

CANADA
STEAMSHIP
LINES
LIMITED

ANNUAL REPORT
1938

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MCGILL UNIVERSITY

CANADA STEAMSHIP LINES LIMITED

DIRECTORS

THOMAS BRADSHAW, ESQ.	FRANK J. HUMPHREY, ESQ.
HON. FRANK CARREL	ROSS H. McMASTER, ESQ.
W. H. COVERDALE, ESQ.	GEORGE H. MONTGOMERY, ESQ., K.C.
KENNETH T. DAWES, ESQ.	PAUL J. MYLER, ESQ.
T. R. ENDERBY, ESQ.	H. B. SMITH, ESQ.
W. C. FRANZ, ESQ.	C. E. TASCHEREAU, ESQ.
HARRY C. HATCH, ESQ.	HON. LORNE C. WEBSTER



EXECUTIVE OFFICERS

W. H. COVERDALE
President

GEORGE H. MONTGOMERY, K.C.
Vice-President

T. R. ENDERBY
Managing Director

R. B. THOMSON
Secretary

H. A. CRESSWELL
Treasurer

CANADA STEAMSHIP LINES LIMITED

To the Stockholders:

Your Directors submit the Company's twenty-fifth Annual Report and Statement of Accounts. The total revenue for 1938 amounted to \$10,989,281.73, an increase of \$465,162.42 over the previous year, due to improvement in bulk grain service.

The net earnings for the year before providing for depreciation were \$1,942,574.82, a decrease of \$47,124.20 under the previous year; bond and other interest paid during the year amounted to \$603,053.32, leaving \$1,339,521.50 available for depreciation and other corporate purposes.

Reserve for depreciation amounted to \$1,008,241.35.

After all charges, reserve for depreciation, income tax, etc., there was a net profit for the year of \$258,562.87, an improvement of \$23,067.47 over the previous year.

Cash on hand on December 31, 1938 amounted to \$1,595,753.06 after the purchase of \$600,000 First Mortgage Bonds of the Company against future sinking fund requirements.

Kingston Elevator Company First Mortgage Bonds were reduced by \$30,500 through sinking fund operations to \$1,248,000 outstanding as of December 31, 1938.

The Company's property has been maintained in sound physical condition; capital expenditures in net amount of \$131,909.82 were made during the year.

In accordance with the terms of the Reorganization Plan, a dividend of fifty cents per share has been declared on the Company's Preference stock, payable April 1, 1939 to stockholders of record of March 21, 1939; this dividend amounts to \$114,625.00 which, with a balance of \$14,656.43 available for future dividends, is equal to one-half of the above net profit of \$258,562.87.

After all interest, dividend, net capital expenditures, sinking fund on Kingston Elevator bonds, purchase of First Mortgage Bonds of the Company, etc., the operations of the year under review have resulted in an improvement in working capital of \$666,549.84.

During the year the Company contributed \$31,600 to its Employees' Pension Fund against employees' aggregate contributions in like amount. The assets of this fund are entirely separate and distinct from the assets shown on the Company's Balance Sheet.

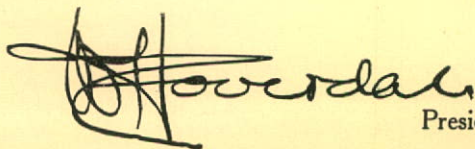
The fleet consists of eighty steamships, of which sixty-eight are freight and twelve are passenger steamships.

Your Directors regret to announce that during the year 1938 the Company sustained severe loss through the deaths of Hon. A. J. Brown, K.C., Vice-President and Director, and of Hon. J. P. B. Casgrain, Director.

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

Respectfully submitted,

Montreal, March 1, 1939.



President.

CANADA STEAMSHIP LINES, LIMITED

CONSOLIDATED

As at 31st D

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.....	\$40,853,051.99
Less Reserve for Depreciation.....	15,659,160.37
	<hr/> 25,193,891.62

Current Assets:

Cash in Banks and on Hand.....	\$ 545,753.06
Guaranteed Investment Demand Deposits.....	1,050,000.00
Accounts Receivable, less Reserve.....	213,240.96
Adjusted Losses due by Underwriters.....	15,504.34
Insurance and Other Claims, estimated amount recoverable.....	96,341.88
Interest Receivable Accrued.....	1,180.98
Inventories of Stores and Supplies and Work in Progress at the lower of Cost or Market (as determined by responsible Officials on the basis of physical inventories).....	369,160.78
Guarantee Deposit on Contract.....	20,011.50
	<hr/> 2,311,193.50
Prepaid Expenses.....	167,472.23

Investments at Book Value (including \$600,000.00 Par Value of 5% First Mortgage Bonds of the Company).....	526,099.11
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Funds Deposited with Trustees for Mortgage Bonds.....	869.06
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Total.....	<hr/> <hr/> \$28,199,525.52
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Signed on behalf of the Board:

W. H. COVERDALE T. BRADSHAW	} Directors.
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AUDITORS' REPORT

We have examined the accounts of Canada Steamship Lines Limited and its Subsidiary Companies for the year 1938 and report that we have obtained all the information and explanations we have required and, in our opinion, the above is a true and correct statement of the state of the Companies' affairs, on a consolidated basis as at 31st December, 1938, according to the best of our knowledge and belief.

We have also to report that the Dividend Amount available for the Preference Shareholders under the provisions of the Charter is \$114,625.00 from which a dividend of 1% aggregating \$114,625.00 is payable, leaving a balance of \$17,779.13 as the Dividend for the year 1938.

Montreal, 27th February, 1939.

D, AND ITS SUBSIDIARY COMPANIES

BALANCE SHEET

December, 1938

LIABILITIES

Capital Stock:

Authorized and Outstanding:

229,250 Shares, 5% Preference Stock of \$50.00 each.....	\$11,462,500.00
(Cumulative from 1st Jan., 1943)	
300,000 " Common Stock of No Par Value.....	3,391,500.00
	<hr/>
	14,854,000.00

Funded Debt:

5% First Mortgage Bonds — Series "A" due 2nd Jan., 1957.....	\$10,500,000.00
6% Twenty Year First Mortgage Gold Bonds, Kingston Elevator Co. Ltd., due 1st May, 1950.....	1,248,000.00
	<hr/>
	11,748,000.00

Current Liabilities:

Accounts Payable.....	428,212.52
Provision for Taxes.....	152,323.73
Bond Interest Accrued.....	259,980.00
Other Accrued Charges.....	8,254.75
Dividend Payable to Preference Shareholders under terms of Reorganization Plan.....	114,625.00
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	963,396.00

Reserves:

For Freight Claims.....	42,500.00
" Insurance Losses and Repairs.....	325,000.00
Surplus from Sinking Fund Purchases of Bonds of Kingston Elevator Co. Ltd.....	1,821.25
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	369,321.25

Earned Surplus:

Free Balance.....	247,029.14
Balance available for future Dividends on Preference Shares under terms of Reorganization Plan.....	17,779.13
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	264,808.27

Total.....	<hr/> <hr/>	\$28,199,525.52
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OF THE SHAREHOLDERS

For the year ended 31st December, 1938, and in accordance with the provisions of the Companies Act (Dominion), we have to certify that the Consolidated Balance Sheet as at 31st December, 1938 is properly drawn up so as to exhibit a true and correct view of the financial position of the Companies and the explanations given to us, and as shown by the books of the Companies.

Witness our hands and seals this 21st day of January, 1939, at Kingston, Jamaica.

Amount to be carried forward to 1939.

PEAT, MARWICK, MITCHELL & CO.,

Auditors.

CANADA STEAMSHIP LINES, LIMITED

AND ITS SUBSIDIARY COMPANIES

PROFIT AND LOSS ACCOUNT

For the Year ended 31st December, 1938

Operating Revenue:	
Vessels.....	\$ 9,806,759.00
Docks and Wharves.....	606,662.16
Miscellaneous Operating Revenue—Net.....	514,207.01
	<u>10,927,628.17</u>
Other Revenue (including Income from Investments \$14,633.30)....	61,653.56
	<u>10,989,281.73</u>
Expenses (including Salaries of Executive Officers \$78,525.00, Directors' Fees \$7,808.22 and Legal Fees \$2,728.15).....	9,046,706.91
	<u>1,942,574.82</u>
Net Earnings before Interest Charges and Depreciation.....	
From which Deduct:	
Interest on 5% Mortgage Bonds.....	\$ 525,000.00
Interest on 6% Mortgage Bonds of Kingston Elevator Co. Ltd.....	75,490.00
Other Interest.....	2,563.32
	<u>603,053.32</u>
Provision for Depreciation.....	1,008,241.35
	<u>1,611,294.67</u>
Net Profit.....	331,280.15
Amount Reserved for Dominion and Provincial Income Taxes.....	72,717.28
	<u>\$ 258,562.87</u>

EARNED SURPLUS

As at 31st December, 1938

Earned Surplus as at 31st December, 1937.....	\$ 120,870.40
Add Net Income for Year ended 31st December, 1938.....	258,562.87
	<u>379,433.27</u>
Less Dividend Payable to Preference Shareholders under the terms of the Reorganization Plan.....	114,625.00
Earned Surplus as at 31st December, 1938.....	<u>\$ 264,808.27</u>

DIVIDEND AMOUNT

Available for Dividends to Preference Shareholders under the terms of the Reorganization Plan

Balance as at 31st December, 1937.....	\$ 3,122.70
Add 50% of Net Income for Year ended 31st December, 1938.....	129,281.43
	<u>132,404.13</u>
Deduct Dividend Payable representing 1% on the outstanding Preference Shares.....	114,625.00
Balance of Dividend Amount included in Earned Surplus as at 31st December, 1938.....	<u>\$ 17,779.13</u>

