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Stein*

later file



**CANADA STEAMSHIP LINES
LIMITED**

ANNUAL REPORT NINETEEN HUNDRED AND FIFTY-FIVE





Built at Collingwood, Ont. in 1955, the M.V. "Iroquois" is specially designed to carry iron ore from Montreal to Great Lakes ports—and to return with grain.

C.S.L.

**BULK FREIGHTERS
PLAY A VITAL ROLE
IN
CANADA'S
ECONOMIC
PROGRESS**

The large modern fleet of bulk freighters maintained by C.S.L. are capable of providing economical water transportation of bulk cargoes—a matter vital to the Canadian economy.

Such ships as the M.V. "Iroquois" and the S.S. "T. R. McLagan" (built, owned, officered and manned by Canadians) have contributed greatly to continuing Canadian development.

The C.S.L. giant bulk freighter S.S. "T. R. McLagan", too large to navigate the lower St. Lawrence canals, is shown here passing Detroit.





Trained personnel and modern equipment combine to ensure careful handling and prompt delivery of all freight.

T*he Most Economical Package Freight Service*

From the lower St. Lawrence to the head of the Great Lakes, the C.S.L. fleet of specially designed ships visit numerous ports, extending to Canadian shippers fast and economical package freight service with rail connections to Western Canada.

Convenient, modern terminals are equipped with the most modern handling equipment and supervised by highly trained personnel to ensure that all freight is carefully handled . . . quickly routed to its destination.

The S.S. "Fort Henry", largest and most modern inland package freighter, entered service in 1955 and can accommodate many cars on deck.





KINGSWAY TRANSPORTS LIMITED

New equipment such as the diesel autocar shown pulling the latest type Volume Van trailer in the above photograph symbolizes the progressive planning policies of Kingsway.

The high standards of transportation efficiency gained by the acquisition of such modern trucks as well as the development of convenient highway terminals assures Kingsway's leading position in the competitive industry of truck transport.

KINGSWAY TERMINALS

Quebec
Shawinigan Falls
Three Rivers
Sorel
Montreal
Sherbrooke
Valleyfield
New York City
(Terminal at Lyndhurst, N.J.)
Ottawa
Toronto
Hamilton
Niagara Falls
Kitchener-Waterloo
London
Chatham
Windsor

The Kingsway Transports terminal at Lyndhurst, N.J.





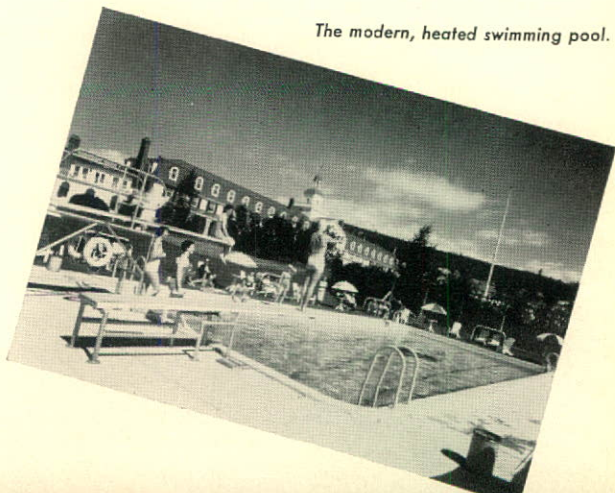
A front view of the Hotel Tadoussac showing just a part of the well-kept, spacious grounds.

Hotel Tadoussac

Situated at the picturesque junction of the Saguenay and St. Lawrence Rivers, the Hotel Tadoussac is a favourite holiday resort with vacationers of all ages. Excellent sports facilities exist for swimming in the new heated pool also fine tennis courts and a beautiful 9-hole golf course. There is a comfortable fishing camp nearby for anglers, where they can enjoy their sport in lakes which are stocked with speckled trout.

The modern, heated swimming pool.

For information and reservations, apply to Passenger Traffic Manager, Canada Steamship Lines, at 759 Victoria Square, Montreal.



Manoir Richelieu

AN OUTSTANDING RESORT



Front view of the palatial Manoir Richelieu — one of the continent's finest hotels.



A group of vacationers enjoy their match on the Manoir's championship, 18-hole course.

Situated high on the bank of the St. Lawrence, the Manoir Richelieu commands an unparalleled view of historic Murray Bay and the surrounding Laurentian countryside.

World-renowned for the luxury of its appointments and the excellence of its cuisine, the Manoir delights the vacationer with an atmosphere of gracious living and offers splendid facilities for sport and recreation.

For information and reservations, apply Passenger Traffic Manager, Canada Steamship Lines, at 759 Victoria Square, Montreal.

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.
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
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

R. LOWERY

Vice-President

P. S. JAEGER

Vice-President

G. H. PAGE

Vice-President

N. W. VAN WYCK

Vice-President

J. G. WYLLIE

Vice-President and Comptroller

G. L. COLE

Secretary-Treasurer

CANADA STEAMSHIP

TO THE SHAREOWNERS:

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

For the convenience of Shareowners the report shows the results for both the years 1955 and 1954. The operating profit in 1955 was \$11,428,082 which compares with \$11,348,267 in 1954. The net profit however, was \$3,418,705 which is a considerable improvement over the previous year. Your Directors are gratified that such a result was obtained despite the low activity in the Company's shipbuilding subsidiaries.

Nevertheless, as in previous years, a substantial part of the earnings has been derived from non-water transportation facilities. Reference has been made to the low level of activity in the shipbuilding yards. There are signs, however, that shipbuilding is picking up and your Directors hope that earnings therefrom will be better in 1956 and 1957. Your Directors are pleased to report progress in obtaining orders for industrial products in several of the shipbuilding subsidiaries.

Charges for depreciation amounted to \$4,655,186. The depreciation charges were computed according to the principle adopted by your Directors in 1954.

You will note that profits have been reduced by the temporary saving in taxes resulting from claiming for tax purposes higher depreciation or capital cost allowances than the company's standard method of computing depreciation. This temporary saving in taxes which amounts to \$718,000 has been added to the reserve for future income taxes.

After paying the regular preferred dividends and one dollar per share on the common stock an amount of \$1,645,580 was transferred to earned surplus.

The two smaller ships referred to in the 1954 report, as under construction, were put into service during the year and fully lived up to the forecasts of performance made by their designers.

At the present time two more of these ships are building or preparing to be built.

In 1955 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. In addition \$334,000 serial bonds of a subsidiary company matured and were retired.

Your Directors are gratified to report an increase in working capital to \$20,685,753. During the year your Company's subsidiary, Davie Shipbuilding Limited, suffered a disastrous fire at its plant at Lauzon, Quebec. Settling of the insurance claim was made with the underwriters by the end of the year and the full amount of the claim is included in Current Assets in the Balance Sheet. This amount will be required for the rebuilding of the shipbuilding facilities which is now actively

LINES, LIMITED



progressing. While shipbuilding and industrial work has been greatly inconvenienced by the loss of facilities, there has been no serious interruption to the Company's operations.

During the year some \$3,800,000 was spent on new physical assets. This money was spent on new ships, buildings, tools and rolling stock. Your Directors believe that the physical assets of the Company have never been in such good condition. In this connection your Directors wish to advise shareowners that the impact of the St. Lawrence Seaway will require considerable sums of money to be appropriated for the modernization of the fleet of ships to meet the new conditions.

The Company's Pension Fund is operated successfully and there are now seventy-eight former employees receiving pensions. The Pension Fund is under the constant surveillance of qualified actuaries.

Since the close of 1955 the Board has suffered a great loss in the deaths of Sir James Dunn, Bart., Q.C., and Mr. John A. McPhail, Q.C.

Sir James Dunn had been a director for many years. His great abilities and wise counsel are a great loss not only to our Company but to Canadian industrial life in general.

Mr. McPhail, although a member of the Board for only a few years, rendered sagacious services to the Executive Committee. His wide experience in Canadian affairs, over a long period of time, was of great help to the Company in its various activities.

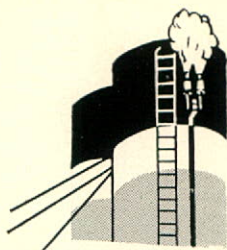
Again your Directors are pleased to call your attention to the cooperation and team spirit shown by all the officers and employees of the Company's various activities and desire to express the Board's appreciation. With such a staff your Directors look forward to the future with confidence.

On behalf of the Board,

A handwritten signature in cursive script, reading "J.A. McPhail". The signature is written in dark ink on a light background.

President.

Montreal, Que.,
April 3, 1956.



CANADA STEAMSHIP

and Pacific

CONSOLIDATED BALANCE SHEET

ASSETS	1955	1954
Current Assets:		
Cash in banks and on hand	\$ 2,081,501	\$ 3,097,038
Guaranteed deposits and treasury bills	10,251,952	6,596,182
Canadian Government bonds at cost (market value \$1,827,950)	1,828,375	359,375
Accounts receivable, less allowance for doubtful accounts	5,849,290	6,478,368
Insurance and other claims, estimated amount recoverable	2,284,451	553,205
Inventories of stores and supplies at the lower of cost or market value and shipyard work in progress at not exceeding cost	13,781,061	38,032,313
Prepaid expenses	523,626	579,693
	36,600,256	55,696,174
Deduct progress payments and billings on uncompleted shipyard work	9,649,774	34,566,726
	26,950,482	21,129,448
Investments at not exceeding cost	343,869	397,185
Cash in hands of Trustees:		
For sinking fund requirements	—	191,849
For replacement of assets	—	18,223
	—	210,072
Fixed Assets:		
Vessels, real estate, buildings, docks and wharves, plant, highway equipment and miscellaneous assets, at not exceeding cost	87,451,622	84,193,122
Less allowance for depreciation	62,239,394	57,923,888
	25,212,228	26,269,234

NOTE: At December 31, 1955 capital commitments in respect of vessels under construction amount to approximately \$1,200,000. In addition, expenditures for replacement of property destroyed by fire have been authorized to the amount of \$1,500,000.

SIGNED ON BEHALF OF THE BOARD:

T. R. McLAGAN
G. C. BATEMAN

} DIRECTORS.

\$52,506,579 \$48,005,939

AUDITORS' REPORT TO SHAREHOLDERS

We have examined the consolidated balance sheet of Canada Steamship Lines, Limited and subsidiary companies on that date and have obtained all the information and explanations we have required. Our examination supports the 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, 1955 and the results of their operations for the year ended on that date are in accordance with the books of the companies.

Montreal, P.Q., March 7, 1956.

SHIP LINES, LIMITED

Subsidiary Companies

BALANCE SHEET DECEMBER 31, 1955

LIABILITIES	<u>1955</u>	<u>1954</u>
Current Liabilities:		
Accounts payable and accrued charges.	\$ 3,853,477	\$ 3,461,163
Estimated taxes on income	2,011,252	1,014,055
First Mortgage 12 year Bonds—Sinking Fund instalment due March 15, 1956	400,000	—
First Mortgage Serial Bonds due March 15, 1955	—	400,000
	<hr/>	<hr/>
	6,264,729	4,875,218
Funded Debt:		
First Mortgage 12 year Bonds 3½% Series "A" due March 15, 1957	4,500,000	4,500,000
Less Sinking Fund instalment due March 15, 1956 included in Current Liabilities	400,000	—
	<hr/>	<hr/>
First Mortgage Bonds 4% 1948 Series due December 15, 1966	4,100,000	4,500,000
First Mortgage Bonds 2¾% Series "A" of a subsidiary company due December 1, 1956 to 1959	2,020,000	2,160,000
	<hr/>	<hr/>
	1,331,000	1,665,000
	<hr/>	<hr/>
	7,451,000	8,325,000
Reserves:		
For freight claims	35,000	35,000
For insurance losses and repairs	325,000	325,000
For shipbuilding contracts	245,935	128,979
For fire loss replacements	350,830	—
For extra compensation	315,000	275,000
For contingencies	185,000	225,000
For future income taxes	1,215,000	630,000
	<hr/>	<hr/>
	2,671,765	1,618,979
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
	<hr/>	<hr/>
	14,854,000	14,854,000
Surplus:		
Earned surplus	14,422,502	12,776,922
Surplus arising from realization of capital assets	5,206,332	3,919,569
Capital surplus arising through acquisition of subsidiary companies	1,636,251	1,636,251
	<hr/>	<hr/>
	21,265,085	18,332,742
	<hr/>	<hr/>
	\$52,506,579	\$48,005,939

THE SHAREHOLDERS

companies as of December 31, 1955 and the statements of profit and loss and surplus for the year ended 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, 1955

	<u>1955</u>	<u>1954</u>
Earnings from operations before taking into account the undernoted items	\$11,428,082	\$ 11,348,267
Remuneration of executive officers	171,770	166,380
Directors' fees	23,425	22,360
Legal fees	43,251	45,135
	<u>238,446</u>	<u>233,875</u>
	11,189,636	11,114,392
Add income from investments	170,104	79,695
	<u>11,359,740</u>	<u>11,194,087</u>
Deduct:		
Interest on funded debt	291,849	266,183
Provision for depreciation	4,655,186	5,529,484
	<u>4,947,035</u>	<u>5,795,667</u>
	6,412,705	5,398,420
Income tax provision estimated:		
Provision on income for current year	2,276,000	2,037,000
Reduction of income tax for current year applicable to future years (Note A)	718,000	630,000
	<u>2,994,000</u>	<u>2,667,000</u>
Net income for year	<u>\$ 3,418,705</u>	<u>\$ 2,731,420</u>

NOTE A: The current year's tax reduction of \$718,000 is the amount by which income taxes otherwise payable in respect of the year have been reduced by claiming for tax purposes capital cost allowances in excess of the depreciation recorded in the accounts. This difference is applicable to those future periods in which the amounts claimed for tax purposes will be less than the depreciation recorded in the accounts.

STATEMENT OF SURPLUS

Earned surplus at December 31, 1954	\$12,776,922
Add net income for year ended December 31, 1955	3,418,705
	<u>16,195,627</u>
Deduct dividends paid:	
To preference shareholders	\$ 573,125
To common shareholders	1,200,000
	<u>1,773,125</u>
	14,422,502
Surplus arising from realization of capital assets:	
Amount at December 31, 1954	3,919,569
Add excess of realizations over book values of properties lost and properties sold	1,286,763
	<u>5,206,332</u>
Capital surplus arising through acquisition of subsidiary companies	1,636,251
Amount at December 31, 1955	<u>\$21,265,085</u>

DAVIE

SHIPBUILDING LIMITED



The S.S. "SUNRIP" — designed and built for Saguenay Terminals by Davie — was the first ship in the world to have an all-welded aluminum superstructure.

Backed by over a hundred years of shipbuilding experience in design, construction and repairs, Davie Shipbuilding Limited at Lauzon, Quebec has recently extended its operation into the complex field of industrial engineering.

Davie Shipbuilding brings to this new venture the same high standards of workmanship and engineering genius which have already established it as a leader in the shipbuilding industry.

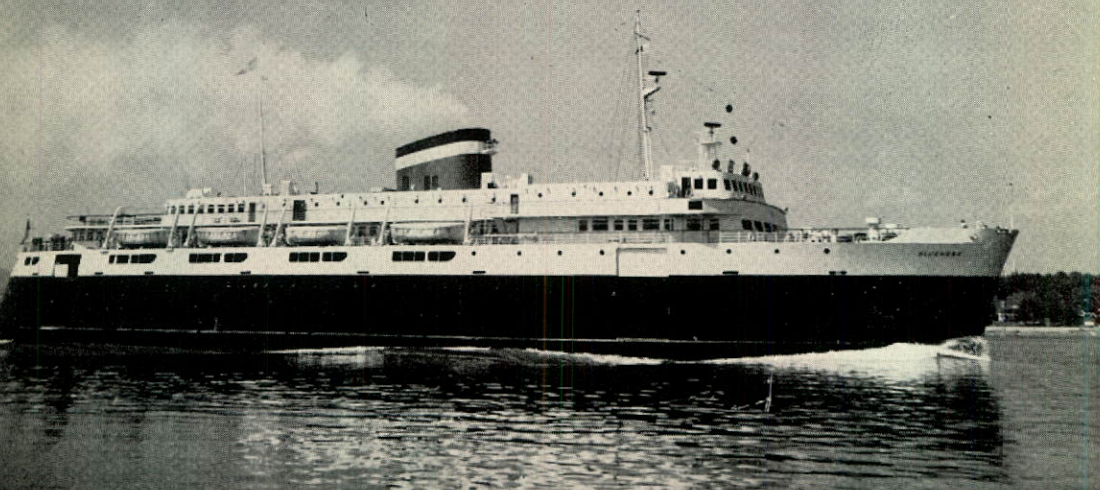
Small wonder then that Davie's well-equipped plant at Lauzon is actively producing for heavy industry all kinds of custom designed steel fabrication and industrial equipment, and is continuing to produce ships worthy of Davie Shipbuilding's world-famed reputation.



The bright modern cafeteria is typical of the excellent passenger facilities aboard the M.V. "Bluenose" designed and built by Davie Shipbuilding.

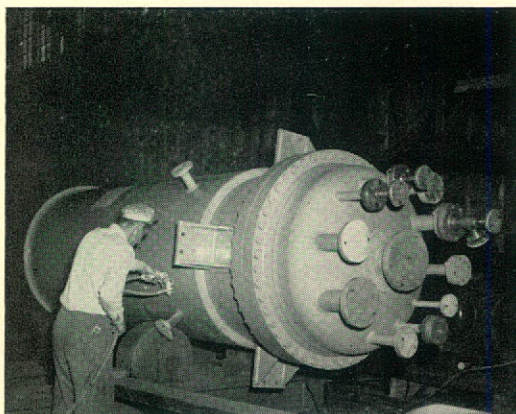
The M.V. "Bluenose" is a passenger and auto ferry in service between Yarmouth, Nova Scotia and Bar Harbor, Maine.

This trim and powerful ship is a fine example of Davie Shipbuilding's marine engineering genius.





Davie Shipbuilding reconditioned and equipped destroyer H.M.C.S. "Algonquin" throughout with the most up-to-date electrical and electronic equipment for the Royal Canadian Navy.

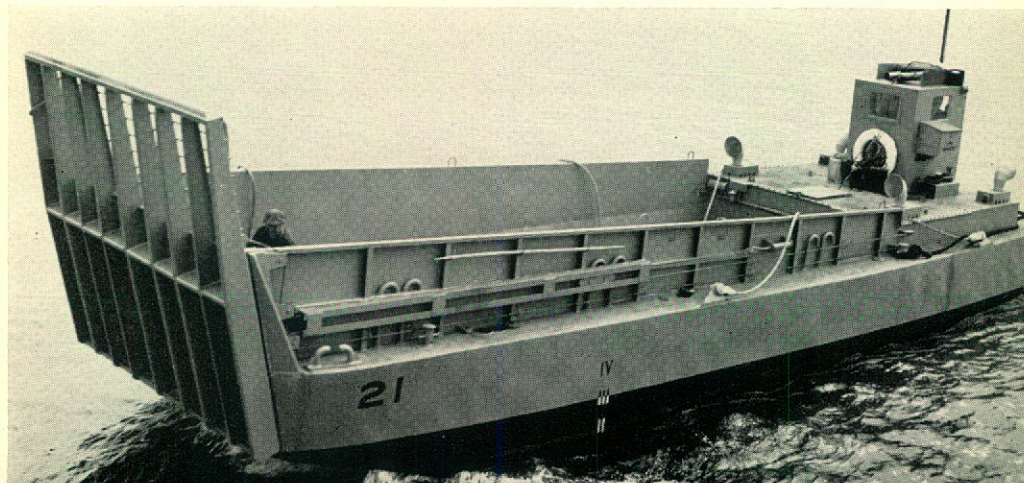


One of the many types of pressure vessel heat exchangers and reactors built by Davie for the petroleum industry.



Fabrication of large pressure vessels for the chemical industry are a specialty of Davie Shipbuilding.

Built by Davie for the Department of Transport, here is one of several sturdy, self-propelled landing craft used for the landing of equipment in the Far North.



CANADIAN SHIPBUILDING and ENGINEERING LIMITED

with yards at



PORT ARTHUR
COLLINGWOOD
KINGSTON
MIDLAND

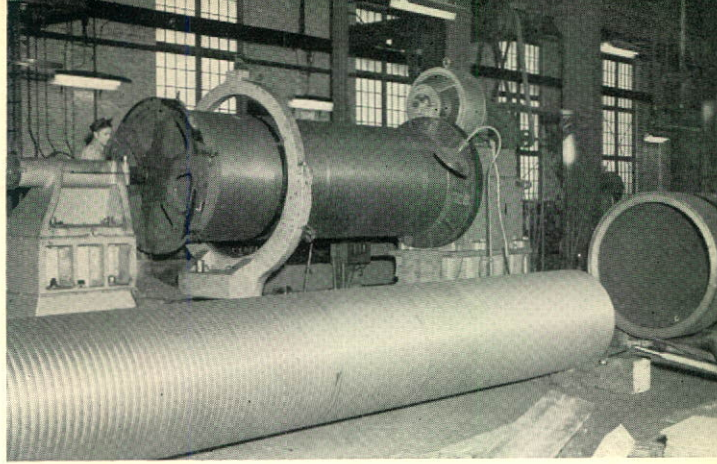


The S.S. "Fort Henry", built at the Collingwood yard, and specially designed for the C.S.L. Package Freight Service, was delivered in 1955.

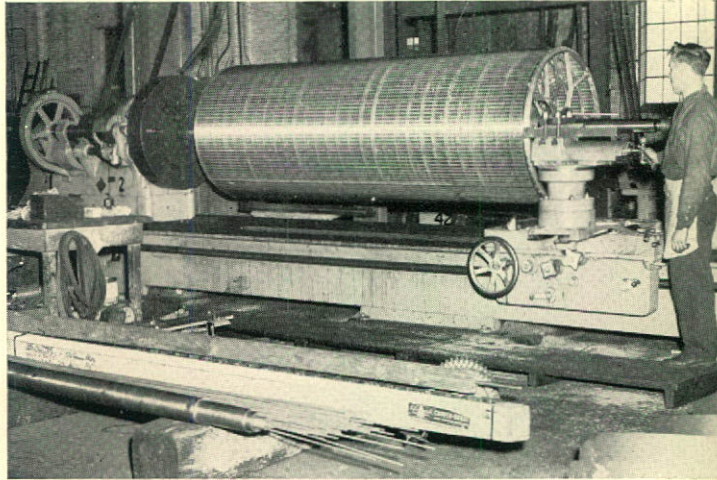
The yards of the Canadian Shipbuilding and subsidiary companies are located at the strategic Great Lakes cities of Port Arthur, Collingwood, Kingston and Midland.

The ability to build new ships, handle vital ship repairs and produce heavy industrial equipment for Canadian industry illustrates the technical versatility and knowledge of these busy shipyards. It indicates, too, how important these yards are to the economic well-being of the Great Lakes area in particular and of Canada in general.

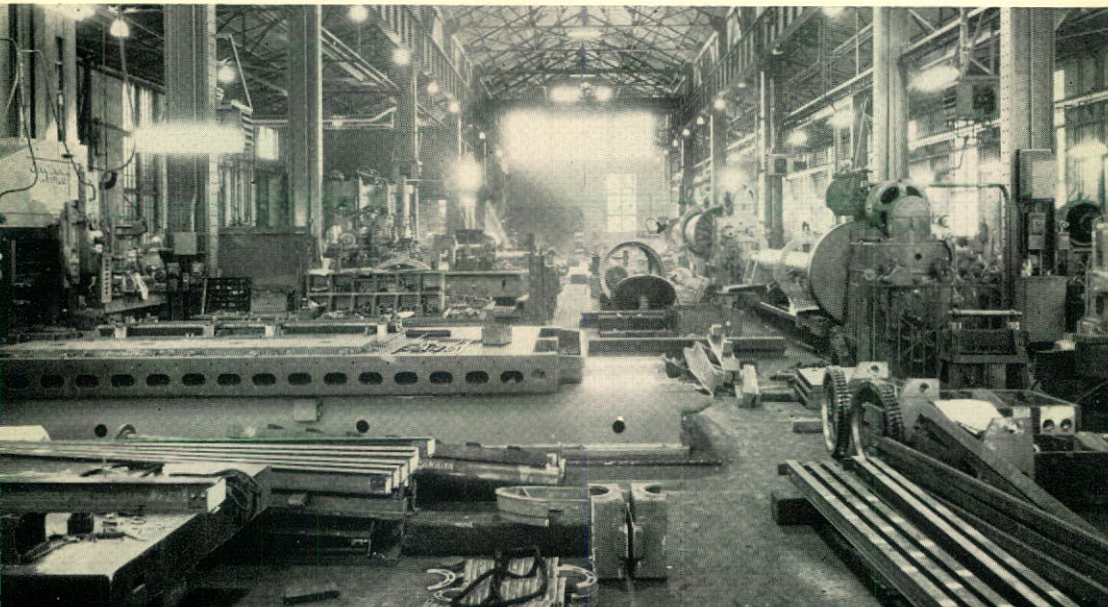
A view of a finished back beam roll in the foreground and a large dryer roll in lathe at Port Arthur Machine Shop.



A board machine cylinder mould being turned in a lathe of the Port Arthur yard.

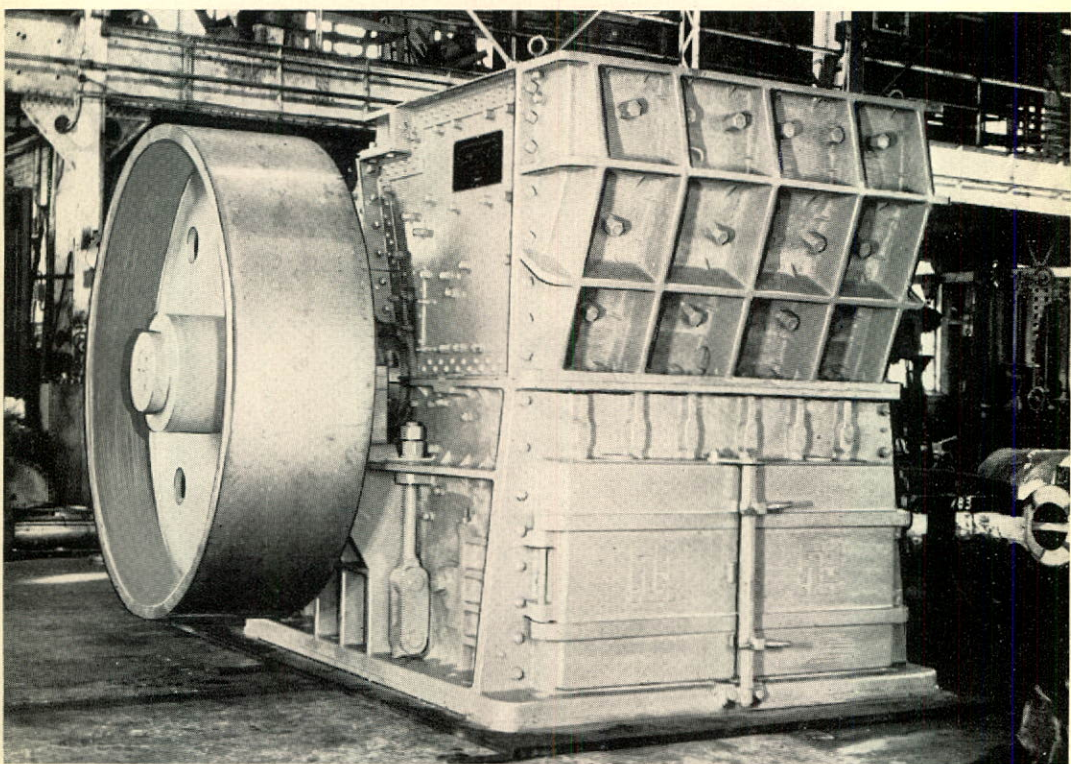


A general view of the Port Arthur Machine Shop illustrating the many types of heavy machinery required for the manufacture of large industrial equipment.





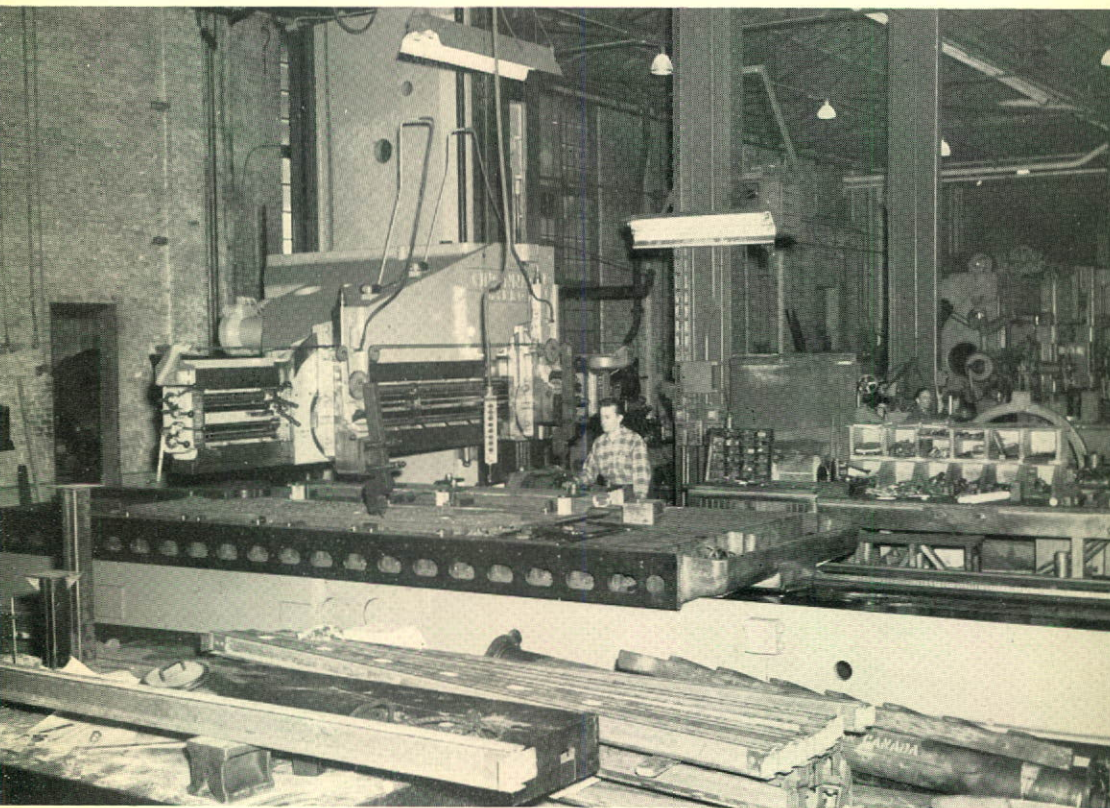
The M.V. "Amherst Islander", a sturdy, modern passenger and auto ferry was built at Kingston and exemplifies the engineering ability and versatility of these shipyards.



Produced at the Collingwood yard, this hammermill is a piece of crushing equipment required by a cement plant in Pakistan.



An aerial view of the harbour facilities available at the Kingston, Ontario shipyard.



This large planer in the Port Arthur Machine Shop is machining a repair job for a pulp mill . . . another example of the important contribution to Canadian industry made by these yards.



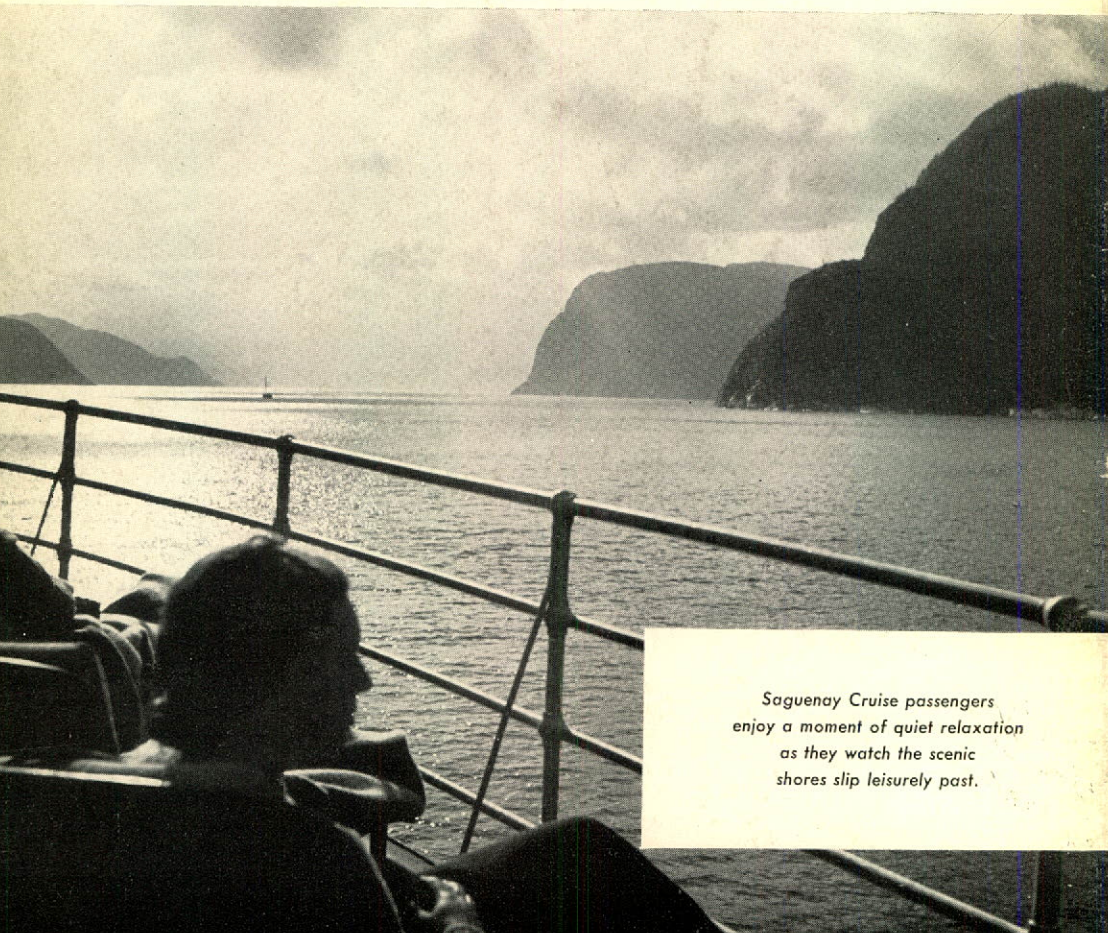
The C.S.L. luxury passenger steamer "St. Lawrence" cruising under Montreal's Jacques Cartier bridge.

POPULAR *Saguenay Cruise*

Aptly called one of the finest on the North American continent, the C.S.L. St. Lawrence and Saguenay River Cruise is serviced by the luxury passenger steamers "Tadoussac", "St. Lawrence" and "Richelieu".

Each summer, thousands of Canadians and Americans take this thrilling cruise treating themselves to a happy holiday combination of spectacular sightseeing tours and enjoyable shipboard activities.

For information and reservations, apply to Passenger Traffic Manager, Canada Steamship Lines at 759 Victoria Square, Montreal.



Saguenay Cruise passengers enjoy a moment of quiet relaxation as they watch the scenic shores slip leisurely past.