December 31st 1932.

Dear Sirs :-

All the important entries pertaining to the Packing operations were posted in our books and a Trial Balance struck on the 10th of Dec.

This Balance shows our Liabilities as follows;

Cash and supplies advanced by Vernon Fruit Union	8915.97
Box shook purchased from Armstrong Mills (not paid)	5585.40
Balance of Accounts Payable and Receivable including Over Draft in Bank of $93.81	788.46
Demand loan from Can. Bank of Commerce	21000.00
Liabilities as at Dec. 10th to be met by crop returns	$ 36289.83

We packed and shipped 29,053 boxes
We shipped and held 23,086 boxes loose

These at 80¢ for packs and 20¢ for loose would amount to	27859.00
so that if we receive these prices we would be down	$ 8430.83

We have just had a further payment from the Union on account of fruit $5282.01 this will go to reduce Bank Loan and accounts payable.

There is still no improvement in the market either in the local or export market and the guess of eighty and twenty cents begins to look high. A lot of apples are still held in storage so that if there is an improvement it would have an effect on pool prices.

Until we get a few more figures we cannot close the packing account but it is bound to be less than in 1931.

At the end of November the orchard costs were higher by $1400. than in 1931. This is accounted for by $600. more water and additional spray and fertilizer.

Labor costs amount to, at the end of Nov.	$13,026.57
as against Nov. 1931	11,526.93
and Nov. 1930	17,691.

The rate has been less this year but we have handled a much bigger crop and also packed more boxes. We have endeavoured to cut this item to the bone. However there was additional spraying necessary, fertilizer was applied to all orchards, and all but the Jonathan block was seeded down to sweet clover cover crop. These operations ran up the labor bill, but if the cover crop comes through well it should reduce the coming years costs.

Interest charges amount to	$747.33	as at Nov.	30th.
1931 ..	662.24	.. ..	..
1930 ..	340.63	.. ..	..

Dec. 31st. 1932.

Enclosed you will find a statement of the yield for the 1932 crop. We are one of the few that did not exceed their estimate from 25 to 50%. Early in the season we decided that we should try to grow most of our varieties small enough for exporting. This we managed to do fairly wellbut overdid it a bit with the Jonathan. We estimated that about ten per cent of the Jonathan were culled on account of being too small. We also lost some on account of colour by not thinning harder. Out of the 29,000 boxes which we packed about 22,000 were shipped export, and we understand that the Union have since exported some of our Romes and even Salome.

The section of orchard we call the Wagner block, that is the orchard West of the Jonathan block and North of the orchard road and extending over to the Newtown, gave a very poor crop. The trees in this block were badly damaged byb the couple of years of water shortage. We are now planning on removing the Wagner and replanting with something else. When these trees are out we hope that by cover cropping and sub-soiling that soil will in the future stand the dry seasons in better shape. We also intend to remove all the Spitzenberg and to thin out the Wealthy. The Spitz. are badly damaged with canker and fire blight they are also getting to be so large that they are holding back the aother neighboring trees. It is expected that these removals will reduce our yield very little next year, after that yield and grade should be improved.

Two sections of orchard that produced very heavy crops were the 17 Acrs and Hillside, in which the delicious are located. The Macs in the North Orchard were light. Salome were also light. The Wealthy were also light, and had little colour. These trees are much to thick.

We are doing as little pruning as possible this Winter, but as we skimped this job last year therre are some sections that will have to be fairly well worked in order to keep them open enough . The trees we are pulling out will be done on contract .

The rate of wages we are paying is 15 and 20 cents an hour. If things dont pick up they will have to be less than this next Summer. We will ofcourse have to irrigate properly, but the rest of the work will be cut to the limit. Looking back over the year it would seem that we have not sufferedup to date with anything that has been left undone. T save carrying over another car of shook we did not have enough boxes to finish the picking on time. The Wagner and Salome were left on the trees too long and the shrinkage on them is likely to be heavier than usual. Little was lost by wind or dropping and frost did no damage. Out side of some new trees there is no capital expenditure foreseen at this time.