

CANADA
STEAMSHIP
LINES
LIMITED

ANNUAL REPORT
1945

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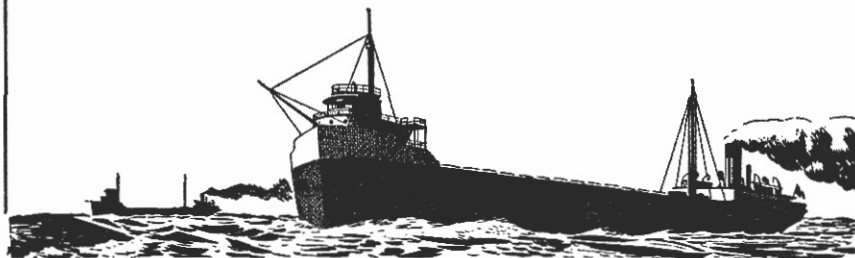
CANADA'S GREAT INLAND FLEET



Canada Steamship Lines is justly proud of the modern and varied services it offers holiday-seekers afloat and ashore, shippers and others engaged in commerce on the Great Lakes waterway system. Its terminals, its grain elevators and its shipyards are strategically located and staffed by highly trained personnel.

Offices are maintained in many of the principal cities of Canada and the United States where inquiries will receive careful attention.

CANADA STEAMSHIP LINES



CANADA STEAMSHIP LINES LIMITED

DIRECTORS

W. H. COVERDALE, ESQ.
ARTHUR CROSS, ESQ.
KENNETH T. DAWES, ESQ.
SIR JAMES DUNN, BART.
HARRY C. HATCH, ESQ.
FRANK J. HUMPHREY, ESQ.
COL. K. R. MARSHALL
GEORGE H. MONTGOMERY, ESQ., K.C.
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 Thirty-second Annual Report and Statement of Accounts.

GROSS REVENUE

The gross revenue for 1945 reached an amount of \$18,028,408.81, being the second largest in the Company's history, having been exceeded only in the year 1920. The improvement of \$822,244.20 over the previous year was due to the increased movement of grain through to Montreal, and another record Passenger season.

OPERATING EXPENSES

Operating costs again increased, the expenses being \$14,186,693.91, an increase of \$749,273.12, leaving net earnings available for interest charges and depreciation of \$3,841,714.90.

DEDUCTIONS

Due to the refinancing of the Company's funded debt, interest charges were reduced by \$244,850.11 to \$329,642.21. Provision was made for depreciation in amount of \$1,429,242.65, having been reduced this year by \$42,320.38.

Income and Excess Profits Taxes have been provided for in amount of \$1,020,000.00, the refundable portion of which is estimated at \$45,000.00. The net amount of \$975,000.00 represents an increase of \$225,000.00 over the previous year.

NET INCOME

The net income for the year, after all charges and taxes, amounted to \$1,107,830.04, an increase from the previous year of \$135,141.57. From this the regular dividends of 5% on the Company's Preference Stock and \$1.00 per share on the Common Stock were paid.

A special contribution of \$100,000 was made to the Employees' Pension Fund.

SURPLUS

After the payment of dividends the sum of \$234,705.04 was transferred to Earned Surplus, the total of \$3,292,804.96 being carried forward to 1946.

Capital gains from the sales and insurance losses of properties and vessels in amount of \$1,580,902.86 are shown as Capital Surplus. From this amount the cost of refinancing of \$301,065.56 has been deducted.

NET CURRENT ASSETS

The excess of current assets over current liabilities at December 31, 1945, amounted to \$3,664,650.58, being \$2,974,987.60 less than at the end of 1944, due to the purchase of 97% of the capital stock of Canadian Shipbuilding & Engineering Limited, representing control over four important shipbuilding and ship-repairing plants on the Great Lakes, the cost of these shares being shown as an Investment. Included in the assets were cash and Government securities amounting to \$3,168,308.49.

FUNDED DEBT

During the year a new issue of \$8,500,000 First Mortgage Bonds 3½%, Series A, was sold; \$4,000,000 of which are Serial Bonds maturing \$400,000 per annum from 1946 to 1955, inclusive, and \$4,500,000 12-year Bonds maturing on 15th March, 1957. The proceeds were used to retire the 5% First Mortgage Bonds, Series A, and the 6% 20-year First Mortgage Gold Bonds of Kingston Elevator Company Limited.

PROPERTY

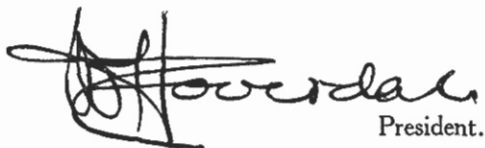
The Company's property has been maintained in sound physical condition. During the year there were net additions in amount of \$1,082,139.73, represented by the completion of the warehouses at Montreal and Kingston and preliminary work on a coal handling plant at Depot Harbour, Ontario.

A disastrous fire, which started in the freight sheds at Point Edward, Ontario, destroyed the passenger and freight Steamer "Hamonic". Legal technicalities surrounding the claims resulting from this fire make it impossible at this time to state that the Company's liability is fully covered by insurance.

Since the turn of the year nine canal vessels which were under charter to the British Government have been sold to that Government, and the Steamer "Saguenay" which has been out of service for some years has also been sold. The fleet now consists of 59 steamers, of which 48 are freight vessels and 11 are passenger.

Plans for new passenger ships to operate on Lake Ontario and to replace the S.S. "Hamonic" are close to completion, and their construction will be commenced as soon as materials are available. Other additions to the fleet are under the consideration of your Directors and Officers.

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



President.

Montreal, Que.,
March 13, 1946.

CANADA STEAMSHIP LINES, LIMITED, AND ITS WHOLLY OWNED SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

As of December 31, 1945

ASSETS	LIABILITIES
Current Assets:	
Cash in banks and on hand.....	\$ 903,308.49
Dominion of Canada bonds at cost.....	2,265,000.00
Accounts receivable, less reserve.....	1,355,635.91
Adjusted losses due by underwriters.....	42,188.24
Insurance and other claims, estimated amount recoverable.....	155,935.38
Interest receivable accrued.....	16,299.78
Inventories of stores and supplies at the lower of cost or market (as determined by responsible officials on the basis of physical inventories) and shipyard work in progress at cost, less progress payments received.....	1,922,989.83
	\$ 6,661,357.63
Prepaid Expenses.....	241,379.01
Refundable Portion of Excess Profits Tax—Estimated.....	235,000.00
Investments:	
Shares of Subsidiary Company at cost.....	\$3,070,740.00
Other investments—at not exceeding cost.....	362,222.70
	3,432,962.70
Cash and Dominion of Canada bonds held by Trustee for replacement of assets lost and sold.....	504,940.62
Fixed Assets:	
Vessels, real estate, buildings, docks and wharves, plant and equipment and miscellaneous, on the basis of the reduced valuation made by the man- agement as of December 31, 1936, and approved by the Board of Directors, with subsequent additions at cost.....	\$43,628,365.12
Less reserve for depreciation.....	23,820,655.77
	19,807,709.35
Cash held in trust as agents for vessel owners.....	2,497,019.60
	\$33,380,368.91
Current Liabilities:	
Accounts payable.....	\$ 1,577,267.99
Due to subsidiary company.....	127,199.51
Reserve for taxes—estimated.....	797,512.40
Bond interest accrued.....	86,770.77
Other accrued charges.....	7,956.38
First Mortgage Serial Bonds 3½% Series "A" due March 15, 1946.....	400,000.00
	\$ 2,996,707.05
Funded Debt:	
First Mortgage Serial Bonds 3½% Series "A" due March 15, 1947-1955.....	\$ 3,600,000.00
First Mortgage 12-Year Bonds 3½% Series "A" due March 15, 1957.....	4,500,000.00
	8,100,000.00
Reserves:	
For freight claims.....	\$ 35,000.00
“ insurance losses and repairs.....	325,000.00
	360,000.00
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..	3,391,500.00
	14,854,000.00
Capital Surplus.....	1,279,837.30
Earned Surplus.....	3,292,804.96
Liability to vessel owners for freight collected per contra.....	2,497,019.60
Contingent Liability:	
In respect of claims arising out of a disaster at Point Edward, Ontario, the amount of which (if any) cannot yet be determined.	
Signed on behalf of the Board:	
W. H. COVERDALE GEO. H. MONTGOMERY	} Directors. \$33,380,368.91

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the accounts of Canada Steamship Lines, Limited, and its wholly owned subsidiary companies for the year ended December 31, 1945, and, 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, in our opinion, the above Consolidated Balance Sheet as of December 31, 1945, 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 of December 31, 1945, according to the best of our information and the explanations given to us, and as shown by the books of the companies.

¶ In accordance with Section 114 of the Companies Act (Dominion) we have to report that no profit has accrued to the benefit of the parent company at December 31, 1945, in respect of its subsidiary, Canadian Shipbuilding & Engineering Company Limited, the majority of the shares of which company was acquired as of that date.

Montreal, March 8, 1946.

PEAT, MARWICK, MITCHELL & CO.,
Auditors.

CANADA STEAMSHIP LINES, LIMITED
AND ITS WHOLLY OWNED SUBSIDIARY COMPANIES

STATEMENT OF PROFIT AND LOSS

For the Year ended December 31, 1945

Operating Revenue:		
Vessels.....		\$15,667,815.19
Docks and wharves.....		491,155.08
Miscellaneous operating revenue—net.....		1,640,398.06
		<u>\$17,799,368.33</u>
Other Revenue (including income from investments, \$89,633.34)....		229,040.48
		<u>\$18,028,408.81</u>
Expenses (including salaries of executive officers, \$78,000.00, directors' fees, \$15,480.00, and legal fees, \$17,096.88).....		14,186,693.91
		<u>\$ 3,841,714.90</u>
From which deduct:		
Interest on funded debt.....	\$ 329,642.21	
Provision for depreciation.....	1,429,242.65	
		<u>1,758,884.86</u>
		\$ 2,082,830.04
Provision for income and excess profits taxes—estimated.....	\$ 1,020,000.00	
Less refundable portion of excess profits taxes—estimated.....	45,000.00	
		<u>975,000.00</u>
Net Income for Year.....		<u>\$ 1,107,830.04</u>

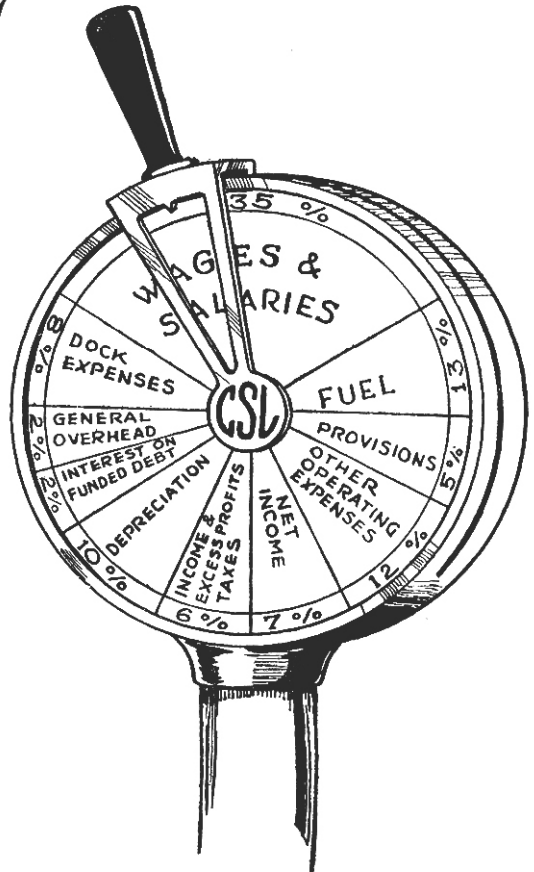
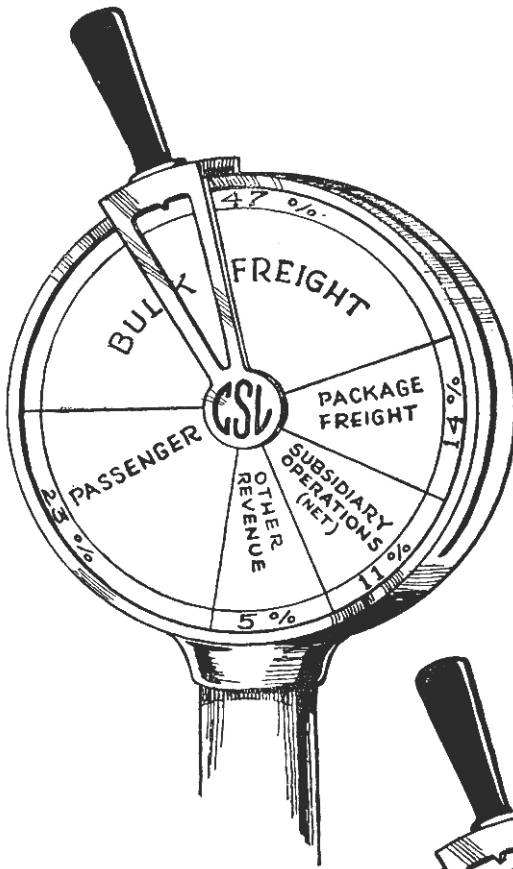
STATEMENT OF EARNED SURPLUS

Amount at December 31, 1944.....		\$ 3,058,099.92
Add net income for year ended December 31, 1945.....		1,107,830.04
		<u>\$ 4,165,929.96</u>
Deduct dividends paid:		
To preferred shareholders.....	\$ 573,125.00	
“ common shareholders.....	300,000.00	
		<u>873,125.00</u>
Amount at December 31, 1945.....		<u>\$ 3,292,804.96</u>

STATEMENT OF CAPITAL SURPLUS

Profits arising from vessels and properties lost or sold transferred from reserve for depreciation.....	\$ 960,478.44	
Add profits realized during year on vessels lost and sold.....	620,424.42	
		<u>\$ 1,580,902.86</u>
Deduct refinancing expenses written off.....	301,065.56	
Amount at December 31, 1945.....		<u>\$ 1,279,837.30</u>

REVENUE
(After Deducting
Handling Expenses)



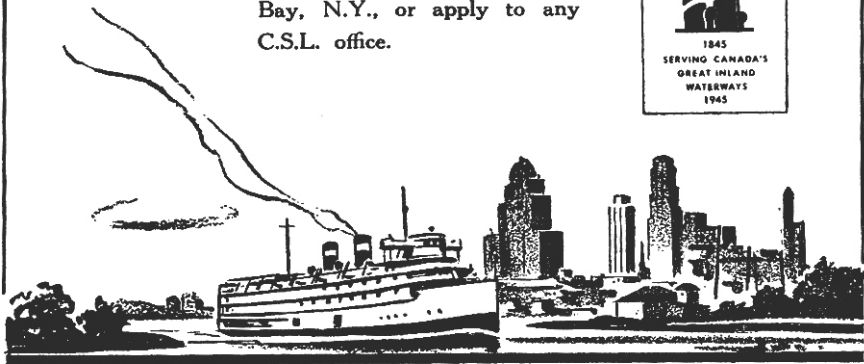
DISPOSITION
OF REVENUE



Thousand Islands Club

Here, at Alexandria Bay near the International Bridge, you can enjoy a matchless holiday among the cool and beautiful Thousand Islands. Accessible by car or by C.S.L. boat, the club house combines the comforts of a modern hotel with the facilities and cordiality of a country club—golf, tennis, swimming and wonderful fishing in the clear waters of the St. Lawrence. Guides available with boats and tackle.

For information as to rates, etc., write The Manager, Thousand Islands Club, Alexandria Bay, N.Y., or apply to any C.S.L. office.



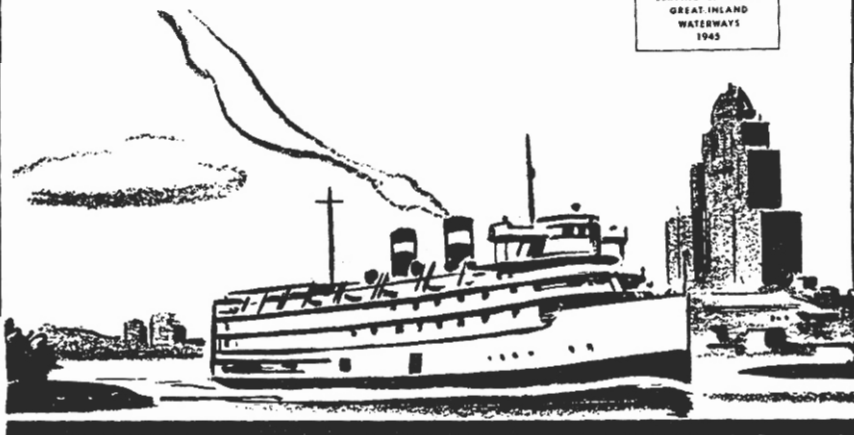
A DIVISION OF CANADA STEAMSHIP LINES



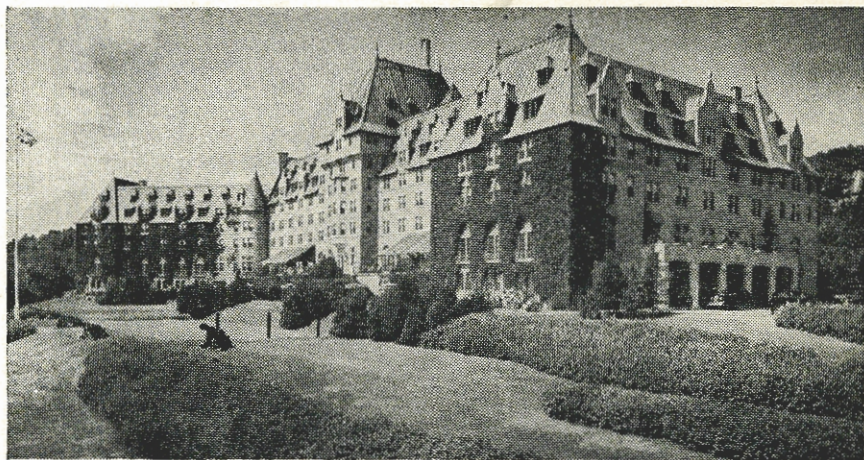
Hotel Tadoussac

A holiday at the famous Tadoussac Hotel, where the Saguenay and St. Lawrence rivers meet, will be treasured as a never-to-be-forgotten memory. The Hotel's unique collection of pine furniture, the replica of the Chauvin House—with its historic museum—the oldest Chapel in the New World, combined with enjoyment of a heated salt-water swimming pool, golf, tennis and fishing in privately-stocked lakes, provide interests for both young and old.

For information as to rates, etc., apply to any C.S.L. office or write The Manager, Hotel Tadoussac, 715 Victoria Square, Montreal.



A DIVISION OF CANADA STEAMSHIP LINES

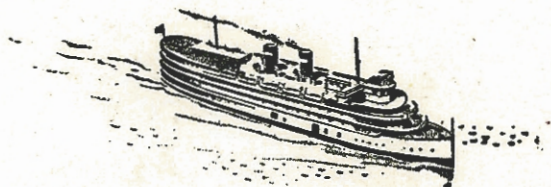


The Manoir Richelieu

WHERE EVERY HOLIDAY MOMENT COUNTS

Here in the scenic Laurentians, overlooking the cool sweep of the St. Lawrence—you can banish cares as though they never existed. Finest facilities are available for sport and recreation—golf, tennis, dancing, a heated salt-water pool, riding, fishing in well stocked lakes or, just relaxing in bracing pine-spiced air, free from pollen. The luxurious appointments, courteous service and splendid cuisine are designed to please. Daily service by famous river steamers from Montreal.

For information as to rates, etc., apply to any C.S.L. office or write The Manager, Manoir Richelieu, 715 Victoria Square, Montreal.



A DIVISION OF CANADA STEAMSHIP LINES