

# [Aqua fish canada inc.](https://assignbuster.com/aqua-fish-canada-inc/)

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Backgrounder

The background information relating to the Case Examination (Backgrounder) is provided to candidates in advance of the examination date. The Backgrounder contains information about both the company and the industry involved in the case. Candidates are expected to familiarize themselves with this information in preparation for the analysis that will be required during the Case Examination.

Candidates should note that they will not be allowed to bring any written material, including the advance copy of this Backgrounder, into the examination centre. A new copy of this Backgrounder, together with additional information about the company and a supplement of formulae and tables, will be provided at the writing centre for the Case Examination. Only the following models of calculators are authorized for use during the Case Examination:

1. Texas Instruments   
TI BA II Plus (including the professional model)   
2. Hewlett Packard   
HP 10bII (or HP 10Bii)   
3. Sharp   
EL-738C (or EL-738)

Candidates are reminded that no outside research on the industry related to this case is required. Examination responses will be evaluated on the basis of the industry information provided in the Backgrounder and the question paper (Additional Information).

Overview   
Aqua Fish Canada Inc. (AFC) is a privately owned, Canadian company involved in aquaculture in the Maritimes. Aquaculture is the cultivation and harvesting of fish in a natural or manufacturedenvironment. Federally incorporated on May 1, 2002, AFC has established a reputation for delivering a quality product – Atlantic salmon – on a timely basis from its profitable fish farms and is a growing, commercial operation. AFC builds and maintains fish farm facilities; hatches, feeds, grows, and harvests Atlantic salmon; and distributes the unprocessed fresh fish mainly to customers in Canada and the northeastern U. S. Company History

In early 2002, three Maritimers with backgrounds in the fishing industry (Joel Palango, Wendy Starky, and Jeanne Poirier) decided to search for potential investment opportunities that would help the local Maritime economy. They observed that, with access to plentiful water and site resources, a large workforce with a background in fishing, and governments eager to create employment, the aquaculture industry was growing along the eastern coast of Canada. Although they knew that there would be no revenue until the first fish grew large enough to sell, they were prepared to wait several years to realize a return and they decided to invest in an aquaculture business. Aqua Fish Canada Inc. was incorporated and the first decision made by the three shareholders was to establish an Atlantic salmon aquaculture farm.

Guy Mills, an experienced aquaculture executive, was hired to build the business from the ground up. The first farm site was established within six months and operations began in November 2002 with the first spawning of fish. By October 2004, a sufficient number of farmed fish had reached a marketable weight and AFC harvested its first batch of salmon. Over the next five years, the company established three more salmon farm sites in three provinces as shown in Table 1 below.