

UNION STEAMSHIP COMPANY OF BRITISH COLUMBIA, LIMITED

HEAD OFFICE: VANCOUVER, BRITISH COLUMBIA

Report of Directors With Balance Sheet and Profit and Loss Account for the Year Ending 31st of January, 1920,
as Submitted at Annual Meeting Held at the Head Office of the Company on the 10th of May, 1920.

The Directors beg to present their Annual Report for the twelve months ending 31st January, 1920.

The profit amounted to \$192,190.36. To this must be added \$85,376.01 brought forward from last year, making \$277,566.37 available for distribution. The Directors propose to write off Depreciation \$68,627.93, to pay a dividend on the Ordinary Shares at the rate of 10 per cent., and to carry forward the balance of \$154,597.94 to the next account.

The volume of the Company's business increased considerably during the past year. The Steamer "Chilliwack," purchased in the early part of the year, has proved a profitable investment, and has considerably relieved the pressure of freight on the Northern passenger boats. The Directors have been encouraged by her success to place a contract for a somewhat similar steamer with the Wallace Shipyards, North Vancouver, and this vessel is expected to be delivered to the Company about the end of next month. A passenger steamer for the summer excursion trade is being built for us by the B. C. Marine, Ltd., and she also will be delivered about the end of April. It is hoped that these two vessels will enable the Company to more satisfactorily look after the coast business. Payments on account of these two vessels are included in the Balance Sheet under the heading of Steamers and Steamship Shares.

The Directors are pleased to report that prospects for a good business this year are excellent. The activities of the mining camps in the Alice Arm and Stewart districts are expected to increase passenger traffic considerably, while increased production of paper, wood pulp and minerals should assist freight earnings.

At the same time it must be pointed out that the ever increasing demands of labor are driving the costs of operation up to such a point as to actually discourage travel and hamper coast development. Added to this, Government extravagance and high taxation render the margin between profit and loss still more precarious.

The Directors, however, have no doubt in the ultimate development of the British Columbia coast line, and feel that the policy of the Company must be to gradually replace the older vessels of the fleet with more modern and economical steamers, better adapted to the requirements of the trade and to modern ideas of comfort.

Vancouver, B.C., March 26th, 1920.

(Signed) GRANGE V. HOLT, Chairman.

BALANCE SHEET AS AT 31ST JANUARY, 1920

| CAPITAL AND LIABILITIES | | ASSETS | |
|---|----------------|-------------------------------------|----------------|
| Capital Account:— | | Steamers and Steamship Shares | \$1,136,882.54 |
| Authorized: | | Investments | 382,695.00 |
| 200,000 Preference Shares of \$5.00 each | \$1,000,000.00 | Plant | 12,492.47 |
| 200,000 Ordinary Shares of \$5.00 each | 1,000,000.00 | Wharves and Warehouses | 100,862.50 |
| | \$2,000,000.00 | Coal Stores and Supplies | 29,856.17 |
| Issued: | | Office Furniture | 1,737.50 |
| 16,000 Preference Shares, fully paid | \$ 80,000.00 | Insurance Premiums Unexpired | 48,628.24 |
| 99,081 Ordinary Shares, fully paid | 495,405.00 | Sundry Debtors | 214,952.42 |
| | \$ 575,405.00 | Cash: | |
| Reserve Accounts:— | | On Hand | \$10,301.78 |
| General Reserve | \$ 550,000.00 | On Seattle | 2,884.47 |
| Reserve for Depreciation | 463,584.00 | | 13,186.25 |
| | 1,013,584.00 | | |
| Unclaimed Dividends | 450.25 | | |
| Sundry Creditors | 146,136.89 | | |
| Reserve for Dividends to date | 51,118.85 | | |
| Profit and Loss Account:— | | | |
| Balance at 31st January, 1919 | \$ 85,376.01 | | |
| Profit for year ending 31st January, 1920 | 123,562.43 | | |
| | \$ 208,938.44 | | |
| Deduct: Dividends for year: | | | |
| On Preference Shares at rate | | | |
| of 6% per annum for period | | | |
| from 1st Feb. to 4th Oct., | | | |
| 1919, paid | \$ 3,221.65 | | |
| Balance at same rate accrued | | | |
| to 31st Jan., 1920 | 1,578.35 | | |
| | \$ 4,800.00 | | |
| On Ordinary Shares at rate of | | | |
| 10% for year to 31st Jan., | | | |
| 1920, recommended | 49,540.50 | | |
| | \$ 54,340.50 | | |
| | 154,597.94 | | |
| | \$1,941,292.93 | | \$1,941,292.93 |

PROFIT AND LOSS ACCOUNT FOR YEAR ENDING 31ST JANUARY, 1920

| | | | |
|--|--------------|---------------------------------------|--------------|
| To Bad Debts, Claims, Directors' and Agency Fees, Law and other Expenses | \$ 20,061.76 | By Net Revenue | \$193,272.16 |
| " Provincial Government Taxes | 9,623.16 | " Interest on Investments | 26,278.61 |
| " Carried to Reserve for Depreciation | 68,627.93 | " Profit on Sale of Investments | 2,324.51 |
| " Balance, carried to Balance Sheet | 123,562.43 | | |
| | \$221,875.28 | | \$221,875.28 |

We have examined the Books and Accounts of the Union Steamship Company of British Columbia, Limited, for the year ending 31st January, 1920, and have received all the information and explanations required by us; and we hereby certify that, in our opinion, the foregoing Balance Sheet and Profit and Loss Account are properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st January, 1920, according to the best of our information and the explanations given to us and as shown by the Books of the Company. We have accepted the Managing Director's Certificate as to the Inventory and valuations of the Stores and Supplies on hand. No provision has been made for Dominion War Profits and Income Taxes not yet assessed.

Vancouver, B.C.,
March 3rd, 1920.

(Signed) BUTTAR & CHIENE,
Chartered Accountants.