Jan 28th. 1932.

Dear Sirs :-

At different times I have taken up the question of reorganization of our company for the purpose of getting rid of the Advances to Shareholders but have always been advised by our Auditors against it. Last December when I passed through the City on my way to Victoria I again took up the subjest and asked them to put it up to The Income Tax officials and get a direct ruling from them. I enclose a copy of the correspondence which we have had since that time.

From this it would seem that there would be no objection to us writing off the amount of our present Surplus if we reorganize.

There are a lot of questions to be gone into before we ~~tak~~ take action. I will take up some of them and you can write me with your opinions and suggestions.

By winding-up we would lose our old charter. Under it we have wide powers. Some time in the future it might be valuable but at the present time I can see no chance of using it to advantage.

As I read the letter from the Inspector of Income Tax, the amount which we would be allowed to write off would be the Surplus as shown on our statement of Feb. 28th 1929 - $52,968.81 plus any amount which we have charged to operating costs but disallowed by the Tax Office. This would not be much more than the amount of Surplus in 1925 which,as I understand it,cannot be attacked except when the Company is wound up. If it is so that the 1925 Surplus cannot be attacked, we might continue as we are and declare dividends from time to time and eventually wipe it out.

Unless our reorganized Company takes a different form than the present one,we are going to keep on paying a personal tax as well as a tax on Company profits. Ihave no place to go to for advice along this line except our own auditors, and I think it would be a good idea for Mr. McAllister to get some expert advice in Toronto.

If we reoganize as a regular Company , should we make it a Private Company? The Private Co. does have to report to the Registrar of Companyes, and the balance sheet is private. A Private Co. restricts the transfer of shares and does not allow invitation to the Public to subscribe for shares or debentures. Under a Private Co. it might be possible to work under the Family Corporation rulings as to taxes.

I will have to get advise as to setting up a new set of ~~bo~~ books. It seems to me that we should that we should reassess the values of orchard, equipment and other capital accounts.

Amendment No. 19 of the Tax Act was made,Iunderstand, to enable some large companies to do just what we would like to do. This amendment may ne cancelled any time, so it would seem that if we are going to take advantage of it we should not delay action too long.

Jan. 28th. 1932.

I am sending you a copy of the Companies Act. You should have a copy of our Memorandum of association. I wish that you would write me in regard to your ideas of reorganizing. As soon as I hear from you I will try to line up all the information possible and then if necessary go down to the Coast where we might get some advise on the different questions.

The cost of reorganization will run into three or four hundred dollars. I think that we can get by without having to have a meeting, but I will make sure of this.

Today I have received a notice from the Income Tax Inspector assessing the J.R.Goldie account for $108.30 including penalty, and Interest. This is on the difference between the balances shown on my letter of Jan. 8th. which amounts to $5750.00. The G.G.McAllister account will likely be assessed in the same way. I intend making the statement to them that this money was advanced as a loan and is treated as such by us until such time as the business warrants the declaration of a dividend. I doubt if I can make this stick without putting it through some Tax Experts hands. Let me know if you can give me any advice on this.

We are having a spell of close to Zero weather. There is a foot or more of snow in the orchard, so there should be no damage done. It is reported that there is a fairly good supply of snow in the hills.

No pools have closed since I last wrote you . The Jonathan pool should close in about ten days. The Macs. and Winters will be late.

Yours sincerely,

James Goldie.

To
J.E.McAllister
Toronto,
R.S.Dormer
Newbury, Eng.

Dear Mr McAllister I am sorry that you have not got a copy of our Memorandum I am sending it to you. I think that there is a copy in the bank, but I would like you to return this copy to me JG