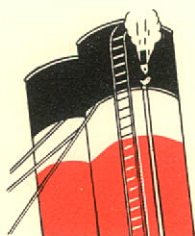


CANADA
STEAMSHIP
LINES
LIMITED



ANNUAL REPORT
1949

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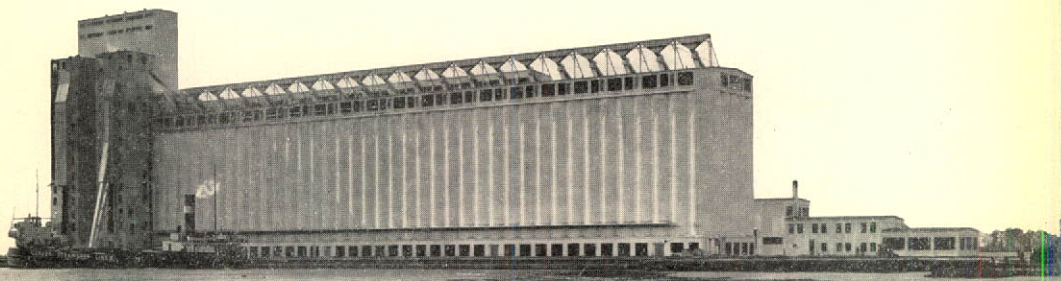
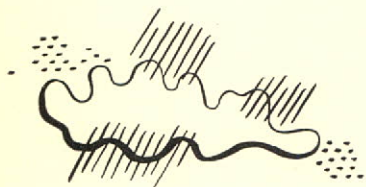
MCGILL UNIVERSITY

CSL

freighters
help speed Canada's
Trade and Commerce



The large modern fleet consisting of package freight and bulk freight vessels help speed Canada's trade and commerce across the Great Lakes and connecting waters. C.S.L. policy of using the latest methods and equipment in handling all types of freight provides fast economical service to shippers.



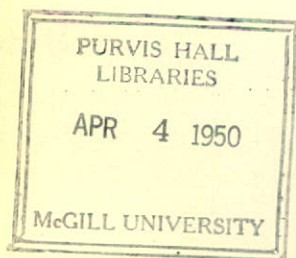
CANADA STEAMSHIP LINES LIMITED

DIRECTORS

D. W. AMBRIDGE, ESQ.
C. GORDON COCKSHUTT, ESQ.
ARTHUR CROSS, ESQ.
KENNETH T. DAWES, ESQ.
SIR JAMES DUNN, BART.
JAMES A. ECCLES, ESQ.
HENRY GAUER, ESQ.
FRANK J. HUMPHREY, ESQ.
COL. K. R. MARSHALL
J. ARTHUR MATHEWSON, ESQ., K.C.
GEORGE H. MONTGOMERY, ESQ., K.C.
WM. A. MURPHY, ESQ.
A. C. PICARD, ESQ.
JOSEPH M. PIGOTT, ESQ.
PAUL F. SISE, ESQ.

EXECUTIVE OFFICERS

K. R. MARSHALL
President
GEORGE H. MONTGOMERY, K.C.
Vice-President
H. A. CRESSWELL
Vice-President and Treasurer
R. B. THOMSON
Vice-President and Secretary
N. J. REOCH
General Manager



CANADA STEAMSHIP LINES LIMITED

To the Stockholders:

Your Directors submit the Company's Thirty-sixth Annual Report and Statement of Accounts.

GROSS REVENUE

Your Company's gross revenue again recorded a new high in 1949 amounting to \$25,336,151, an increase of \$2,531,831 over the previous year. This improvement was due largely to the early opening of navigation, a heavy movement of grain and a slight increase in package freight rates and despite extensive strikes in the American steel and coal industries.

OPERATING EXPENSES

Operating expenses amounted to \$19,752,700, an increase of \$1,192,986 due also to the longer operating season and to some increases in wages, fuel and other costs. Net earnings available for interest and depreciation amounted to \$5,583,451.

DEDUCTIONS

Interest charges amounted to \$402,595, an increase of \$60,868 over the previous year. Provision was made for depreciation in amount of \$1,832,328, an increase of \$17,554. An amount of \$500,000 has been set aside to take care of contingencies.

NET INCOME

Net earnings for the year, after all charges, amounted to \$2,848,528, and, after providing \$1,215,000 for Dominion and Provincial income taxes, the net income for the year amounted to \$1,633,528, an increase over the previous year of \$351,423.

SURPLUS

After payment of dividends of 5% on the preference stock, and \$1.00 per share on the common stock, the earned surplus increased by \$760,403 to \$3,828,277. Surplus arising from realization of assets amounted to \$3,226,188 after providing for loss on retirement and sale of capital assets which are not productive. The consolidated surplus increased by \$490,268 to a total of \$8,688,669.

FIXED ASSETS

The net increase in the book value of fixed assets during the year was \$5,138,351. The S.S. "HOCHELAGA", one of the bulk freighters under construction last year, was commissioned in time to participate in the grain movement toward the end of the season and carried record cargoes. The S.S. "COVERDALE", a sistership, has also been completed and will be placed in service at the opening of navigation. The fleet now consists of 63 ships, of which 50 are freighters; 8 are passenger boats and 5 are tugs.

The Company's new Head Office building has been completely renovated and provides adequate working space. The rental of space not required is sufficient to cover the carrying charges of the building with some profit to the Company.

FUNDED DEBT

During the year Serial Bonds in amount of \$400,000 matured and were paid, and \$140,000 1948 Series Bonds were retired through the Sinking Fund, leaving outstanding fixed debt of \$9,760,000.

NET CURRENT ASSETS

The excess of current assets over current liabilities at December 31, 1949, amounted to \$6,300,125, a decrease of \$1,452,911 from the previous year, due to capital additions previously referred to. Included in the current assets were cash and government securities amounting to \$2,971,246.

PENSION FUND

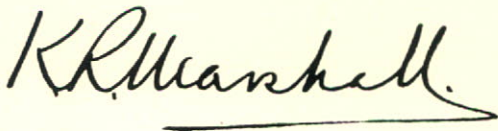
A contributory Pension Fund for the benefit of the Company's employees has been functioning since 1st October, 1928. The Fund is operated by "Pension Fund Society of Canada Steamship Lines Limited", an incorporated body and, on an actuarial basis, the Fund is considered sound.

Your Directors record with regret the disastrous fire which destroyed the S.S. "NORONIC", and desire to extend their sincere sympathy to those who suffered through the accident. It will be some time before disposition can be made of such claims for compensation as may arise, but, based on the advice of counsel, the Directors feel that the Company is adequately protected by insurance.

During the year your Company suffered a loss through the death of its former President, Mr. W. H. Coverdale, who had ably presided over the affairs of the Company for a period exceeding twenty-seven years. His passing is deeply regretted by your Directors and Officers. Mr. K. R. Marshall, a Director since 1940, was elected President to succeed the late Mr. Coverdale. In November 1949, Mr. Henry Gauer of Winnipeg was appointed a Director to fill the vacancy on the Board.

Your Directors desire to record their appreciation of the loyal and efficient services of the Company's officers and employees.

On behalf of the Board,

A handwritten signature in dark ink, appearing to read "K. R. Marshall". The signature is written in a cursive style with a long horizontal flourish extending to the right.

President.

MONTREAL, Que.,
March 22, 1950.

CANADA STEAMSHIP LINES, LIMITED

CONSOLIDATED BALANCE SHEET

ASSETS

Current Assets:

Cash in banks and on hand	\$ 656,246.28
Dominion of Canada bonds at cost	1,315,000.00
Guaranteed demand deposits	1,000,000.00
Accounts receivable, less reserve	1,984,304.13
Adjusted losses due by underwriters	24,810.00
Insurance and other claims, estimated amount recoverable	325,349.97
Interest receivable accrued	5,724.36
Refundable portion of Excess Profits Tax	217,728.97
Inventories of stores and supplies at the lower of cost or market (as determined and certified to by responsible officials) and shipyard work in progress at not exceeding cost	7,008,758.22
	12,537,921.93
Deduct progress payments received on uncompleted shipyard work	2,643,086.26
	9,894,835.67
Prepaid Expenses	399,024.75
Refundable portion of Excess Profits Tax after deducting amount included in current assets above—estimated	15,269.08
Investments at not exceeding cost	281,586.36

Fixed Assets:

Vessels, real estate, buildings, docks and wharves, plant and equipment and miscellaneous assets on the basis of the reduced valuation made by the management as of December 31, 1936 and approved by the Board of Directors, with subsequent additions based on cost	\$57,702,518.24
Less reserve for depreciation	30,823,167.44
	26,879,350.80

Signed on behalf of the Board:

K. R. Marshall	}	Directors.
Geo. H. Montgomery		

\$37,470,066.66

AUDITORS' REPORT TO

We have examined the accounts of Canada Steamship Lines, Limited and its subsidiary companies for the year ended December 31, 1949, and we have to report that we have obtained all the information and explanations we have required and, in our opinion, a correct view of the state of the companies' affairs on a consolidated basis, as of December 31, 1949, according to the books and vouchers.

Montreal, March 17, 1950.

AND ITS SUBSIDIARY COMPANIES

ET AS OF DECEMBER 31, 1949

LIABILITIES

Current Liabilities:		
Accounts payable.....		\$ 2,077,791.00
Bond interest accrued.....		75,204.17
Other accrued charges.....		145,376.53
Reserve for taxes—estimated.....		896,338.57
First Mortgage Serial Bonds 3½% Series "A" due March 15, 1950		400,000.00
		<u>3,594,710.27</u>
Funded Debt:		
First Mortgage Serial Bonds 3½% Series "A" due March 15, 1951-1955.....	\$ 2,000,000.00	
First Mortgage 12 Year Bonds 3½% Series "A" due March 15, 1957.....	4,500,000.00	
	<u>6,500,000.00</u>	
First Mortgage Bonds 4% 1948 Series due December 15, 1966.....	2,860,000.00	
		9,360,000.00
Reserves:		
For freight claims.....	39,000.00	
For insurance losses and repairs.....	337,000.00	
For shipbuilding contracts.....	94,000.00	
For contingencies.....	<u>500,000.00</u>	
		970,000.00
Minority shareholders' interest in capital stock and surplus of subsidiary company.....		2,686.94
Capital Stock:		
Authorized and outstanding:		
229,250 shares 5% Cumulative Preference Stock of \$50.00 each.....	11,462,500.00	
300,000 shares Common Stock of no par value.....	<u>3,391,500.00</u>	
		14,854,000.00
Surplus:		
Earned surplus.....	3,828,276.91	
Surplus arising from realization of capital assets.....	3,226,187.91	
Capital surplus arising through acquisition of a subsidiary company.....	<u>1,636,086.95</u>	
	8,690,551.77	
Less: Minority shareholders' interest in surplus of a subsidiary company.....	<u>1,882.32</u>	
		8,688,669.45
Contingent Liability:		
In respect of claims arising out of the loss of the S.S. Noronic in excess of insurance coverage, the amount of which, if any, has yet to be determined.		
		<u><u>\$37,470,066.66</u></u>

THE SHAREHOLDERS

year ended December 31, 1949, and, in accordance with the provisions of the Companies Act (Dominion), we the above Consolidated Balance Sheet as of December 31, 1949 is properly drawn up so as to exhibit a true and the best of our information and the explanations given to us, and as shown by the books of the companies.

PEAT, MARWICK, MITCHELL & CO.,

Auditors.

CANADA STEAMSHIP LINES, LIMITED

AND ITS SUBSIDIARY COMPANIES

STATEMENT OF PROFIT AND LOSS

For the year ended December 31, 1949

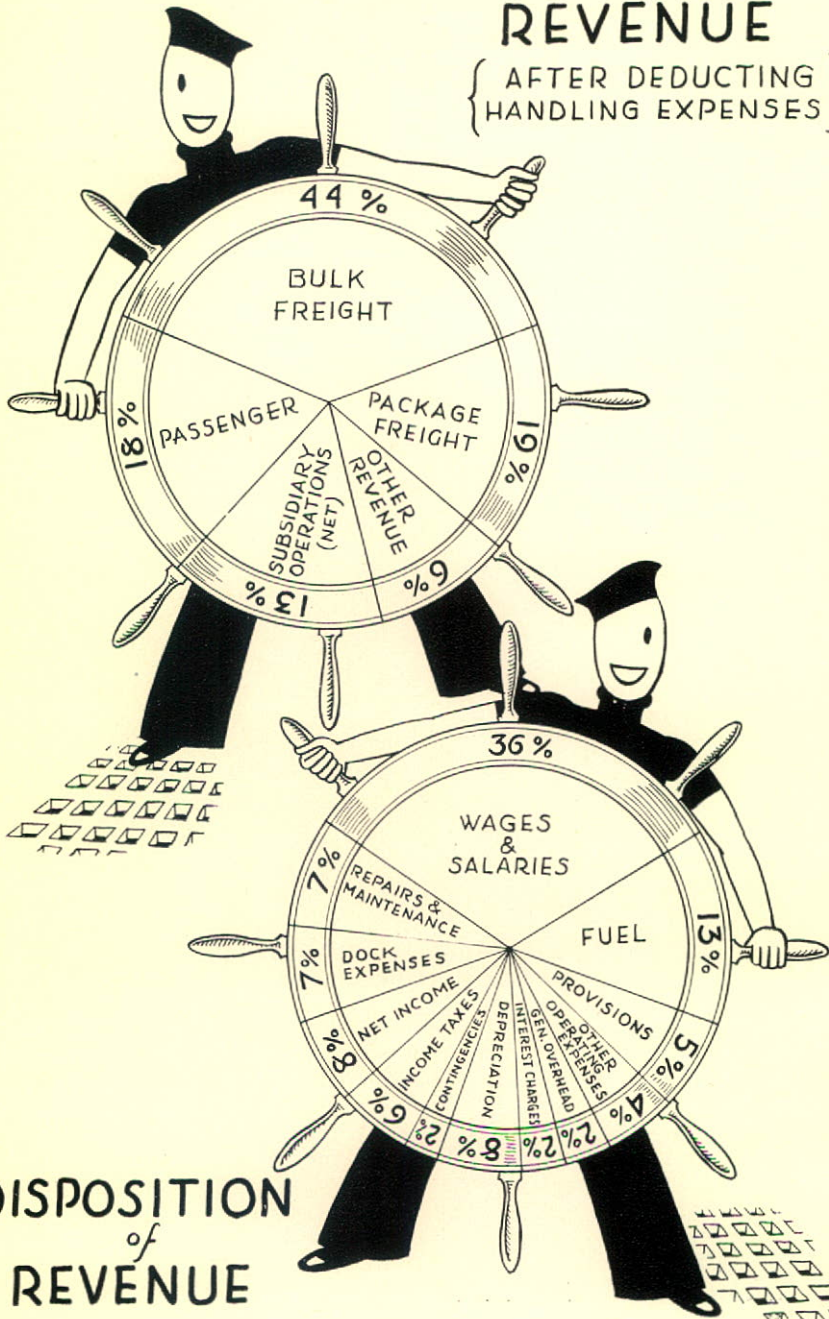
Operating Revenue:		
Vessels.....		\$21,406,977.74
Docks and wharves.....		1,105,393.60
Miscellaneous operating revenue—net.....		2,716,434.12
		25,228,805.46
Other Revenue (including income from investments \$36,242.85).....		107,346.02
		25,336,151.48
Expenses (including salaries of executive officers, \$83,579.76, directors' fees \$15,100.00 and legal fees \$40,545.26).....		19,752,699.97
		5,583,451.51
From which deduct:		
Interest on funded debt.....	\$ 364,183.40	
Other interest.....	38,411.38	
Provision for depreciation.....	1,832,328.67	
Provision for contingencies.....	500,000.00	
		2,734,923.45
		2,848,528.06
Provision for taxes on income—estimated.....		1,215,000.00
Net Income for Year.....		\$ 1,633,528.06

STATEMENT OF SURPLUS

Earned surplus at December 31, 1948.....		\$ 3,067,873.85
Add:		
Net income for year ended December 31, 1949.....		1,633,528.06
		4,701,401.91
Deduct dividends paid:		
To preference shareholders.....	\$ 573,125.00	
To common shareholders.....	300,000.00	
		873,125.00
		3,828,276.91
Surplus arising from realization of capital assets:		
Amount at December 31, 1948.....	3,496,179.66	
Deduct amounts written off capital assets less profit on insurance recoveries—net.....	269,991.75	
		3,226,187.91
Capital surplus arising through acquisition of a subsidiary company.....		1,636,086.95
		8,690,551.77
Less: Minority shareholders' interest in surplus of a subsidiary company.....		1,882.32
Amount at December 31, 1949.....		\$ 8,688,669.45

REVENUE

{ AFTER DEDUCTING
HANDLING EXPENSES }

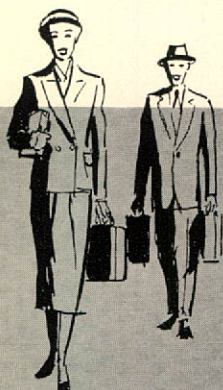


DISPOSITION
of
REVENUE

a fleet of

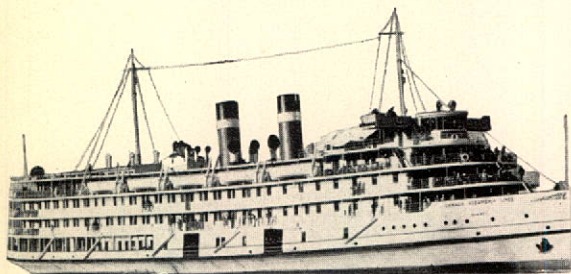
Passenger Ships

for the vacation minded



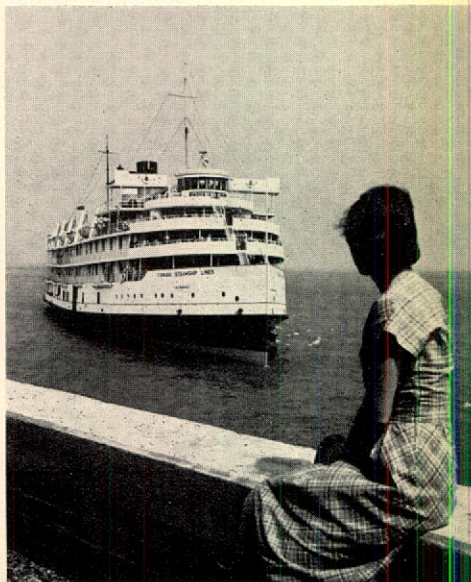
Year after year thousands of experienced travellers and holiday makers have discovered that Canada Steamship Lines fleet of passenger ships are the most modern and luxurious of their type on Canadian waters.

Ships of the Saguenay Cruise Division — the Quebec, the Tadoussac, the St. Lawrence, a cruise ship deluxe, the Richelieu — are unrivalled in the luxury of their appointments and service.



Evident on every hand, is the painstaking care with which these splendid ships were planned and constructed in order to ensure the maximum of comfort and enjoyment for C.S.L. passengers.

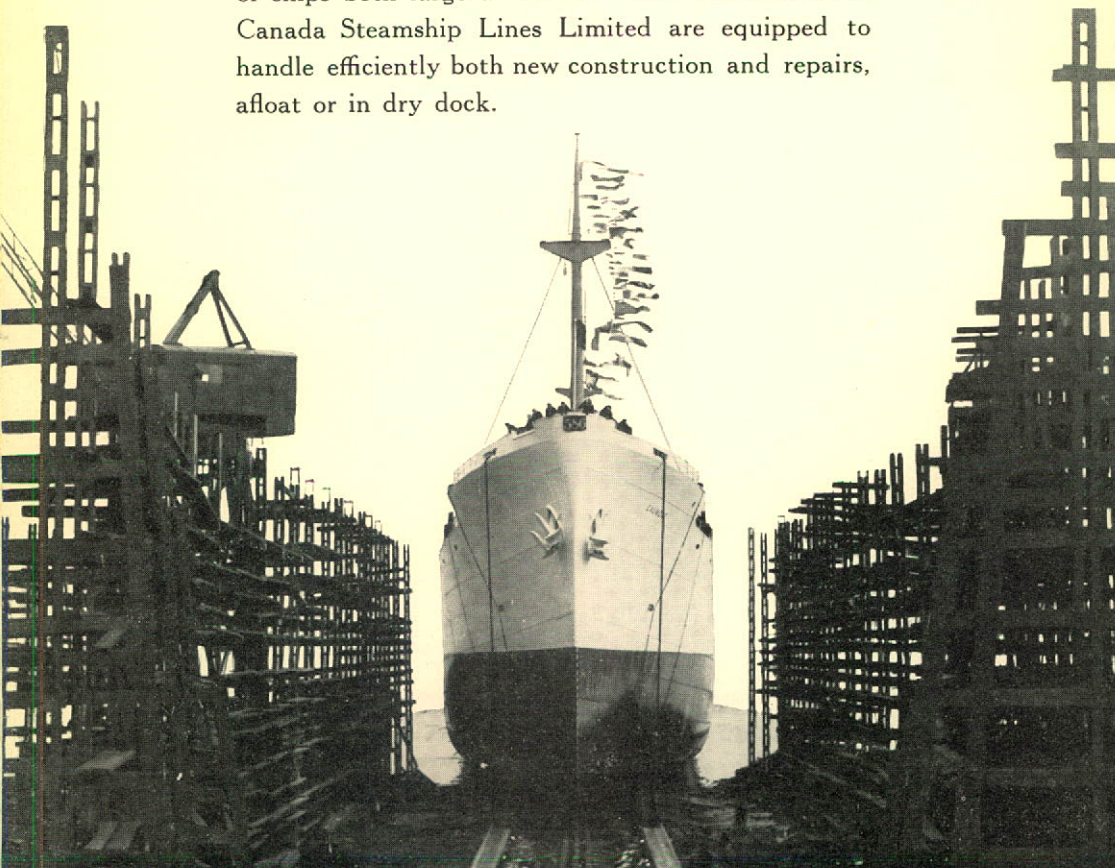
FOR INFORMATION AND RESERVATIONS, APPLY TO ANY CANADA STEAMSHIP LINES OFFICE.



Shipyards

To meet the needs of World Shipping

The shipyards of the Canadian Shipbuilding and Engineering Limited, located at Kingston, Midland, Collingwood and Port Arthur and of the Davie Shipbuilding and Repairing Company Limited at Lauzon, P.Q., have achieved a record of distinction for stout workmanship and economical construction of ships both large and small. These subsidiaries of Canada Steamship Lines Limited are equipped to handle efficiently both new construction and repairs, afloat or in dry dock.



Luxury Hotels

Amid the tang of salt and fir, between tree-clad mountains and the mighty St. Lawrence, the C.S.L. luxury hotels offer real relaxation, while enjoying the glorious outdoors of Canada's Vacationland.

ROMANTIC

AND WONDERFUL

Season: June to September

*For information and
reservations apply to any
Canada Steamship Lines office
or write to the
Hotel Manager at
759 Victoria Square,
Montreal.*



Hotel Tadoussac, Tadoussac, P.Q.

Manoir Richelieu, Murray Bay, P.Q.

