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CANADA STEAMSHIP LINES LIMITED

Annual Report 1956



Come Aboard

and see for yourself!

Let's tell you about 61 ships which travel the world's busiest waterways — from the Gulf of St. Lawrence to the head of the Great Lakes! These are ships built, owned, manned and operated by Canadians for Canadians — ships that play an essential part in our national development.



FORT HENRY

Step aboard the S.S. FORT HENRY: largest, most modern inland package freighter ever built in Canada and one of 21 C.S.L. package freighters on the Great Lakes.



METIS

The newest addition to C.S.L.'s canal fleet of 16 vessels. This modern carrier was specifically designed to transport iron ore to Great Lakes ports and return to Montreal with grain.



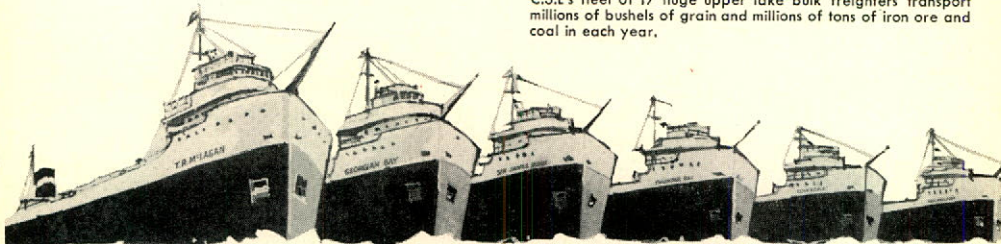
MIDLAND PRINCE

This is one of Canada Steamship Lines' four self-unloading colliers. Specially equipped to do their job smoothly, quickly and at low cost, they transport millions of tons of coal each season.



RICHELIEU

The passenger steamers RICHELIEU, TADOUSSAC and ST. LAWRENCE carry modern voyageurs from Montreal to the fjord-like Saguenay River.



BULK CARRIERS

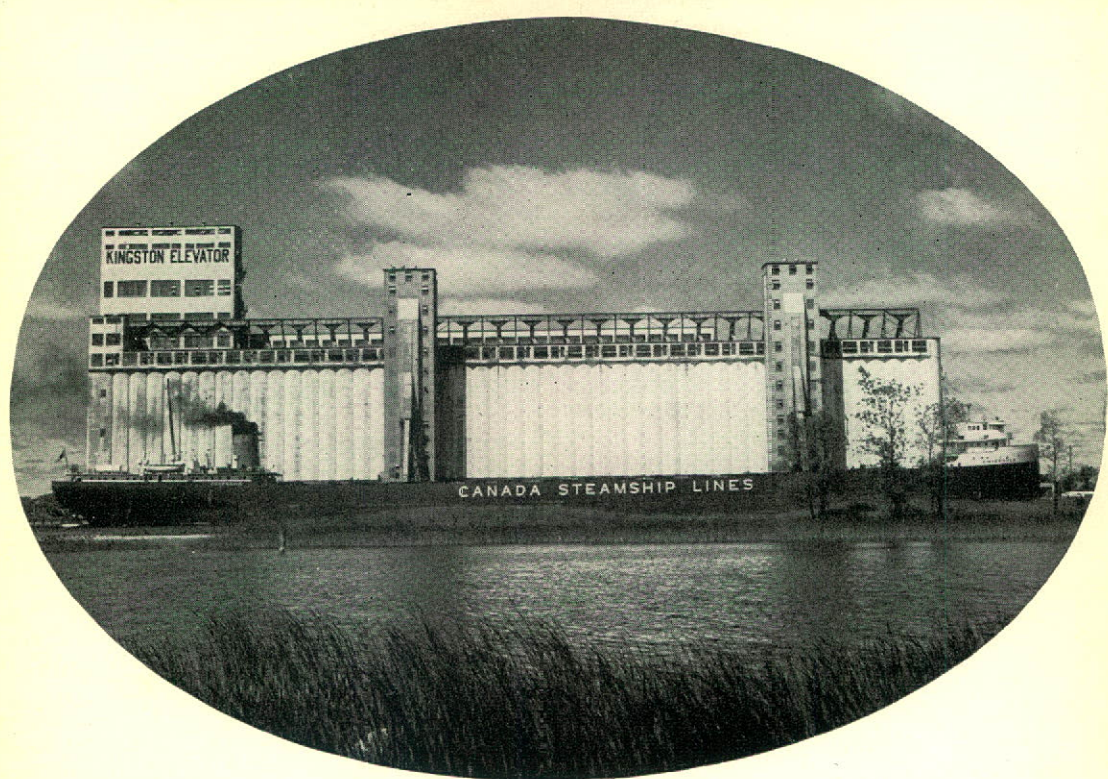
C.S.L.'s fleet of 17 huge upper lake bulk freighters transport millions of bushels of grain and millions of tons of iron ore and coal in each year.

In addition to providing economical transportation for Canadian shippers and manufacturers, C.S.L. operates freight terminals, grain elevators, coal docks, strategically located shipyards and modern resort hotels.

CANADA STEAMSHIP LINES LIMITED

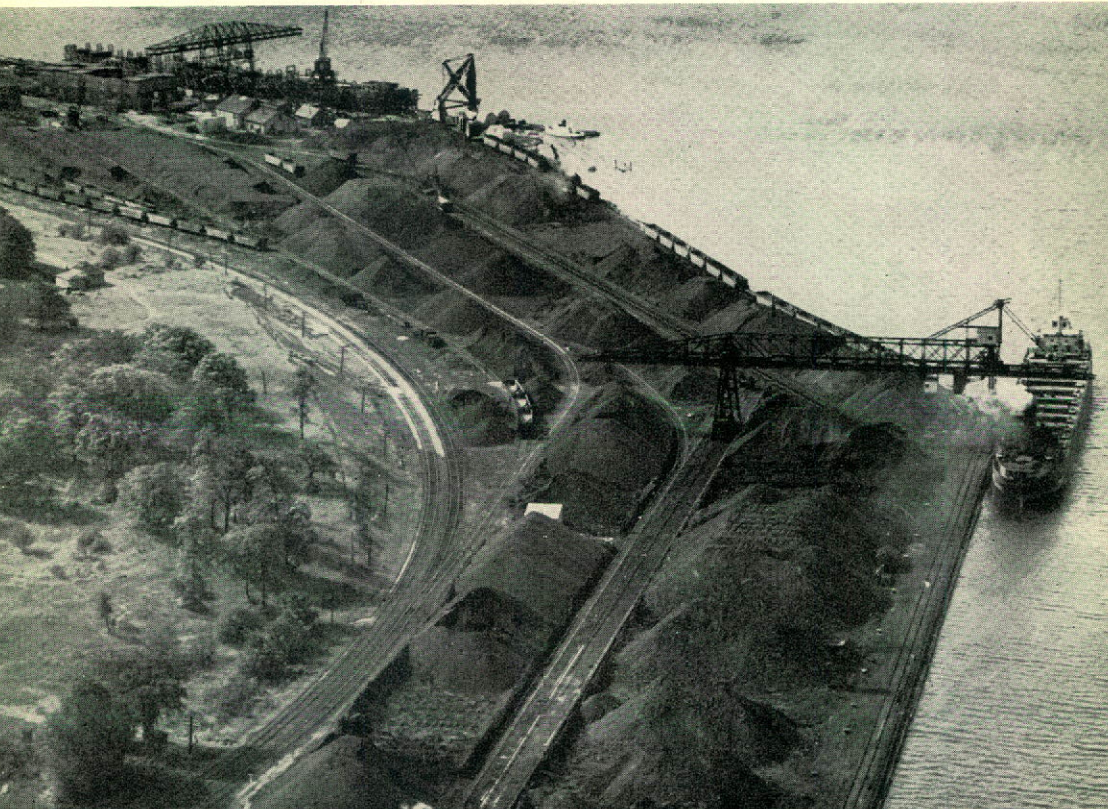
759 Victoria Square, Montreal

Offices through Canada, United States and Great Britain



*An upper laker being unloaded at the Kingston grain elevator.
C.S.L. owns and operates two large elevators, located at Midland and Kingston, Ontario, where grain
is unloaded from Upper Lake vessels for transshipment by water or rail.*

An upper laker being unloaded at the Century Coal Company's dock at Midland, Ontario.



C.S.L. PACKAGE FREIGHT SERVICE

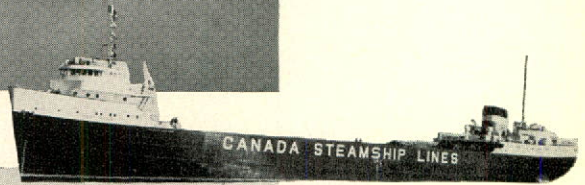
Modern terminals and latest equipment make this service the most economical in Canada.

Specially designed ships of the C.S.L. fleet, from giant bulk carriers to speedy package freighters, ferry Eastern Canada's network of canals, rivers and lakes visiting numerous ports and extending fast, economical package freight service to Canadian shippers; also rail connections to Western Canada.

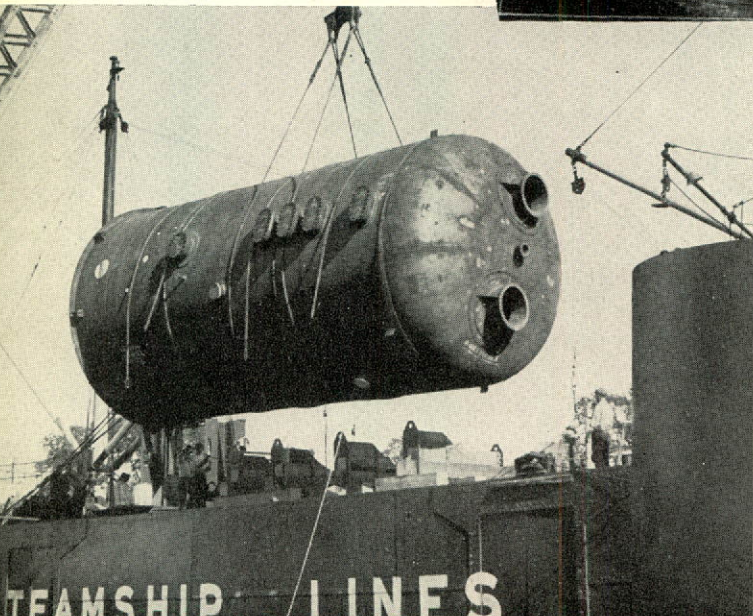
No matter what size the shipment may be, big or small, highly trained personnel with the most modern equipment, see to it that all freight is carefully handled and routed quickly and efficiently to its destination.



All freight, large or small is carefully handled by trained personnel with modern equipment.



The S.S. FORT HENRY, largest and most modern inland package freighter, entered service in 1955.



The C.S.L. fleet is equipped to handle heavy freight as well as smaller package shipments.



Approaching view showing the broad verandahs and lawns of Hotel Tadoussac.

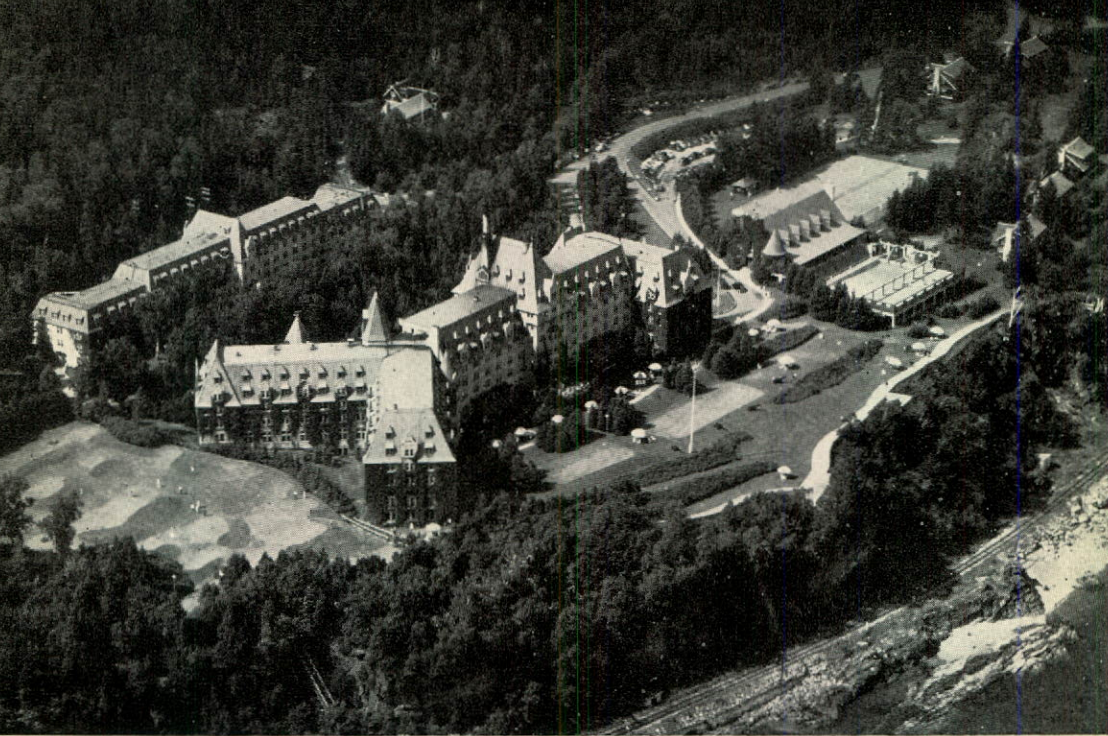
HOTEL TADOUSSAC

Tadoussac, Quebec

Nestled in a setting of natural beauty at the junction of the Saguenay and St. Lawrence Rivers, is the Hotel Tadoussac, a favourite holiday haven with vacationers of all ages. Favoured by climate and breathtaking scenery, the Hotel Tadoussac offers a wide variety of activities to please every interest. Unsurpassed sports facilities include a heated swimming pool, well-kept tennis courts, a beautiful 9-hole golf course plus a newly completed fishing lodge, fully equipped to delight even the most ardent angler.



Modern, new fishing lodge only minutes away from the Hotel.



Aerial view of the Manoir, showing well-kept lawns, surrounding buildings and facilities.

MANOIR RICHELIEU

Murray Bay, Quebec

Blending into the Laurentian mountains which provide a spectacularly scenic setting, overlooking the broad expanse of the St. Lawrence, is the magnificent Manoir Richelieu. Luxurious, well maintained, and beautifully modern, its accommodations and sports facilities completely satisfy those who demand the best in resort life.

The golf club house, beautifully situated, and with every convenience.





CANADA STEAMSHIP LINES

LIMITED

DIRECTORS

D. W. AMBRIDGE, C.B.E.

G. C. BATEMAN, C.M.G., O.B.E.

L. E. BLACKWELL, Q.C.

G. L. COLE

HON. T. A. CRERAR, P.C.

H. A. CRESSWELL

JOHN H. DAVEY

A. O. DUFRESNE

SIR PHILIP DUNN, Bart.

J. A. ECCLES

HENRY GAUER

DAVID S. HOLBROOK

W. H. HOWARD, Q.C.

J. ARTHUR MATHEWSON, Q.C.

T. R. McLAGAN, O.B.E.

GORDON McMILLAN, Q.C.

A. C. PICARD

EXECUTIVE OFFICERS

T. R. McLAGAN

President and General Manager

H. A. CRESSWELL
Vice-President

J. G. WYLLIE
Vice-President and Comptroller

R. LOWERY
Vice-President

H. R. BAXTER
Vice-President

P. S. JAEGER
Vice-President

G. H. PAGE
Vice-President

N. W. VAN WYCK
Vice-President

G. L. COLE
Secretary-Treasurer

CANADA STEAMSHIP

TO THE SHAREOWNERS:

Your Directors have pleasure in submitting, herewith, the forty-third Annual Report of Canada Steamship Lines Limited and Subsidiary Companies.

The report records the results for both the years of 1956 and 1955.

The operating profit in 1956 was \$13,785,878 whereas in 1955 it was \$11,428,082.

The net profit was \$4,508,845 which is a considerable improvement over that of 1955 when it was \$3,418,705. The earnings per common share amounted to \$3.28.

Your Directors point out that this gratifying result was achieved despite the interruption of the water transportation services caused by the strike of the seamen's union and the prolonged strike of the United States steel industry which had the effect of stopping shipments of iron ore for almost six weeks. These set backs were more than offset by the substantial increase in earnings of your company's allied activities and subsidiary companies.

Charges for depreciation in 1956 amounted to \$5,145,855 which compares with \$4,655,186 in 1955.

After paying the regular dividend on the preference shares and one dollar per common share, \$2,735,720 was transferred to surplus.

In 1956 series "A" first mortgage bonds in the amount of \$400,000 matured and were paid and \$140,000 1948 series bonds were retired through the sinking fund. Also, \$333,000 series bonds of a subsidiary company matured and were retired.

Your Directors report a reduction in working capital to \$17,277,581 from \$20,685,753 in 1955. The main reason for this reduction is because the remainder of the series "A" first mortgage bonds matured and have been redeemed on March 15, 1957. Consequently, this amount of \$3,610,000 has been transferred to Current Liabilities and working capital has been correspondingly reduced. In 1955 the full amount of the fire insurance claim at the Davie Shipyard was included in current assets but the funds were largely expended in 1956 in replacing the fixed assets lost in the fire. Consequently, it will be seen that the working capital has remained in a sound condition despite its apparent decline in 1956.

In 1955 your Directors were of the opinion that there were signs that shipbuilding activity was picking up. Your Directors are pleased to report that these hopes have materialized and that a substantial amount of shipbuilding orders have

LINES, LIMITED



been received particularly in recent months. Further progress has been made in obtaining orders for industrial products in the shipyards. Lack of adequate supplies of steel, however, may hamper these shipyard activities in 1957.

During the year, one new cargo ship was added to your company's fleet. Currently, another new ship is being built and another one is being prepared to be built.

In the past, reference has been made to the impact of the St. Lawrence Seaway. Your Directors are continuing their policy of modernizing the company's fleet of vessels to cope with the new conditions.

In 1956 some \$5,634,000 was spent on new physical assets. This money was used for new ships, new manufacturing facilities and tools and rolling stock.

At the end of this successful year, your Directors wish to put on record their great satisfaction and appreciation for the team work and energy of all the officers and employees throughout the various operations of the company. With such loyal and splendid enthusiasm, your Directors face the coming year with confidence.

On behalf of the Board,

J. R. McHogan

President.

Montreal, Que.
March 26, 1957.



CANADA STEAMSHIP LINES

and

CONSOLIDATED BALANCE SHEET

ASSETS	<u>1956</u>	<u>1955</u>
Current Assets:		
Cash in banks and on hand	\$ 2,360,356	\$ 2,081,501
Short term investments	15,499,167	10,251,952
Canadian Government bonds at cost (market value \$2,567,600)	2,603,375	1,828,375
Accounts receivable, less allowance for doubtful accounts	7,257,390	5,849,290
Insurance and other claims, estimated amount recoverable	396,843	2,284,451
Inventories of stores and supplies at the lower of cost or market value and shipyard work in progress at not exceeding cost	26,172,458	13,781,061
Prepaid expenses	520,733	523,626
	<u>54,810,322</u>	<u>36,600,256</u>
Deduct progress payments and billings on uncompleted shipyard work	25,374,591	9,649,774
	<u>29,435,731</u>	<u>26,950,482</u>
Investments at not exceeding cost	1,111,105	343,869
Fixed Assets:		
Vessels, real estate, buildings, docks and wharves, plant, highway equipment and miscellaneous assets, at not exceeding cost.	93,085,403	87,451,622
Less allowance for depreciation	67,143,858	62,239,394
	<u>25,941,545</u>	<u>25,212,228</u>

NOTE: At December 31, 1956 capital commitments in respect of a vessel and other properties under construction amounted to approximately \$4,000,000.

SIGNED ON BEHALF OF THE BOARD:

T. R. McLAGAN
G. C. BATEMAN

} DIRECTORS.

\$56,488,381 \$52,506,579

AUDITORS REPORT

We have examined the consolidated balance sheet of Canada Steamship Lines, Limited and subsidiaries on that date and have obtained all the information and explanations we have required. Our examination supporting evidence as we considered necessary in the circumstances.

In our opinion the above consolidated balance sheet and accompanying statements of profit and loss of the companies on a consolidated basis at December 31, 1956 and the results of their operations for the year ended December 31, 1956 are fairly presented by the books of the companies.

Montreal, P.Q., February 28, 1957.

SHIP LINES, LIMITED

Subsidiary Companies

LANC E SHEET DECEMBER 31, 1956

LIABILITIES	<u>1956</u>	<u>1955</u>
Current Liabilities:		
Accounts payable and accrued charges	\$ 5,564,220	\$ 3,853,477
Estimated taxes on income	2,983,930	2,011,252
First Mortgage 12 year Bonds 3 1/2% Series "A" due March 15, 1957	3,610,000	400,000
	<u>12,158,150</u>	<u>6,264,729</u>
Funded Debt:		
First Mortgage 12 year Bonds due March 15, 1957	—	4,100,000
First Mortgage Bonds 4% 1948 Series due December 15, 1966 . .	1,880,000	2,020,000
First Mortgage Bonds 2 3/4% Series "A" of a subsidiary company due December 1, 1957 to 1959	998,000	1,331,000
	<u>2,878,000</u>	<u>7,451,000</u>
Reserves for:		
Freight claims	35,000	35,000
Insurance losses and repairs	325,000	325,000
Shipbuilding contracts	242,217	245,935
Fire loss replacements	—	350,830
Extra compensation	365,000	315,000
Contingencies	135,000	185,000
Future income taxes	1,295,000	1,215,000
	<u>2,397,217</u>	<u>2,671,765</u>
Capital Stock:		
Authorized and outstanding:		
917,000 shares 5% Cumulative Preference stock of \$12.50 each	11,462,500	11,462,500
1,200,000 shares Common stock of no par value	3,391,500	3,391,500
	<u>14,854,000</u>	<u>14,854,000</u>
Surplus:		
Earned surplus	17,158,222	14,422,502
Surplus realized on capital asset transactions	5,406,541	5,206,332
Capital surplus arising through acquisition of subsidiary companies .	1,636,251	1,636,251
	<u>24,201,014</u>	<u>21,265,085</u>
	<u>\$56,488,381</u>	<u>\$52,506,579</u>

TO THE SHAREHOLDERS

by companies as of December 31, 1956 and the statements of profit and loss and surplus for the year ended
n included a general review of the accounting procedures and such tests of accounting records and other

and surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the
ended on that date, according to the best of our information and the explanations given to us and as shown

PEAT, MARWICK, MITCHELL & CO.

Chartered Accountants.

CANADA STEAMSHIP LINES, LIMITED

and Subsidiary Companies

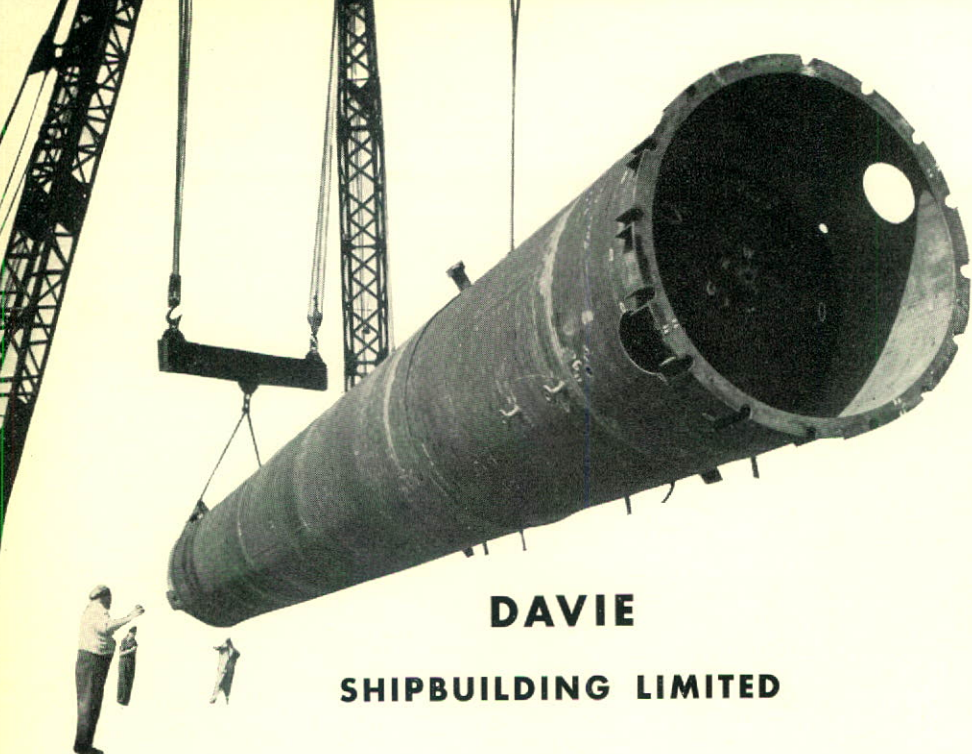
STATEMENT OF PROFIT AND LOSS YEAR ENDED DECEMBER 31, 1956

	<u>1956</u>	<u>1955</u>
Earnings from operations before taking into account the undernoted items:	\$13,785,878	\$11,428,082
Remuneration of executive officers	183,030	171,770
Directors' fees	30,284	23,425
Legal fees	46,437	43,251
	259,751	238,446
	13,526,127	11,189,636
Income from investments.	385,977	170,104
	13,912,104	11,359,740
Interest on funded debt	265,404	291,849
Provision for depreciation	5,145,855	4,655,186
	5,411,259	4,947,035
	8,500,845	6,412,705
Income tax provision estimated:		
Provision for current year	3,912,000	2,276,000
Reduction of income tax for current year applicable to future years (Note A)	80,000	718,000
	3,992,000	2,994,000
Net Profit for year.	\$ 4,508,845	\$ 3,418,705

NOTE A: The current year's tax reduction of \$80,000 is the amount by which income taxes otherwise payable in respect of the year will be reduced by claiming for tax purposes capital cost allowances in excess of the depreciation recorded in the accounts. This amount is set aside to provide for additional taxes if in the future capital cost allowances are less than the depreciation recorded in the accounts.

STATEMENT OF SURPLUS

Earned surplus at December 31, 1955		\$14,422,502
Net Profit for year ended December 31, 1956		4,508,845
		18,931,347
Dividends paid to:		
Preference shareholders	\$ 573,125	
Common shareholders	1,200,000	1,773,125
		17,158,222
Surplus realized on capital asset transactions:		
Amount at December 31, 1955.	5,206,332	
Net capital gains realized during the year	200,209	5,406,541
	5,406,541	
Capital surplus arising through acquisition of subsidiary companies		1,636,251
Amount at December 31, 1956		\$24,201,014



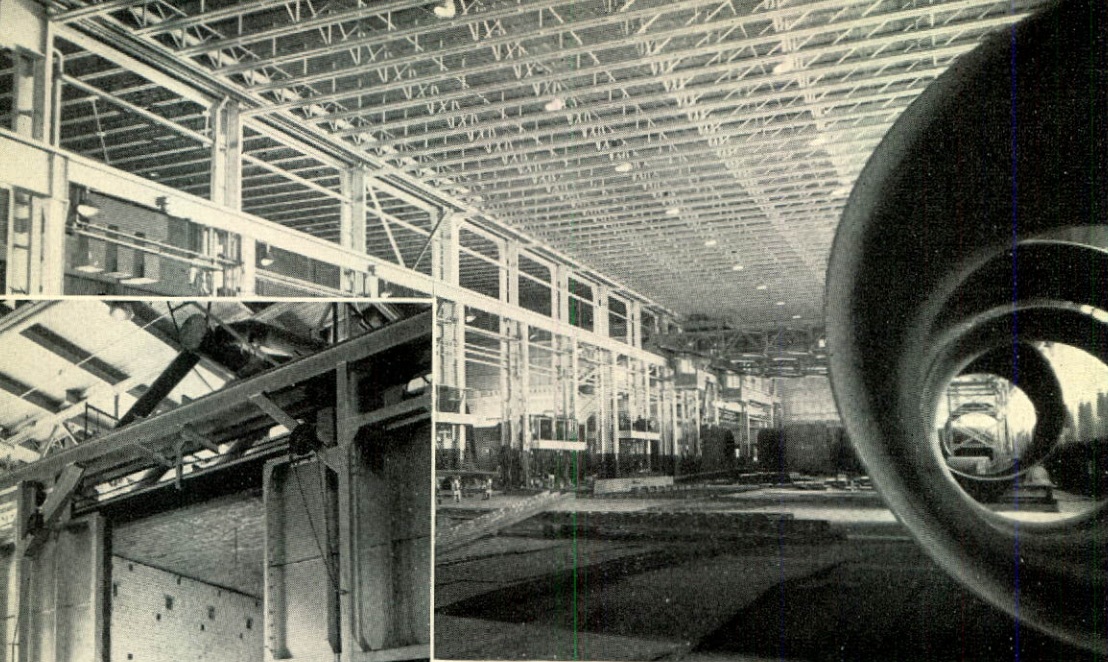
DAVIE SHIPBUILDING LIMITED

This past year saw a new Davie plant erected at Lauzon, Quebec. All employed at Davie are proud of this new plant, for here is one of the most modern plants in the world, equipped with the most up-to-date machinery to produce not only world-famed ships but also all kinds of custom design steel fabrication and industrial equipment.

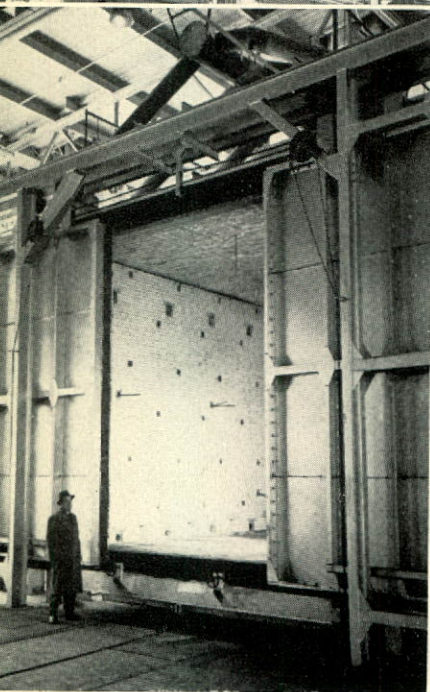
From this new plant, Davie customers will enjoy the same high standards of workmanship and engineering genius which have given Davie Shipbuilding a leading position in the shipbuilding industry.



*One of Davie's
well-equipped
fitting-out berths
at Lauzon, Quebec.*

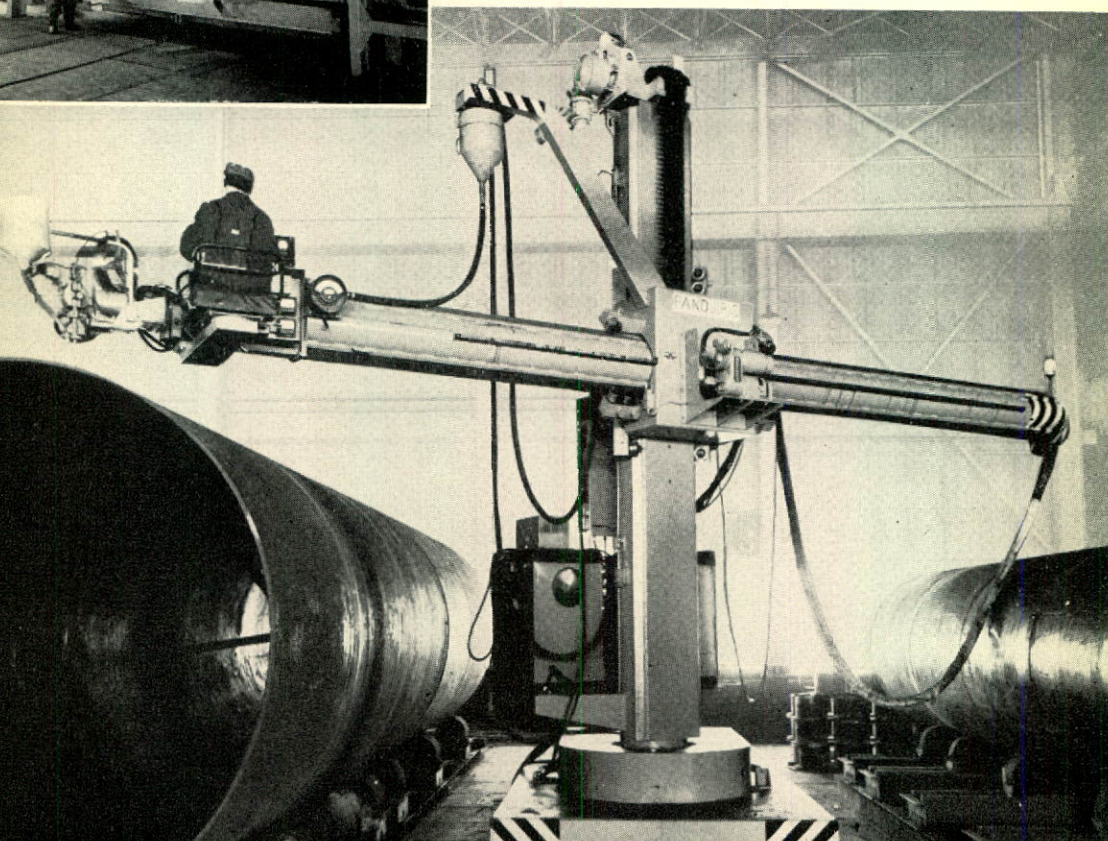


General view of
Davie's new 600-foot long
fabricating shop at Lauzon, Quebec.



New 40-ton stress relieving furnace
— a part of Davie equipment.

Automatic boom welder
recently installed
in the Davie Plant.





M.V. METIS — This new, modern carrier built by Davie, entered service in 1956.

H.M.C.S. FUNDY, new anti-magnetic minesweeper built for the Royal Canadian Navy in 1956 by Davie Shipbuilding Limited.





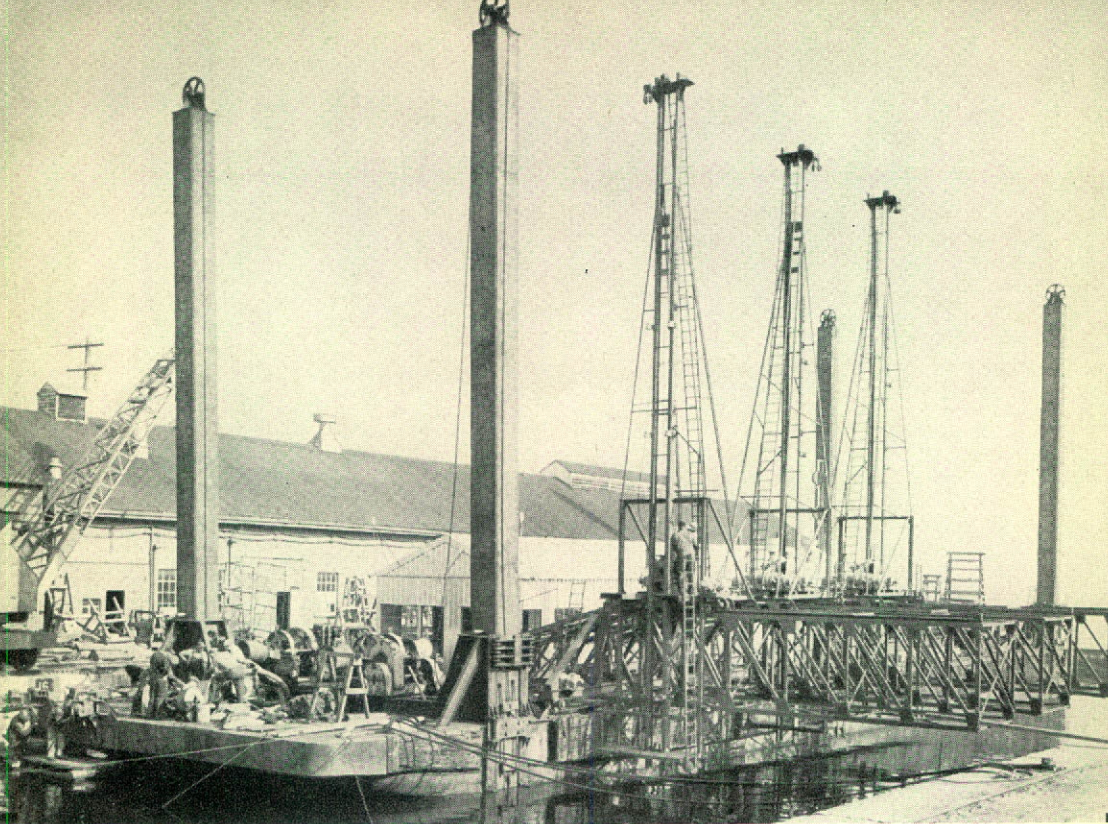
*M. V. MONTCLAIR, built for transatlantic and Great Lakes service, launched April 7, 1956 at Collingwood.
The Collingwood Yard has facilities for both shipbuilding and industrial engineering.*

CANADIAN SHIPBUILDING AND ENGINEERING LIMITED

with yards at

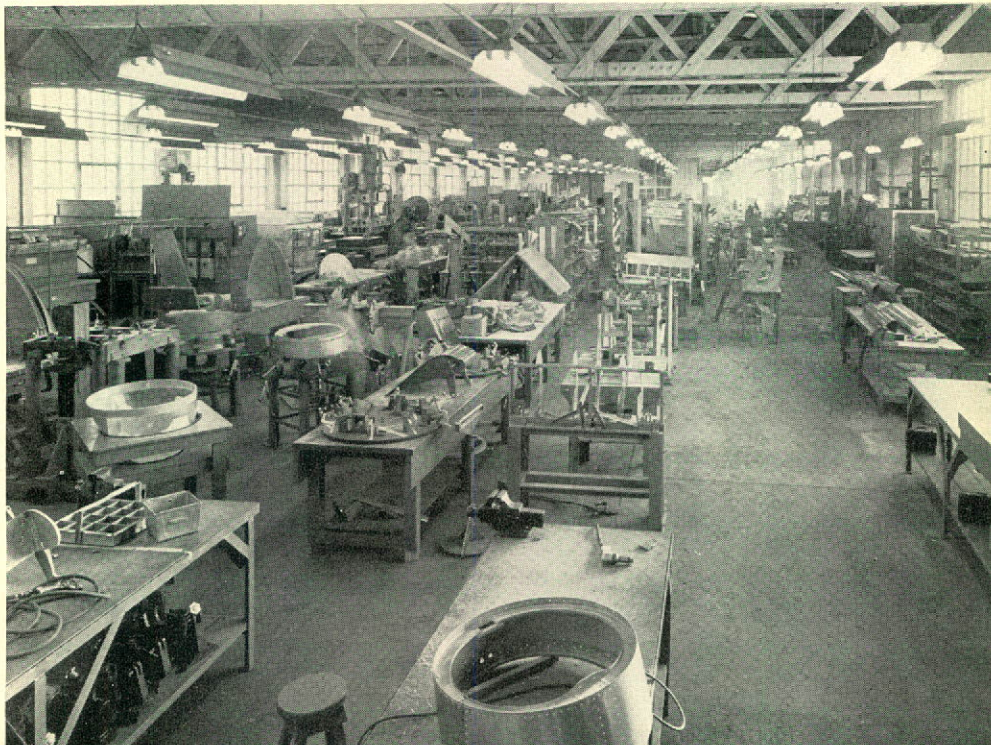
PORT ARTHUR, COLLINGWOOD, KINGSTON, MIDLAND

The role that Canadian Shipbuilding and Engineering Limited plays in the economy of Canada is by no means small. The organization's versatility and knowledge of shipbuilding, vital ship repairs and industrial equipment for Canadian business has given these shipyards a place of high importance in the economy of Canada and the Great Lakes area in particular. The yards are well equipped, produce workmanship second to none and enjoy a world-renowned reputation.



Railway barge at Kingston Shipyard being converted to 140' drill scow for United States firm.

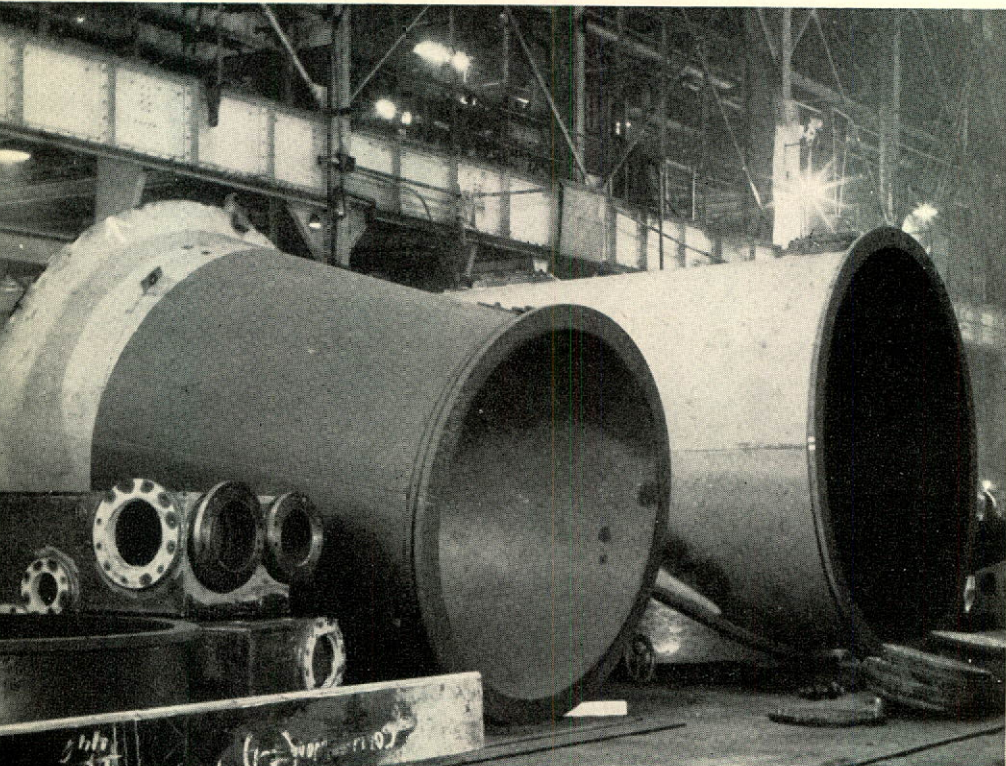
*A general view of the Aircraft Shop at Port Arthur Shipbuilding Company's plant.
This yard has a well-equipped foundry, machine shop, and other facilities.*





Outer panel flap for aircraft undergoing meticulous inspection at Port Arthur plant.

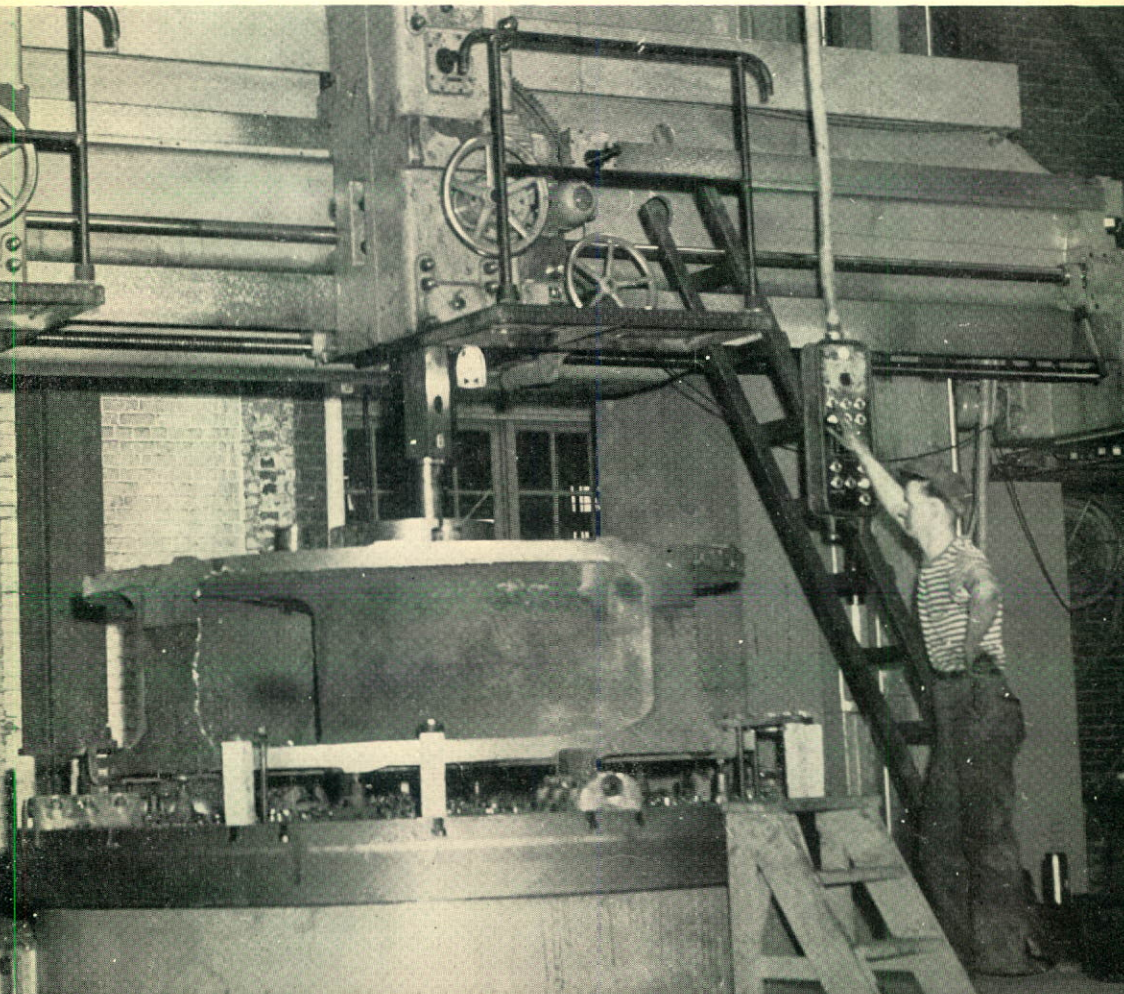
These two large units are part of a draft tube and pressure case constructed at Collingwood Shipyards for use at Gananaque, Ontario.





The S.S. GEORGIAN BAY — a C.S.L. Upper Lake bulk freighter, constructed at Collingwood Shipyard.

Recently acquired double column vertical boring mill at Port Arthur plant.





Dwarfed by the grandeur of the Saguenay River capes, a C.S.L. luxury passenger steamer sails into Eternity Bay.

LEGENDARY SAGUENAY CRUISE

The storied beauty and exciting fascination of the Saguenay – St. Lawrence River trip, as always provides the lure which draws throngs of tourists to a happy vacation on its broad reaches.

Well equipped and maintained, C.S.L. passenger steamers *Tadoussac*, *St. Lawrence* and *Richelieu*, cater to a large and enthusiastic following. Carefully planned itineraries, comfortable accommodations, excellent meals, participation in shipboard life, all combine to make a never-to-be-forgotten cruise.

The T.S.S. TADOUSSAC cruising on the St. Lawrence.

