u>100</u>	<u>-11,438</u>	<u>-26,891</u>
	<u>\$172,100</u>	<u>\$159,412</u>	<u>\$141,809</u>

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<u>1994</u>	<u>1995</u>	<u>1996</u>
\$3,000	\$3,000	\$3,000
127,000	127,000	1-27,000
<u>2,150</u>	<u>2,150</u>	<u>2,150</u>
<u>132,150</u>	<u>132,150</u>	<u>132,150</u>
36,550	34,400	32,250
<u>2,150</u>	<u>2,150</u>	<u>2,150</u>
<u>34,400</u>	<u>32,250</u>	<u>30,100</u>
100	100	100
<u>-42,497</u>	<u>-58,067</u>	<u>-73,708</u>
<u>-42,397</u>	<u>-57,967</u>	<u>-73,608</u>
<u>\$124,153</u>	<u>\$106,433</u>	<u>\$88,642</u>

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RANKIN INLET PROCESSING PLANT
PROJECTED STATEMENT OF INCOME AND RETAINED EARNINGS
FIVE YEARS ENDING DECEMBER 31, 1992-1996
(Condition of 18,000 pounds production, 25% debt financing)

	1 9 9 2	1 9 9 3	1 9 9 4
Fish sales:			
Fresh	\$42,500	\$42,500	\$42,500
Frozen	26,000	26,000	26,000
	<u>68,500</u>	<u>68,500</u>	<u>68,500</u>
Variable costs:			
Shipping costs	3,600	\$3,708	\$3,819
Payment to fishermen	31,500	31,500	31,500
Direct Labour	4,800	4,800	4,800
Packaging material			
	<u>39,900</u>	<u>40,008</u>	<u>40,119</u>
Cent ributed margin	<u>28,600</u>	<u>28,492</u>	<u>2 8 , 3 8 1</u>
Expenses, Plant:			
Heat and power	6,483	6,678	6,878
Repairs and maintenance	4,050	4,050	4,050
Supplies	1,000	1,000	1,000
Salary and benefits, manager	7,000	7,000	7,000
Start-up and closing down	840	840	840
Sundry	1,000	1,000	1,000
Truck and travel	1,000	1,000	1,000
Insurance	2,350	2,350	2,350
	<u>23,723</u>	<u>23,918</u>	<u>24,118</u>
Expenses, Administrative:			
Audit	3,000	3,000	3,000
Office and Telephone	2,000	2,000	2,000
Working capital interest	225	225	225
	<u>5,225</u>	<u>5,225</u>	<u>5,225</u>
Income before the undernoted:	<u>- 34 a</u>	<u>-651</u>	<u>- 9 6 2</u>
Depreciation	9,900	9,900	9,900
Interest, long-term	1,290	4,902	4,644
	<u>11,190</u>	<u>14,802</u>	<u>14,544</u>
Net income	-11,538	-15,453	-15,506
Retained earnings beginning of year	<u>0</u>	<u>-11,538</u>	<u>-26,991</u>
Retained earnings end of year	<u>(\$1 1.538)</u>	<u>(\$26.991)</u>	<u>(\$42,497)</u>

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<u>1995</u>	<u>1996</u>
\$42,500	\$42,500
<u>26,000</u>	<u>26,000</u>
<u>68,500</u>	<u>68,500</u>
\$3,934	\$4,052
31,500	31,500
4,800	4,800
<u>40,234</u>	<u>40,352</u>
<u>28,266</u>	<u>28,148</u>
7,084	7,297
4,050	4,050
1,000	1,000
7,000	7,000
840	840
1,000	1,000
1,000	1,000
<u>2,350</u>	<u>2,350</u>
<u>24,324</u>	<u>24,537</u>
3,000	3,000
2,000	2,000
<u>225</u>	<u>225</u>
<u>5,225</u>	<u>5,225</u>
<u>-1,283</u>	<u>-1,614</u>
9,900	9,900
<u>4,386</u>	<u>4,128</u>
<u>14,286</u>	<u>14,028</u>
-15,569	-15,642
<u>-42,497</u>	<u>-58,067</u>
<u>-(58,067)</u>	<u>-(73,708)</u>

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WHALE COYE FISH PLANT
PROJECTED STATEMENT OF CHANGES IN CASH POSITION
FIVE YEARS ENDING DECEMBER 31, 1992-1996
(Condition of 18,000 pounds production, 25% debt financing)

	OPENING	1992
SOURCE OF CASH:		
Net income (loss)		\$0 (\$ 1 1,538)
Add charges to net income not requiring an outlay of cash:		
-depreciation	0	9,900
	0	-1,638
Capital grants		
Working capital and pre-operative grants		
Share capital	100	
Shareholder's loan	127,000	
Commercial financing -term loan	43,000	
Increase in accounts payable	2,000	1,000
	172,100	-638
USES OF CASH:		
Purchase of fixed assets	170,000	
Repayment of term loan		2,150
Increase in final payment receivable		6,850
Incorporation costs:	1,000	
Increase in supplies	500	
	171,500	9,000
Increase(decrease) in cash	600	-9,638
Bank(overdraft) beginning of year	0	600
Bank(overdraft) end of year	\$ 600	(\$ 9,038)

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<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
(\$15,453)	(\$15,506)	(\$15,565)	(\$15,642)
<u>9,900</u>	<u>9,900</u>	<u>9,900</u>	<u>9,900</u>
-5,553	-5,606	-5,669	-5,742
<hr/>			
<u>-5,553</u>	<u>-5,606</u>	<u>-5,669</u>	<u>-5,742</u>
<hr/>			
2,150	2,150	2,150	2,150
0	0	0	0
<hr/>			
<u>2,150</u>	<u>2,150</u>	<u>2,150</u>	<u>2,150</u>
-7,703	-7,756	-7,819	-7,892
-9,038	-16,741	-24,497	-32,317
<hr/>			
<u>(\$16,741)</u>	<u>(\$24,497)</u>	<u>(\$32,317)</u>	<u>(\$40,208)</u>

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**RANKIN INLET PLANT
STATEMENT OF ASSUMPTIONS**

Effects of inflation:

All projections are in real 1991 dollars. General changes due only to inflation are not considered.

Projected statement of income:

Fish sales:

Fish sales are to the FFMC at the following price (initial & final)

Fresh	4.25
Frozen	3.25

Sales volume per analysis in text:

Fresh	pounds/dressed weight	10000
Frozen	pounds/dressed weight	8000

Shipping costs: (\$/lb)

NWT Air to Winnipeg (15% over 1990)	0.37
Winnipeg International to FFMC	0.03
	0.40
Less NWT subsidy-50%	0.20
	0.20

Payment to fishermen:

Assume that fishermen will be paid 1.75/pound	1.75
---	------

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Direct labour:

Based on observation at Rankin Plant and assuming grading, glazing and final packaging performed in Winnipeg and adjusted for a wage rate of \$12/hr

\$.30/lb for freezing	2,400
\$.15/lb for fresh packing	1,500
	<u>3,900</u>

Receiving, weighing, fresh packing	1
Processing- washing, freezing , spooning, packaging	1
	<u>2</u>

2 persons @ 8hrs day for 25days \$ 12/hr	<u>4,800</u>
--	--------------

Assume cost of	<u>4,800</u>
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Packaging material:

Packaging material costs paid by FPMC and charged to pool. The plant will pay a deposit that will be returned upon return of carton (with product).

fresh	<u>0.07</u>
-------	-------------

Frozen	<u>0.03</u>
--------	-------------

Expenses:

Heat and power:

Power

360kw/day*\$.43/kwh*25 days	5160
-----------------------------	------

100 kw/day*.43/kwh*5 days	345
---------------------------	-----

Heat

65 KW/day for 30 days	978
-----------------------	-----

<u>6483</u>

Power rates quoted by DPW Rankin Inlet.

Repairs and maintenance

Engineering estimate of \$ 142/day
Addshare of air fare from Winnipeg

3550

500

4050

Supplies:

Estimate

1000

Salary & Benefits, manager

2 months at \$3,500 per month

7000

Start-up and close down:

Refrigeration by contract and included in R & M

2 persons for 6 days @ \$10/hr.

840

Truck & Travel:

Transporting fish to airport and running around town

1000

Travel

0

1000

Insurance

Truck

500

Building & equipment- .80/100

1350

Liability

500

2350

Administrative expense:

Audit:

Estimate by Goldenberg & Levitt, Chartered Accountants

3000

Office and telephone

Estimate

2000

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Working capital interest:

Average A/R from FFM - \$ 20,000 for 3 weeks @ 13%	150
Other W/C requirements - 5000 @ 13% for 6 weeks	75
	<hr/>
	225

Fixed asset charges:

Depreciation

Building and equipment - 20 year st. line	7900
Truck - 5 year st. line	2000
	<hr/>

Interest:	9900
------------------	-------------

1992-1996:

Fish sales:

We assume that there will be no real price increases.

Shipping costs:

Assume real price increases of 3% per annum. Based on our review of price changes 1990 versus 1981.

Payment to fishermen:

Assume no real price increases.

Heat & Power:

Assume real price increases of 3% per annum. Based on our review of price changes 1990 versus 1981.

Other expenses:

Assume no real price increases.

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BALANCE SHEET

FFMC final payment receivable:

Assume final payment of 10% of total payment. The final payment is receivable at the year end.

Supplies inventory :

We assume that the plant will not sell fishing supplies to the fishermen. The supplies inventory will consist of cleaning and production supplies.

Estimate

500

Fixed assets:

Building and equipment:

The building and equipment are as quoted by ATCO.

Truck:

The truck is a used vehicle used for odd jobs and delivering fish to airport.

Incorporation costs:

Assume that would operate as an incorporated company.

1000

Liabilities:

Accounts payable:

Fishing ends early in September. Therefore by year end all accounts payable should be paid except for audit fees.

One year audit fee

3000

Shareholders' loan

Assume the shareholders' equity in excess of share capital contributed as a non interest bearing loan.

Term loan:

Assume \$5M financed with debt. Assume a 20 year term loan at 12 percent. One payment at the end of each operating year. Interest for 3 months in first year.

RANKINLET PROCESSING PLANT
NET PRESENT VALUE ANALYSIS
(condition of 1 8,000 pounds of production, 50% debt financing)

Discount factor:
Cost of capital 12%
Risk 10%
0.22

Investment:
Present value of investment 171000

Value of assets end of 20 years 0

Year	Cash flow	Add PAYTL.T.LOAN	Adj cash flow
1	-13,078	6,880	-6,198
2	-14,755	14,104	-651
3	-14,550	13,588	-962
4	-14,355	13,072	-1,283
5	-14,170	12,556	-1,614

20 -9000

PRESENT VALUE OF CASH FLOWS -21,594

NET PRESENT VALUE (\$192,594)

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RANKIN INLET PROCESSING PLANT
PROJECTED BALANCE SHEET
FIVE YEARS ENDING DECEMBER 31, 1992-1996
(Condition of 18,000 pounds production, 50% debt financing)

ASSETS	OPENING	1992	1993
Current assets:			
Bank	\$600	(\$12,478)	(\$27,233)
FFMC, Final Payment Receivable		6,850	6,850
Supplies inventory	500	500	500
	1,100	-5,128	-19,883
Fixed assets (accost):			
Building and equipment	160,000	160,000	160,000
Truck	10,000	10,000	10,000
	170,000	170,000	170,000
less capital grants			170,000
	170,000	170,000	170,000
less accumulated depreciation		9,900	19,800
	170,000	160,100	150,200
Incorporation costs	1,000	1,000	1,000
	\$172,100	\$155,972	\$131,317

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1994	1995	1996
(\$41,783)	(\$56,139)	(\$70,308)
6,850	6,850	6,850
500	500	500
<u>-34,433</u>	<u>-48,789</u>	<u>-62,958</u>
160,000	160,000	160,000
10,000	10,000	10,000
<u>170,000</u>	<u>170,000</u>	<u>170,000</u>
170,000	170,000	170,000
29,700	39,600	49,500
<u>140,300</u>	<u>130,400</u>	<u>120,500</u>
1,000	1,000	1,000

<u>\$106,867</u>	<u>\$82,611</u>	<u>\$58,542</u>
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LIABILITIES	<u>OPENING</u>	<u>1992</u>	<u>1993</u>
Current liabilities:			
Accounts payable	\$2,000	\$3,000	\$3,000
Shareholder's loan	84,000	84,000	84,000
Current portion of long-term debt	4,300	4,300	4,300
	<u>90,300</u>	<u>91,300</u>	<u>91,300</u>
Long-term debt:			
Term loan	86,000	81,700	77,400
less current portion	4,300	4,300	4,300
	<u>81,700</u>	<u>77,400</u>	<u>73,100</u>

SHAREHOLDER-S EQUITY

Capital stock:			
Authorized:			
Unlimited number of no par value common shares			
Issued:			
100 common shares	100	100	100
Contributed surplus-Government Grant			
Retained earnings (deficit)	<u>0</u>	<u>-12,828</u>	<u>-33,183</u>
	<u>100</u>	<u>-12,728</u>	<u>-33,083</u>
	<u>\$172,100</u>	<u>\$155,972</u>	<u>\$131,317</u>

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<u>1994</u>	<u>1995</u>	<u>1996</u>
\$3,000	\$3,000	\$3,000
84,000	84,000	84,000
4,300	4,300	4,300
<u>91,300</u>	<u>91,300</u>	<u>91,300</u>
73,100	68,800	64,500
4,300	4,300	4,300
<u>68,800</u>	<u>64,500</u>	<u>60,200</u>
100	100	100
<u>-53,333</u>	<u>-73,289</u>	<u>-93,058</u>
<u>-S3,233</u>	<u>-73,189</u>	<u>-92,958</u>
<u>\$106,867</u>	<u>\$82,611</u>	<u>\$58,542</u>

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RANKIN INLET PROCESSING PLANT
PROJECTED STATEMENT OF INCOME AND RETAINED EARNINGS
FIVE YEARS ENDING DECEMBER 31, 1992-1996
 (Condition of 18,000 pounds production, 50% debt financing)

	1992	1993	1994
Fish sales:			
Fresh	\$42,500	\$42,500	\$42,500
Frozen	26,000	26,000	26,000
	68,500	68,500	68,500
Variable costs:			
Shipping costs	3,600	\$3,708	\$3,819
Payment to fishermen	31,500	31,500	31,500
Direct Labour	4,800	4,800	4,800
Packaging material			
	39,900	40,008	40,119
Contributed margin	28,600	28,492	28,381
Expenses, Plant:			
Heat and power	6,483	6,678	6,878
Repairs and maintenance	4,050	4,050	4,050
Supplies	1,000	1,000	1,000
Salary and benefits, manager	7,000	7,000	7,000
Start-up and closing down	840	840	840
Sundry	1,000	1,000	1,000
Truck and travel	1,000	1,000	1,000
Insurance	2,350	2,350	2,350
	23,723	23,910	24,118
Expenses, Administrative:			
Audit	3,000	3,000	3,000
Office and Telephone	2,000	2,000	2,000
Working capital interest	225	225	225
	5,225	5,225	5,225
Income before the under noted:	-348	-651	-962
Depreciation	9,900	9,900	9,900
Interest, long-term	2,580	9,804	9,288
	12,480	19,704	19,188
Net income	-12,828	-20,355	-20,150
Retained earnings beginning of year	0	-12,828	-33,183
Retained earnings end of year	(\$12,828)	(\$33,183)	(\$53,333)

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<u>1995</u>	<u>1996</u>
\$42,500	\$42,500
<u>26,000</u>	<u>26,000</u>
68,500	68,500
\$3,934	\$4,052
31,500	31,500
4,800	4,800
<u>40,234</u>	<u>40,352</u>
<u>28,266</u>	<u>28,148</u>
7,084	7,297
4,050	4,050
1,000	1,000
7,000	7,000
840	840
1,000	1,000
1,000	1,000
<u>2,350</u>	<u>2,350</u>
<u>24,324</u>	<u>24,537</u>
3,000	3,000
2,000	2,000
<u>225</u>	<u>225</u>
5,225	5,225
<u>-1,283</u>	<u>-1,614</u>
9,900	9,900
8,772	8,256
<u>18,672</u>	<u>18,156</u>
-19,955	-19,770
<u>-53,333</u>	<u>-73,289</u>
<u>(\$73,289)</u>	<u>(\$93,058)</u>

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RANKIN INLET FISH PLANT
PROJECTED STATEMENT OF CHANGES IN CASH POSITION
FIVE YEARS ENDING DECEMBER 31, 1992-1996
(Condition of 18,000 pounds production, 20% debt financing)

	OPENING	1992
SOURCE OF CASH:		
Net income (loss)	\$ 0	(\$1 2,828)
Add charges to net income not requiring an outlay of cash:		
-depreciation	0	9,900
	0	-2,928
Capital grants		
Working capital and pre-operative grants		
Share capital	100	
Shareholder's loan	84,000	
Commercial financing -term loan	86,000	
Increase in accounts payable	2 000	1,000
	172,100	-1,928
USES OF CASH:		
Purchase of fixed assets	170,000	
Repayment of term loan		4,300
Increase in final payment receivable		6,850
Incorporation costs:	1,000	
Increase in supplies	500	
	171,500	11,150
Increase(decrease) in cash	600	-13,078
Bank(overdraft) beginning of year	0	600
Bank(overdraft) end of year	\$ 600	(\$12,478)

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1993	1994	1995	1996
(\$20,355)	(\$20,150)	(\$19,955)	(\$19,770)
9,900	9,900	9,900	9,900
-10,455	-10,250	-10,055	-9,870
0	0	0	0
-10,455	-10,250	-10,055	-9,870
4,300	4,300	4,300	4,300
0	0	0	0
4,300	4,300	4,300	4,300
-14,755	-14,550	-14,355	-14,170
-12,478	-27,233	-41,783	-56,139
(\$27,233)	(\$41,783)	(\$56,139)	(\$70,308)

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**RANKIN INLET PROCESSING PLANT
NET PRESENT VALUE ANALYSIS**

(condition of 8,000 pounds of production, 100% debt financing)

Discount factor:

Cost of capital	12%
Risk	10%
	0.22

investment:

Present value of investment	171 000
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Value of assets end of 20 years	0
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Year	Cash flow	Add PAYTL.T.LOAN	Adj cash flow
1	-1 9,878	13,680	-6,198
2	-28,695	28,044	-651
3	-27,980	27,018	-962
4	-27,275	25,992	-1,283
5	-26,580	24,966	-1,614

20	-9000
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PRESENT VALUE OF CASH FLOWS	-21,594
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NET PRESENT VALUE	(\$192,594)
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RANKIN INLET PROCESSING PLANT
PROJECTED BALANCE SHEET
FIVE YEARS ENDING DECEMBER 31, 1992-1996
 (Condition of 18,000 pounds production, 100% debt financing)

ASSETS	OPENING	1992	1993
Current assets:			
Bank	\$ 600	(\$ 9,278)	(\$ 47,973)
FFMC, Final Payment Receivable		6,850	6,850
Supplies inventory	500	500	500
	1,100	-11,928	-40,623
Fixed assets (at cost):			
Building and equipment	160,000	160,000	160,000
Truck	10,000	10,000	10,000
	170,000	170,000	170,000
less capital grants			
	170,000	170,000	170,000
less accumulated depreciation		9,900	19,800
	170,000	160,100	150,200
Incorporation costs	1,000	1,000	1,000
	171,000	161,100	151,200
	172,100	149,172	110,577

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1994	1995	1996
(\$75,953)	(\$1 03,229)	(\$1 29,808)
6,850	6,850	6,850
500	5 0 0	500
-68,603	-95)879	-122> 458
160,000	160,000	160,000
10,000	10,000	10,000
170,000	170,000	170,000
170,000	170,000	170,000
29,700	39,600	49,500
140,300	130,400	120,500
1,000	1, 0 0 0	1,000

\$72.697 \$35.521 (\$958)

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	OPENING	1992	1993
LIABILITIES			
Current liabilities:			
Accounts payable	\$2,000	\$3,000	\$3,000
Shareholder's loan	-1,000	-1,000	-1,000
Current portion of long-term debt	8,550	8,550	8,550
	<u>9,550</u>	<u>10,550</u>	<u>10,550</u>
Long-term debt:			
Term loan	171,000	162,450	153,900
less current portion	8,550	8,550	8,550
	<u>162,450</u>	<u>153,900</u>	<u>145,350</u>

SHAREHOLDER-S EQUITY

Capital **stock**:

Authorized:

Unlimited number of no par value common shares

Issued:

100 common shares	00	00	100
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Contributed **surpl** us-Government Grant

Retained **earnings** (deficit)

	<u>0</u>	<u>-15,378</u>	<u>-45,423</u>
	<u>100</u>	<u>-15,278</u>	<u>-45,323</u>

	<u>\$172,100</u>	<u>\$149,172</u>	<u>\$110,577</u>
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<u>1994</u>	<u>1995</u>	<u>1996</u>
\$3,000	\$3,000	\$3,000
-1,000	-1,000	-1,000
<u>8,550</u>	<u>8,550</u>	<u>8,550</u>
<u>10,550</u>	<u>10,550</u>	<u>10,550</u>
145,350	136,800	128,250
<u>8,550</u>	<u>8,550</u>	<u>8,550</u>
<u>136,800</u>	<u>128,250</u>	<u>119,700</u>

100	100	100
<u>-74,753</u>	<u>-103,379</u>	<u>-131,308</u>
<u>-74,653</u>	<u>-103,279</u>	<u>-131,208</u>

<u>\$72,697</u>	<u>\$3,521</u>	<u>(\$958)</u>
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Jerrold S. Goldenberg Associates

**RANKIN INLET PROCESSING PLANT
PROJECTED STATEMENT OF INCOME AND RETAINED EARNINGS
FIVE YEARS ENDING DECEMBER 31, 1992-1996**

(Condition of 18,000 pounds production, 100% debt financing)

	1992	1993	1994
Fish sales:			
Fresh	\$42,5(10	\$42,500	\$42,500
Frozen	26,000	26,000	26,000
	<u>68,500</u>	<u>68,500</u>	<u>68,500</u>
Variable costs:			
Shipping costs	3,600	\$3,708	\$3,819
Payment to fishermen	31,500	31,500	31,500
Direct Labour	4,800	4,800	4,800
Packaging material			
	<u>39,900</u>	<u>40,00s</u>	<u>40,11'3</u>
Contributed margin	<u>28,600</u>	<u>28,492</u>	<u>28,381</u>
Expenses, Plant:			
Heat and power	6,483	6,678	6,878
Repairs and maintenance	4,050	4,050	4,050
Supplies	1,000	1,000	1,000
Salary and benefits, manager	7,000	7,000	7,000
Start-up and closing down	840	840	840
Sundry	1,000	1,000	1,000
Truck and travel	1,000	1,000	1,000
Insurance	2,350	2,350	2,350
	<u>23,723</u>	<u>23,918</u>	<u>24,118</u>
Expenses, Administrative:			
Audit	3,000	3,000	3,000
Office and Telephone	2,000	2,000	2,000
Working capital interest	"225	'225	225
	<u>5,225</u>	<u>5,225</u>	<u>5,225</u>
Income before the undernoted:	<u>-348</u>	<u>-651</u>	<u>-962</u>
Depreciation	9,900	9,900	9,900
Interest, long-term	5,130	19,494	18,468
	<u>15,030</u>	<u>29,394</u>	<u>28,368</u>
Net income	-15,378	-30,045	-29,330
Retained earnings beginning of year	0	-15,378	-45,423
Retained earnings end of year	<u>(\$15,378)</u>	<u>(\$45,423)</u>	<u>(\$74,753)</u>

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<u>i 995</u>	<u>1996</u>
\$42,500	\$42,500
<u>26,000</u>	<u>26,000</u>
68,500	68,500
\$3,934	\$4,052
31,500	31,500
4,800	4,800
<u>40,234</u>	<u>40,352</u>
<u>28,266</u>	<u>28,148</u>
7,084	7,297
4,050	4,050
1,000	1,000
7,000	7,000
840	840
1,000	1,000
1,000	1,000
<u>2,350</u>	<u>2,350</u>
<u>24,324</u>	<u>24,537</u>
3,000	3,000
2,000	2,000
<u>225</u>	<u>225</u>
<u>5,225</u>	<u>5,225</u>
<u>-1,283</u>	<u>-1,614</u>
9,900	9,900
<u>17,442</u>	<u>16,416</u>
<u>27,342</u>	<u>26,316</u>
-28,625	-27,930
<u>-74,753</u>	<u>-103,379</u>
<u>(\$103,379)</u>	<u>(\$131,308)</u>

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RANKIN INLET FISH PLANT
PROJECTED STATEMENT OF CHANGES IN CASH POSITION
FIVE YEARS ENDING DECEMBER 31, 1992-1996
(Condition Of 18,000 pounds production, 100% debt financing)

	OPENING	1992	
SOURCE OF CASH:			
Net income (loss)	\$ 0	(\$1 5,378)	
Add charges to net income not requiring an outlay of cash:			
-depreciation	0	9,900	
	0	-5,478	
Capital grants			
Working capital and pre-operative grants			
Share capital	100		
Shareholder's loan	-1,000		
Commercial financing -term loan	171,000		
Increase in accounts payable	2,000	1,000	
	172,100	-4,478	
USES OF CASH:			
Purchase of fixed assets	170,000		
Repayment of term loan		8,550	
Increase in final payment receivable		6,850	
Incorporation costs:	1,000		
Increase in supplies	500		
	171,500	15,400	
Increase(decrease) in cash	600	- 19,878	"
Bank(overdraft) beginning of year	0	600	
Bank(overdraft) end of year	\$ 600	(\$1 9,278)	

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1993	1994	1995	1996
(\$30,045)	(\$29,330)	(\$28,625)	(\$27,930)
9,900	9,900	9,900	9,900
-20,145	-19,430	-18,725	-18,030
<hr/>			
-20,145	-19,430	-18,725	-18,030
<hr/>			
8,550 0	8,550 0	8,550 0	8,550 0
<hr/>			
8,550	8,550	8,550	8,550
<hr/>			
-28,695	-27,980	-27,275	-26,580
-19,278	-47,973	-75,953	-103,229
<hr/>			
(\$47,973)	(\$75,953)	(\$103,229)	(\$129,808)

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APPENDIX F
CAPITAL **BUDGETING ANALYSIS**
SOCIO-ECONOMIC ALTERNATIVE

WHALE COVE PROCESSING PLANT
NET PRESENT VALUE ANALYSIS
(condition of 55,000 pounds of production, 50% debt financing)

Discount factor:
Cost of Capital 12%
Risk 10%
0.22

Investment:
Present value of Investment 190000

Value of assets end of 20 years 0

Year	Cash flow	Add Wages & salaries	Add PAYT L.T.LOAN	Adj cash flow
1	3,794	19,000	3,800	26,594
2	5,768	19,000	7,790	42,558
3	5,116	19,000	7,505	41,621
4	4,435	19,000	7,220	40,655
5	3,725	19,000	6,935	39,660

20 40000

PRESENT VALUE OF CASH FLOWS 170,203

NET PRESENT VALUE (\$19,797)

WHALE COVE PROCESSING PLANT
NET PRESENT VALUE ANALYSIS
 (condition of 28,000 pounds of **production, 25%** debt financing)

Discount factor:
 Cost of capital 12%
 Risk 10%
0.22

Investment:
 Present value of Investment 1900001

Value of assets end of 20 years 0

Year	Cash flow	Add wages & salaries	Add PAYT L. T. LOAN	Adj cash flow
1	-13,207	14,200	3,800	4,793
2	-8,714	14,200	7,790	13,276
3	-9,065	14,200	7,505	12,640
4	-9,435	14,200	7,220	11,985
5	-9,824	14,200	6,935	11,311

20 11500

PRESENT VALUE OF CASH FLOWS **47,765**

NET PRESENT VALUE **(\$142,235)**

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**RANKIN INLET PROCESSING PLANT
NET PRESENT VALUE ANALYSIS
(condition of 18,000 pounds of production ,25% debt financing)**

Discount factor:	
Cost of capital	12%
Risk	10%
	<u>0.22</u>

Investment:	
Present value of Investment	<u>171 000</u>

Value of assets end of 20 years	<u>0</u>
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Year	Cash flow	Add Wages & salaries	Add PAY L.T.LOAN	Adj cash flow
1	-9,638	11,800	3,440	5,602
2	-7,703	11,800	7,052	11,149
3	-7,756	11,800	6,794	10,838
4	-7,819	11,800	6,536	10,517
5	-7,892	11,800	6,278	10,186

20	10000
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PRESENT VALUE OF CASH FLOWS	<u>42,533</u>
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NET PRESENT VALUE	<u>(\$ 128,467)</u>
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