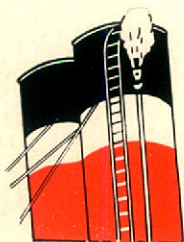


C
CANADA
STEAMSHIP
LINES
LIMITED



ANNUAL REPORT
1954

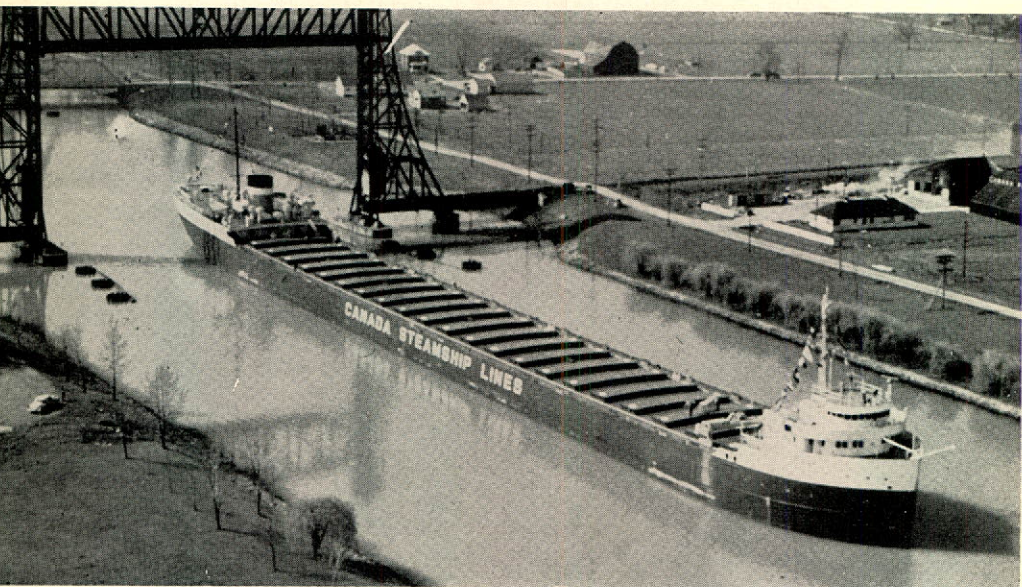
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MCGILL UNIVERSITY

C.S.L. Bulk

Freighters keep pace
with Canada's
growing economy



The S.S. "T. R. McLagan" downbound in the Welland Ship Canal.

The giant bulk freighters "T. R. McLagan" and "Georgian Bay" — latest additions to the C.S.L. fleet — quickly shattered existing cargo carrying records and set new standards for efficient operation. These new vessels are in keeping with the Company's policy of creating and maintaining a modern fleet capable of providing economical transportation of bulk cargoes — a matter vital to Canada's national economy.

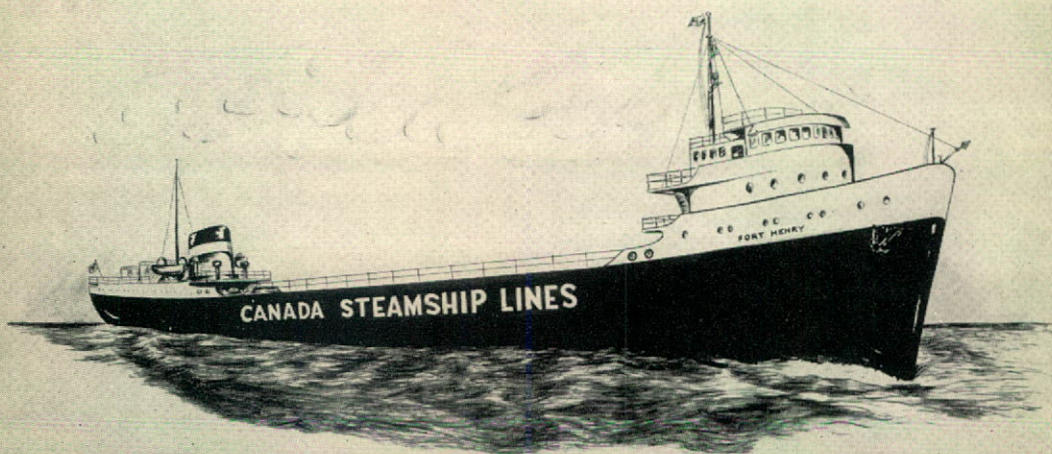


Fast and Economical Package Freight Service...

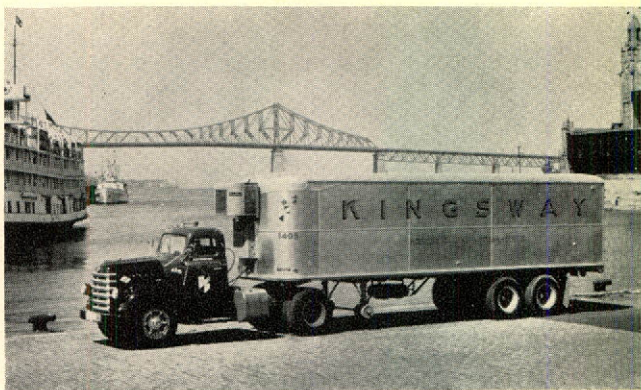
To and from numerous ports extending from the lower St. Lawrence to the head of the Great Lakes, the C.S.L. provides the shipping public with a fast and economical package freight service with rail connections to western Canada.

The specially designed vessels, the convenient terminals equipped with the latest types of mechanical equipment, and the highly trained personnel in charge, assure the careful handling and speedy dispatch of all freight.

Artist's conception of high-speed Upper Lake Package Freighter "FORT HENRY" now being constructed at The Collingwood Shipyards Limited. Will commence operating in 1955.



Kingsway Transports Limited



The opening of four new terminals during 1954 by Kingsway is indicative of its progressive policy. As a result, Toronto now boasts one of the finest highway terminals in North America. The New York-Montreal route is served by a new depot at Lyndhurst, New Jersey, and new facilities have been provided at Windsor and Kitchener-Waterloo.

Many new highway units were placed in service during the year to maintain Kingsway's position as a leading carrier.

KINGSWAY TERMINALS

Quebec	Montreal	Ottawa	Kitchener-Waterloo
Shawinigan Falls	Sherbrooke	Toronto	London
Three Rivers	Valleyfield	Hamilton	Chatham
Sorel	New York City	Niagara Falls	Windsor

(Terminal at Lyndhurst, N.J.)

Advance thinking in highway terminal design is well illustrated at Kingsway's new Toronto terminal opened late in 1954.





Hotel Tadoussac, Tadoussac, P.Q.

HOTEL TADOUSSAC

The picturesque site of this fine hotel, where the Saguenay flows into the St. Lawrence, offers unrivalled scenic beauty for vacationers. The sandy beach, the new swimming pool, the tennis courts and the interesting 9-hole golf course, provide hours of pleasure to all ages, while a comfortable fishing camp in the balsam-covered hills and lakes stocked annually with speckled trout challenges the skill of the fisherman.

The heated swimming pool with the Tadoussac Hotel in the background.

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





Manoir Richelieu, Murray Bay, P.Q.

A VACATIONIST'S PARADISE

The Manoir Richelieu, set high on the bank of the mighty St. Lawrence, overlooking historic Murray Bay, attracts visitors the world over.

The luxurious appointments, the attentive service and splendid cuisine, combine with the fine facilities for sport and recreation to provide a vacationist's paradise.

A view of the renowned Manoir Richelieu golf course showing one of the two escalators which ease the climb of golfers to loftier levels.



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 JAMES DUNN, Bart., Q.C.

PHILIP DUNN

J. A. ECCLES

HENRY GAUER

DAVID S. HOLBROOK

J. ARTHUR MATHEWSON, Q.C.

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

GORDON McMILLAN, Q.C.

JOHN A. McPHAIL, Q.C.

A. C. PICARD

EXECUTIVE OFFICERS

T. R. McLAGAN
President

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
*Comptroller
and
Treasurer*

N. F. HOWELL
Secretary

CANADA STEAMSHIP LINES, LIMITED

TO THE SHAREOWNERS:

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

The year of 1954 was one beset by operating difficulties, caused by lower volume and lower freight rates throughout all your company's operations. The operating profit in 1954 was \$11,194,087, which compares with \$15,087,024 in 1953. Nevertheless the profit in 1954 was the third highest in your company's history, being only exceeded by the profits in 1953 and 1952.

Charges for depreciation amount to \$5,529,484. Prior to 1954 the income tax regulations required the depreciation or capital cost allowances claimed for tax purposes to be recorded in the company's accounts, but in 1954 the regulations were amended. In determining the depreciation to be charged in the 1954 accounts, therefore, your Directors no longer were restricted to the depreciation to be claimed for tax purposes and a policy has been adopted, which, although it results in a lower charge against profits than the maximum capital cost allowances for income tax purposes, your Directors believe to be conservative. The temporary saving in taxes resulting from claiming higher depreciation for tax purposes amounts to \$630,000 and this saving has been deducted from the profits for the year and has been set up as a "Reserve for future income taxes" in the Balance Sheet.

After all charges, therefore, your Directors are pleased to report a net profit of \$2,731,420, which, also is the third highest net profit in your company's history. The earnings per common share, after deducting dividends for preference stock, amount to almost \$1.80.

The two new ships referred to in the last Annual Report were completed and put into service and performed excellently. At the present time the company has under construction two smaller vessels, one for the package freight service and one for the bulk canal trade.

In 1954 serial bonds in an amount of \$400,000 matured and were paid and \$168,500 1948 series bonds were retired through the Sinking Fund. Another \$400,000 of the serial bonds mature on March 15, 1955. Your company purchased, during the year, the shares of Pipe Line Tankers Ltd. and thereby assumed the obligations of the funded debt of this company amounting to \$1,665,000 First Mortgage $2\frac{3}{4}\%$ bonds maturing December 1,

1959, but funds totalling \$191,849 are held by the Trustees for the bond-holders which will be applied on the redemption of these bonds in due course. The net result is that the funded debt of your company increased by \$1,096,500 during 1954.

Your Directors are pleased to report an increase in working capital to \$16,254,230.

During the year some \$6,115,000 (including the net cost of the ship owned by Pipe Line Tankers Limited) was spent on new capital assets and, in the opinion of your Directors, the physical state of the company's assets has been maintained in a very satisfactory condition.

As in the past few years, a substantial part of the earnings have been derived from non-water transportation facilities.

Profits from your company's shipbuilding yards were not as good as in 1953 and the shipbuilding outlook in Canada for the coming year is not bright. During the past year there were some notable achievements in your company's yards in the building of both naval and merchant ships. There is still a certain amount of naval work yet to complete.

There are evidences of increasing industrial activity in Canada and your Directors feel sure it will be reflected in an active year for the parent company.

The company's Pension Fund is operating satisfactorily and there are now seventy-three former employees receiving pensions. An actuarial examination was completed in 1954 which confirms that the Fund is actuarially sound.

Your Directors again wish to draw to your attention the exceptional services rendered by the officers, employees and members of the ships' companies. Although the circumstances surrounding the activities in 1954 were difficult many operating economies were made and we look forward to another year of progress in 1955. The co-operative spirit shown by members of the staff is something which speaks well for the future of your enterprise.

On behalf of the Board,



President.

Montreal, Que.
March 15, 1955.

CANADA STEAMSHIP LINES, LIMITED

CONSOLIDATED BALANCE SHEET

ASSETS

Current Assets:

Cash in banks and on hand	\$ 3,097,038
Guaranteed deposits and treasury bills	6,596,182
Dominion of Canada bonds at cost (market value \$360,187)	359,375
Accounts receivable, less allowance for doubtful accounts	6,478,368
Insurance and other claims, estimated amount recoverable	553,205
Inventories of stores and supplies at the lower of cost or market value and shipyard work in progress at not exceeding cost	38,032,313
Prepaid expenses	579,693
	55,696,174

Deduct progress payments and billings on uncompleted shipyard work	34,566,726
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21,129,448
397,185

Investments at not exceeding cost

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	84,193,122
Less allowance for depreciation	57,923,888
	26,269,234

NOTE: At December 31, 1954 capital commitments in respect of vessels under construction and acquisition of property amounts to approximately \$2,946,000.

Signed on behalf of the Board:

T. R. McLAGAN	}	Directors.
G. C. BATEMAN		

\$48,005,939

AUDITORS' REPORT TO

We have examined the consolidated balance sheet of Canada Steamship Lines, Limited and its Subsidiaries as at that date and have obtained all the information and explanations we have required. Our examination is based on the books of the companies and other 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, 1954 and the results of their operations for the year ended at that date are shown by the books of the companies.

Montreal, P.Q., March 8, 1955.

AND ITS SUBSIDIARY COMPANIES

STATEMENTS AS OF DECEMBER 31, 1954

LIABILITIES

Current Liabilities:

Accounts payable and accrued charges	\$ 3,461,163
Estimated taxes on income	1,014,055
First Mortgage Serial Bonds 3½% Series "A" due March 15, 1955	400,000
	<hr/>
	4,875,218

Funded Debt:

First Mortgage 12 year Bonds 3½% Series "A" due March 15, 1957	\$ 4,500,000
First Mortgage Bonds 4% 1948 Series due December 15, 1966	2,160,000
First Mortgage Bonds 2¾% Series "A" of a subsidiary company due December 1, 1959	1,665,000
	<hr/>
	8,325,000

Reserves:

For freight claims	35,000
For insurance losses and repairs	325,000
For guarantee on shipbuilding contracts	128,979
For extra compensation	275,000
For contingencies	225,000
For future income taxes	630,000
	<hr/>
	1,618,979

Capital Stock:

Authorized and outstanding—	
917,000 shares 5% Cumulative Preference stock of \$12.50 each	11,462,500
1,200,000 shares Common stock of no par value	3,391,500
	<hr/>
	14,854,000

Surplus:

Earned surplus	12,776,922
Surplus arising from realization of capital assets	3,919,569
Capital surplus arising through acquisition of subsidiary companies	1,636,251
	<hr/>
	18,332,742
	<hr/>
	<u>\$48,005,939</u>

THE SHAREHOLDERS

and Subsidiary Companies as of December 31, 1954 and the statements of profit and loss and surplus for the year ended on that date, including a general review of the accounting procedures and such tests of accounting records and

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

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants.

CANADA STEAMSHIP LINES, LIMITED

AND ITS SUBSIDIARY COMPANIES

STATEMENT OF PROFIT AND LOSS

Year ended December 31, 1954

Earnings from operations before taking into account the undernoted items:		\$11,348,267
Remuneration of executive officers	\$ 166,380	
Directors' fees	22,360	
Legal fees.	45,135	
		<u>233,875</u>
		11,114,392
Add income from investments		<u>79,695</u>
		11,194,087
Deduct:		
Interest on funded debt	266,183	
Provision for depreciation	5,529,484	
		<u>5,795,667</u>
		5,398,420
Income tax provision estimated:		
Provision on income for current year	2,037,000	
Reduction of income tax for current year applicable to future years — (Note A)	630,000	
		<u>2,667,000</u>
		2,731,420
Net income for year.		<u>\$ 2,731,420</u>

NOTE A: The current year's tax reduction of \$630,000 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 and is accordingly shown in the balance sheet as "Reserve for future income taxes".

STATEMENT OF SURPLUS

Earned surplus at December 31, 1953		\$10,918,627
Add net income for year ended December 31, 1954		<u>2,731,420</u>
		13,650,047
Deduct dividends paid:		
To preference shareholders	\$ 573,125	
To common shareholders	300,000	
		<u>873,125</u>
		12,776,922
Surplus arising from realization of capital assets:		
Amount at December 31, 1953	4,016,345	
Deduct loss on disposal of capital assets — net.	96,776	
		<u>3,919,569</u>
Capital surplus arising through acquisition of subsidiary companies		1,636,251
Amount at December 31, 1954		<u>\$18,332,742</u>

Davie Shipbuilding Limited

Located at Lauzon, across the St. Lawrence River from Quebec City.

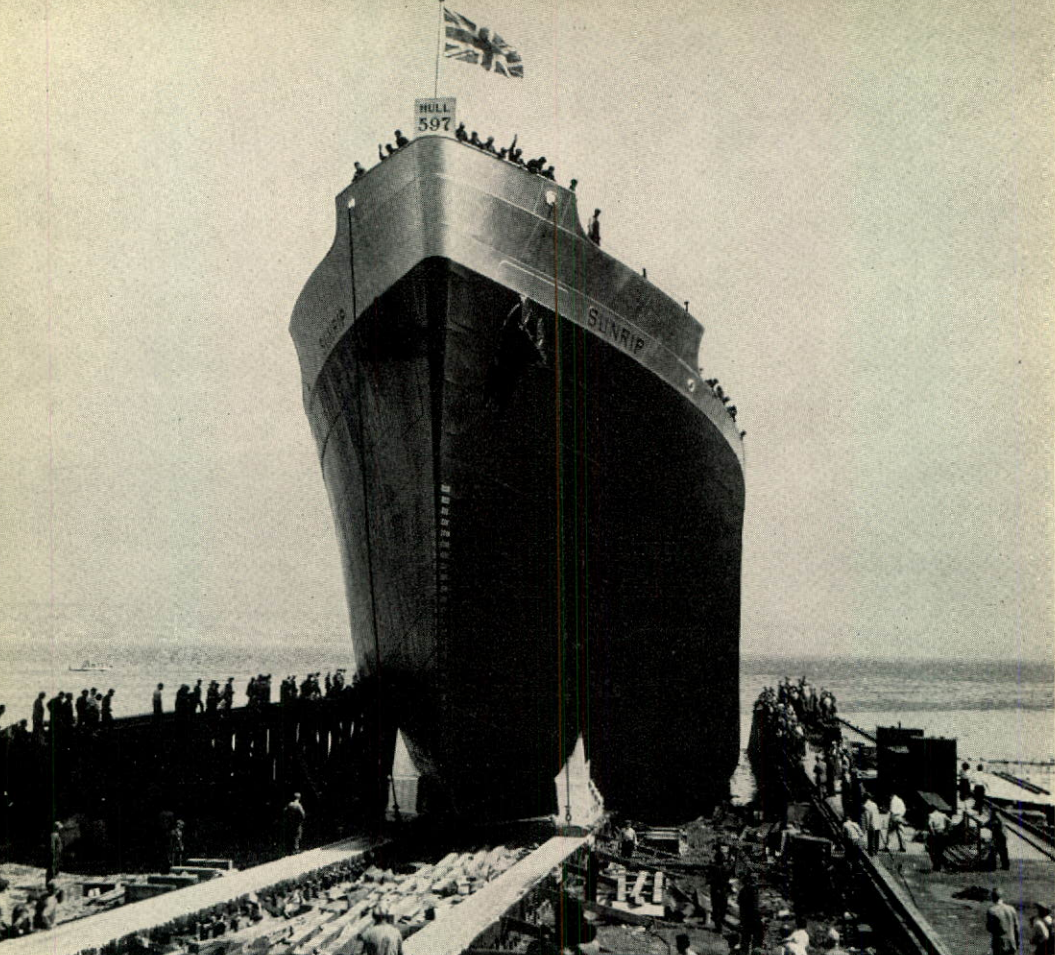
Despite increased complexity of design and construction problems, Davie Shipbuilding continues to demonstrate to the shipping world its ability to build fine ships and to handle difficult repairs efficiently.

The Davie reputation for "know how" has now extended from the shipbuilding industry into the field of industrial engineering and the well equipped plant at Lauzon is rapidly becoming an active producer of industrial equipment.

The General Engineering Division is now prepared to accept orders from heavy industry for all types of custom designed steel fabrication and to provide the same high standard of workmanship which has made the name of Davie Shipbuilding world famous.

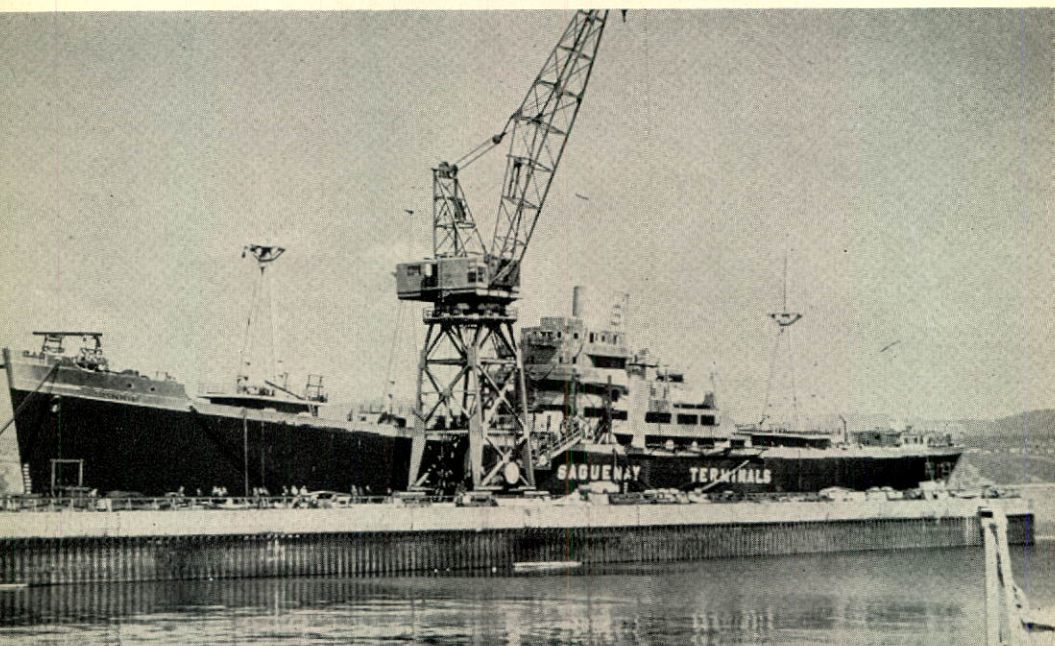
*ANDROS FORTUNE—28,000-ton tanker—largest vessel ever constructed in Canada.
Delivered by Davie Shipbuilding in 1954*





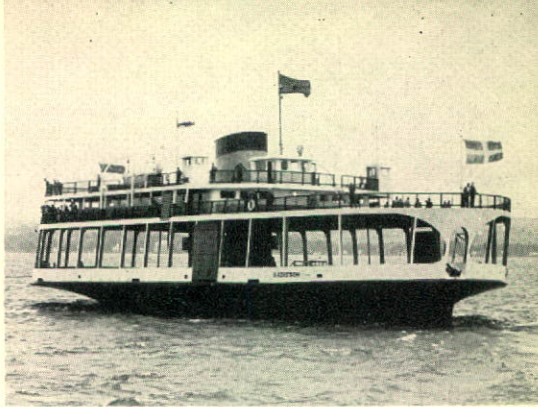
*Launching of the "Sunrip" — Canada's largest ocean-going dry cargo vessel.
Delivered by Davie Shipbuilding in 1954.*

The alumina carrier "Sunrip" at fitting out berth. First major cargo vessel with all-welded aluminum superstructure.

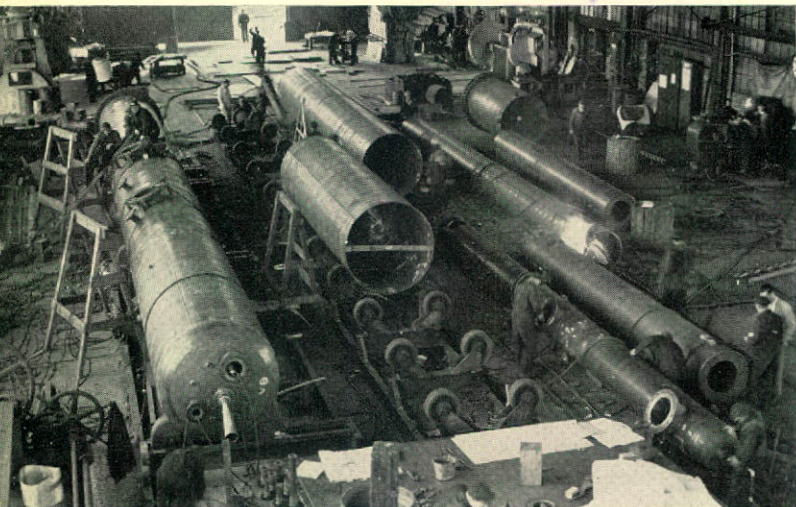




"Charlie S" — Modern Davie-operated diesel tug. Constructed 1954 in 55 working days.

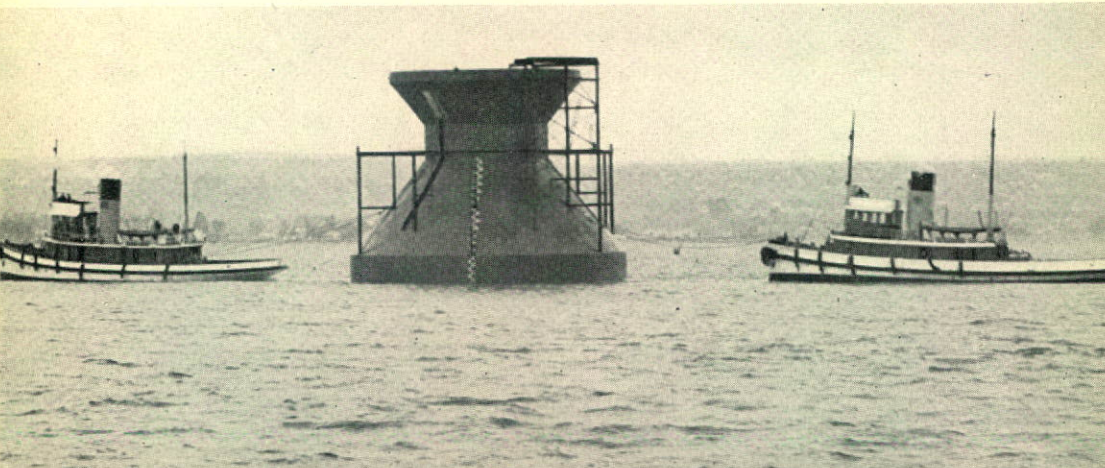


"Radisson"—New Diesel Ferry for Trois-Rivières, P.Q., constructed in 84 working days.



View of Davie Shipbuilding pressure vessel assembly floor showing tanks and columns destined for new oil refineries located across Canada.

Lighthouse base constructed in shipyard and towed to White Island in the lower St. Lawrence River by Davie tugs.

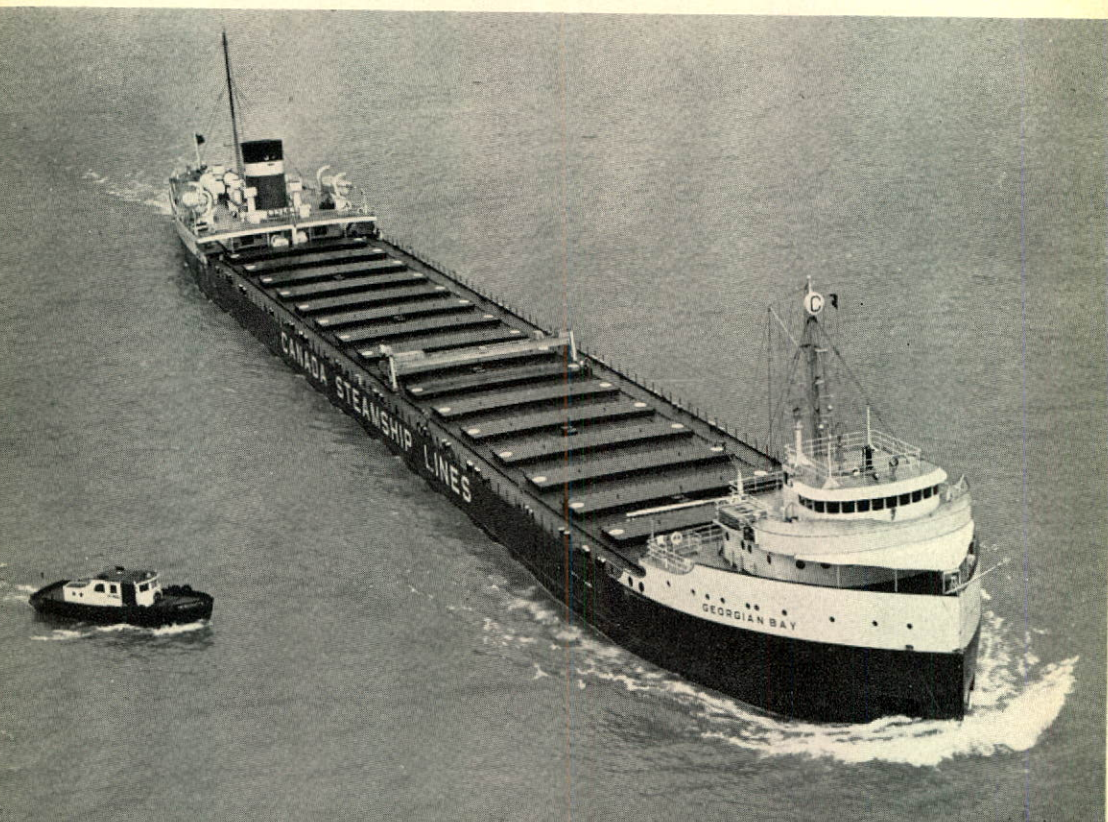


Canadian Shipbuilding & Engineering Limited

and Subsidiary Companies The Collingwood Shipyards Limited
Kingston Shipyards Limited
Midland Shipyards Limited
Port Arthur Shipbuilding Company Limited

Strategically located on the Great Lakes, the yards of the Canadian Shipbuilding and Subsidiary Companies at Kingston, Midland, Collingwood and Port Arthur are ready to serve the needs of shipping and of Canadian industry. The new construction completed in 1954 for both the Royal Canadian Navy and the Merchant Marine, the ability to effect necessary ship repairs rapidly, and the many items of heavy industrial equipment produced for Canadian industry, indicate the importance of these shipyards to Canadian economy in general.

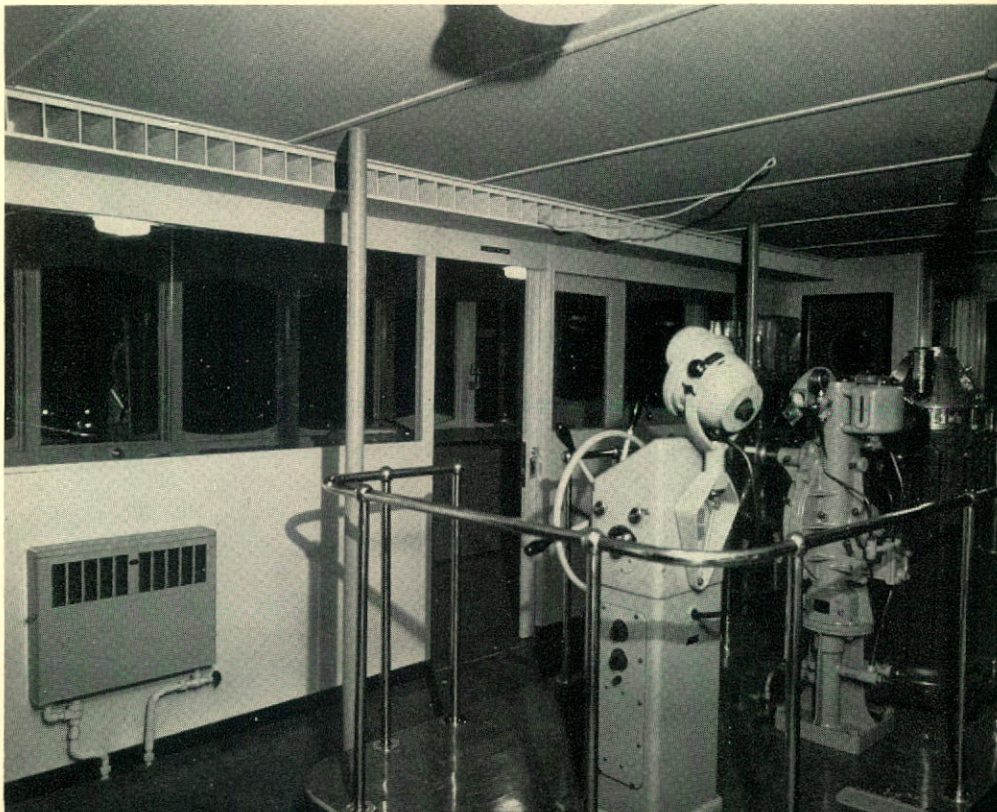
The Upper Lake Bulk Freighter, "Georgian Bay", constructed at Collingwood Shipyards, Collingwood, Ont., delivered in 1954.





Interior view of the aircraft shop, showing canopies and sub-assemblies for wing details under construction for Beech, Harvard and de Havilland aircraft. This work is typical of the varied activities performed by the Port Arthur Shipbuilding Company for Canadian industry.

The pilot house of the "T. R. McLagan" built by Midland Shipyards displays many of the modern safeguards of navigation. Included is the telemotor steering gear and automatic gyro pilot, the standard and gyroscope compasses, radar, radiotelephone, direction finder, echo sounding machine, helm indicator, public address system, and other pieces of up-to-date equipment.





The Royal Canadian Naval ensign being raised during the commissioning ceremony of the H.M.C.S. "Resolute", built at the Kingston Shipyards, Kingston, Ont.

A tribute to Kingston shipbuilding was the attendance of Rear Admiral R. E. S. Bidwell, R.C.N., Flag Officer, Atlantic Coast, at the commissioning ceremony of H.M.C.S. "Resolute", a new anti-magnetic minesweeper built by Kingston Shipyards Ltd. Lt. Cmdr. J. L. Panabaker, R.C.N., Commanding Officer, H.M.C.S. "Resolute" welcomes Admiral Bidwell as he is piped aboard.

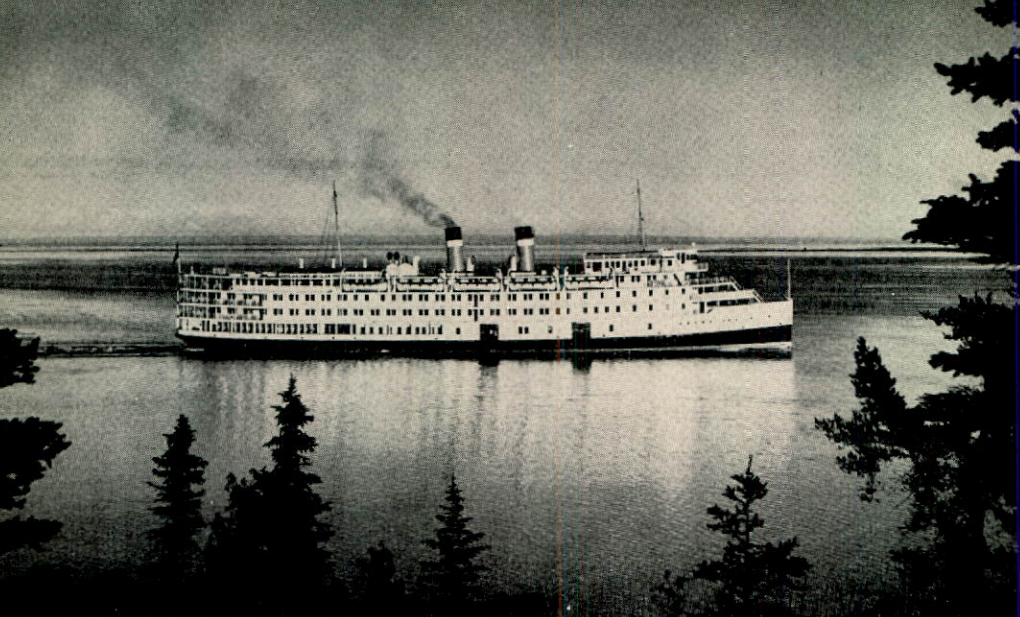




H.M.C.S. "Jonquiere", a frigate completely modernized for the Royal Canadian Navy by Davie Shipbuilding at Lauzon, P.Q.

The anti-magnetic minesweeper H.M.C.S. "Gaspé" shown in the picture is one of three built by Davie Shipbuilding at Lauzon for the Royal Canadian Navy. Two sister ships, the H.M.C.S. "Chaleur" and the H.M.C.S. "Quinte" were built by Port Arthur Shipbuilding at Port Arthur, Ontario. Another sister ship, the "Resolute", also was built by Kingston Shipyards at Kingston, Ontario.





VACATIONING ON THE SAGUENAY CRUISE

C.S.L.'s beautiful St. Lawrence and Saguenay River Cruise provides vacation fun and enjoyment to thousands of Canadians and Americans each summer. The luxury passenger steamers, "Tadoussac", "St. Lawrence" and "Richelieu" are crowded during the summer months with happy vacationists enjoying one of the finest cruises on the North American Continent.

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

