

**CANADA
STEAMSHIP
LINES
LIMITED**

**ANNUAL REPORT
1942**

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MCGILL UNIVERSITY

CANADA STEAMSHIP LINES LIMITED

DIRECTORS

W. H. COVERDALE, ESQ.

ARTHUR CROSS, ESQ.

KENNETH T. DAWES, ESQ.

W. C. FRANZ, ESQ.

HARRY C. HATCH, ESQ.

FRANK J. HUMPHREY, ESQ.

COL. K. R. MARSHALL

GEORGE H. MONTGOMERY, ESQ., K.C.

PAUL J. MYLER, ESQ.

A. C. PICARD, ESQ.

JOSEPH M. PIGOTT, ESQ.

JOSEPH A. SIMARD, ESQ.

PAUL F. SISE, ESQ.

SIDNEY T. SMITH, ESQ.

C. E. TASCHEREAU, ESQ.



EXECUTIVE OFFICERS

W. H. COVERDALE

President

GEORGE H. MONTGOMERY, K.C.

Vice-President

R. B. THOMSON

Secretary

H. A. CRESSWELL

Treasurer

CANADA STEAMSHIP LINES LIMITED

To the Stockholders:

Your Directors submit the Company's Twenty-ninth Annual Report and Statement of Accounts. The total revenue for 1942 amounted to \$18,993,981.47, an increase of \$1,750,175.20 above the previous year, due to increased activity in the yards of the Davie Shipbuilding and Repairing Company Limited.

The net earnings for the year before providing for depreciation were \$7,457,145.51, bond interest paid during the year amounted to \$593,390.00, leaving \$6,863,755.51 available for depreciation and other corporate purposes.

Reserve for depreciation amounted to \$1,824,766.43.

After all charges, reserve for depreciation, et cetera, there was, subject to the comment contained in the Auditors' Certificate, a net profit before income and excess profits taxes of \$5,038,989.08. Provision has been made for Dominion Income and Excess Profits taxes in amount of \$3,134,000.00 (after deduction of the refundable portion), leaving net income for the year of \$1,904,989.08, an improvement of \$353,434.13 over the previous year.

Cash and Government securities on hand on December 31st, 1942, amounted to \$8,192,911.93 after the purchase of \$2,556,600.00 First Mortgage Bonds of the Company and \$33,000.00 Kingston Elevator Bonds against future sinking fund requirements.

Kingston Elevator Company First Mortgage Bonds were reduced by \$29,500. through sinking fund operations to \$1,130,000.00 outstanding as at December 31st, 1942.

The Company's property has been maintained in sound physical condition. During the year, net additions to property amounted to \$638,385.27, represented principally by additional facilities at the Davie Shipbuilding plant and by expenditures on the new Tadoussac Hotel, which was opened to the public on June 27th, 1942.

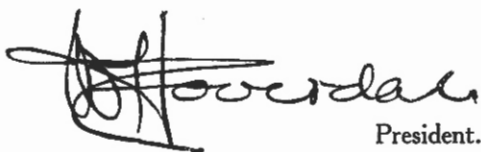
In accordance with the terms of the Reorganization Plan, the full dividend of \$2.50 per share has been declared on the Company's Preference stock, payable April 1st, 1943, to shareholders of record of March 20th, 1943. Since January 1st, 1943, the Preference shares have been on a cumulative basis and future dividends are payable July 2nd and January 2nd.

During the year, the Company made a special contribution of \$100,000.00 to its Employees' Pension Fund. The assets of this fund in amount of approximately \$1,378,000.00 are entirely separate and distinct from the assets shown on the Company's balance sheet.

The fleet now consists of seventy-one steamships, of which fifty-nine are freight and twelve passenger. Three canal-sized steamships were lost by enemy action during the year and, since the first of this year, one steamship has been requisitioned for purchase by the Canadian Government.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Howard", with a large, stylized flourish on the left side.

President.

Montreal, P.Q.,
March 12th, 1943.

CANADA STEAMSHIP LINES, LIMITED, AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

As at 31st December, 1942

ASSETS

Fixed Assets at the reduced valuation made by the Management as at 31st December, 1936, and approved by the Board of Directors with subsequent additions at Cost:	
Vessels, Real Estate, Buildings, Docks and Wharves, Plant and Equipment and Miscellaneous.....	\$43,112,708.98
Less Reserve for Depreciation.....	21,785,414.86
	<u>\$21,327,294.12</u>
Current Assets:	
Cash in Banks and on Hand.....	\$ 2,729,220.56
Guaranteed Demand Deposits and Call Loan.....	2,500,000.00
Dominion of Canada Bonds at Cost (of which \$308,000.00 are deposited in guarantee of Shipbuilding Contracts).....	2,963,691.37
Accounts Receivable, less Reserve.....	2,528,125.36
Adjusted Losses due by Underwriters.....	53,206.81
Insurance and Other Claims, estimated amount recoverable.....	191,486.76
Interest Receivable Accrued.....	18,171.18
Inventories of Stores and Supplies, and Shipyard Work in Progress at the lower of Cost or Market (as determined by responsible officials on the basis of physical inventories).....	9,366,353.14
	<u>\$ 20,350,255.18</u>
Less Progress Payments on Uncompleted Contracts	11,615,870.90
	<u>8,734,384.28</u>
Prepaid Expenses.....	266,879.78
Refundable Portion of Excess Profits Tax — Estimated.....	356,000.00
Investments at Book Value (including \$2,556,600.00 par value of 5% First Mortgage Bonds of the Company).....	3,118,141.76
Deposits with Trustees for Mortgage Bonds:	
Cash on Hand.....	\$ 180.31
Cash and Dominion Bonds held for replacement of assets lost and sold.....	529,333.25
	<u>529,513.56</u>
Insurance Loss Payable to Trustees for Mortgage Bonds.....	221,650.00
Funds in Trust re Capital Expenditure for War Contracts.....	39,927.82
	<u>39,927.82</u>
Total.....	<u>\$34,593,791.32</u>

LIABILITIES

Capital Stock:	
Authorized and Outstanding:	
229,250 Shares 5% Preferred Stock of \$50.00 each.....	\$11,462,500.00
(Cumulative from 1st January, 1943)	
300,000 Shares Common Stock of No Par Value.....	3,391,500.00
	<u>\$14,854,000.00</u>
Funded Debt:	
5% First Mortgage Bonds—Series "A" due 2nd January, 1957.....	\$10,500,000.00
6% Twenty Year First Mortgage Gold Bonds, Kingston Elevator Co. Limited.....	1,130,000.00
	<u>11,630,000.00</u>
Current Liabilities:	
Accounts Payable.....	\$ 1,535,087.41
Reserve for Taxes — Estimated.....	2,380,018.44
Bond Interest Accrued.....	11,300.00
Dividend Payable to Preference Shareholders under terms of Reorganization Plan.....	573,125.00
	<u>4,499,530.85</u>
Reserves:	
For Freight Claims.....	\$ 35,000.00
“ Shipbuilding Contracts.....	118,038.16
“ Insurance Losses and Repairs.....	325,000.00
	<u>478,038.16</u>
Earned Surplus.....	3,092,294.49
Advances re Capital Expenditure for War Contracts—per contra....	39,927.82
Total.....	<u>\$34,593,791.32</u>

Signed on behalf of the Board:

W. H. COVERDALE	}	Directors.
GEO. H. MONTGOMERY		

CANADA STEAMSHIP LINES, LIMITED

AND ITS SUBSIDIARY COMPANIES

PROFIT AND LOSS ACCOUNT

For the Year ended 31st December, 1942

Operating Revenue:		
Vessels.....		\$14,800,430.90
Docks and Wharves.....		670,802.29
Miscellaneous Operating Revenue—Net.....		3,285,425.24
		\$18,756,658.43
Other Revenue (including Income from Investments, \$192,375.89)...		237,323.04
		\$18,993,981.47
Expenses (including Salaries of Executive Officers \$78,000.00, Directors' Fees \$14,540.39 and Legal Fees \$10,554.56).....		11,536,835.96
Net Earnings before Interest Charges and Depreciation.....		\$ 7,457,145.51
From which deduct:		
Interest on 5% Mortgage Bonds.....	\$ 525,000.00	
Interest on 6% Mortgage Bonds of Kingston Elevator Company Limited.....	68,390.00	
	\$ 593,390.00	
Provision for Depreciation.....	1,824,766.43	
		2,418,156.43
Net Profit.....		\$ 5,038,989.08
Provision for Income and Excess Profits Taxes—		
Estimated.....	\$ 3,490,000.00	
Less Refundable Portion of Excess Profits Tax—		
Estimated.....	356,000.00	
		3,134,000.00
Net Income for Year.....		\$ 1,904,989.08
EARNED SURPLUS		
Earned Surplus as at 31st December, 1941.....		\$ 1,760,430.41
Add Net Income for Year ended 31st December, 1942.....		1,904,989.08
		\$ 3,665,419.49
Less Dividend Payable to Preference Shareholders under the terms of the Reorganization Plan.....		573,125.00
Earned Surplus as at 31st December, 1942.....		\$ 3,092,294.49

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the accounts of Canada Steamship Lines Limited and its Subsidiary Companies for the year ended 31st December, 1942.

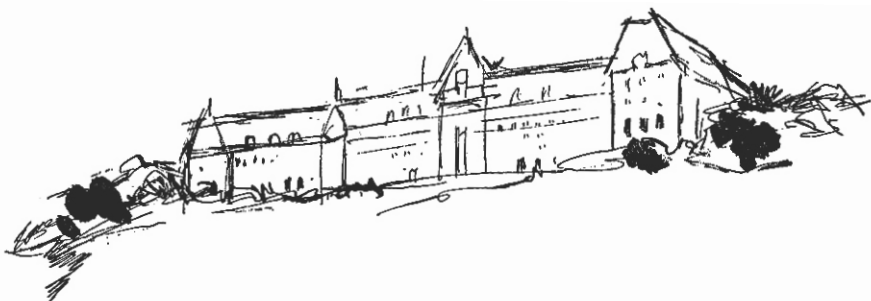
Ships constructed under contract with the Dominion Government have been billed at contract prices. We understand that representations have been made that these contract prices should be modified, but no provision has been made in the accounts for any such contingency.

In accordance with the provisions of the Companies Act (Dominion), we have to report that we have obtained all the information and explanations we have required and, subject to the foregoing, in our opinion, the appended Consolidated Balance Sheet as at 31st December, 1942, is properly drawn up so as to exhibit a true and correct view of the state of the Companies' affairs on a consolidated basis, as at 31st December, 1942, according to the best of our information and the explanations given to us, and as shown by the books of the Companies.

We have also to report that the Dividend Amount available for the Preference Shareholders under the provisions of the Reorganization Plan at 31st December, 1942, was sufficient to provide for the payment of a full year's dividend of 5% in respect of the year 1942.

PEAT, MARWICK, MITCHELL & CO.,
Auditors.

Montreal, March 11th, 1943.



THE MANOIR RICHELIEU

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The ideal place for those who want a change and relaxation. A superb hotel with unrivalled service and cuisine. Golf on a world-famed course, swim in a heated salt-water pool, picturesque bridle paths for riding, dance to a name orchestra—or just loll around with congenial friends. Climate free from hay fever.

For further information, literature or reservations write the Manager, 715 Victoria Square, Montreal or any office of Canada Steamship Lines.





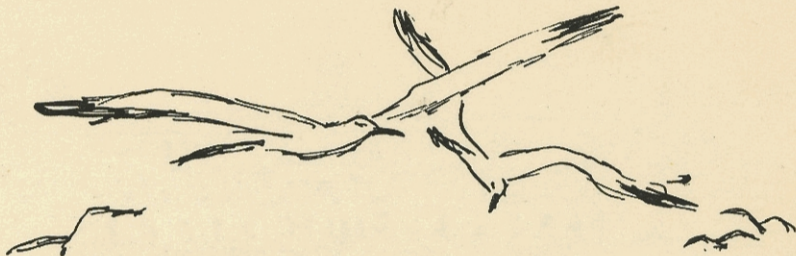
VACATIONS UNLIMITED



Here in the oldest settlement in North America, the new Hotel Tadoussac opens on June 26. This beautiful country where the Saguenay joins the St. Lawrence is vacation-land for everyone in the family. Fishing on nine protected lakes, tennis courts, golf course. Swim in heated salt water pool or fresh water lakes. And a climate free from hay fever.

Further information, literature or reservations from the Manager, 715 Victoria Square, Montreal or any office of Canada Steamship Lines.





TAKE A BOAT TRIP !

Full information, literature and reservations from any office of Canada Steamship Lines.

That's the way to enjoy a real vacation free from the worries of tire trouble or gasoline ration. C.S.L. passenger ships operate Great Lakes cruises between Windsor and Duluth; short cruises between Toronto and Niagara; thrilling sails between Toronto and Montreal through the Thousand Islands and the St. Lawrence Rapids; and the famous cruises to the Saguenay visiting Quebec, Murray Bay and Tadoussac. Whatever the length of your vacation — "Take a boat trip" and return refreshed for the jobs ahead.



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