

UNION STEAMSHIP COMPANY OF BRITISH COLUMBIA, LIMITED

HEAD OFFICE: VANCOUVER, BRITISH COLUMBIA

Annual Statement for the year ending 31st of January, 1919, with proceedings of the Annual Meeting held at the Head Office of the Company on the 29th of April, 1919.

Mr. T. Melton, Secretary of the Company, read the Directors' Report and Balance Sheet.

Mr. Ernest H. Beazley, Managing Director, moved the adoption of the Report, and said:

"In moving the adoption of the Directors' Report and Balance Sheet, I wish to point out that, although we are proposing to pay a dividend of 10 per cent., and to carry some \$85,000 forward to next year, the actual percentage on the amount we have invested, after deduction of Depreciation, only figures out at about 5 per cent., which, I think you will agree with me, is far too small a return in a hazardous business such as ours. As a matter of fact, had it not been that we were fortunate in having a cheap fuel oil contract, the operations of the Company would probably have shown a loss.

"The increase in working expenses, under the head of Wages, show an increase of some 45 per cent., and Repairs, which, as you know, are also largely a matter of wages, shows an even higher percentage.

"The heavy taxation which we now have to face is also a serious matter. The Dominion Income Tax is bad enough, but when, in addition, we have to pay a Provincial Income Tax of 10 per cent. on our income without deduction of Dominion taxes, an item which on this year's Balance Sheet amounts to over \$30,000, I think you will agree it has been made difficult to carry on business profitably in this Province.

"You will see that we have a contingent liability of \$146,000 for Dominion and Provincial Income Tax for the year ending 31st January last, and Dominion War Profits Tax on our last Balance Sheet. This means that even if we do as well during this year as we did last, we shall have to probably encroach on our Reserve to pay taxes instead of using it to purchase additional tonnage.

"In these days of unrest it is foolish to attempt to prophesy what the future holds, but I feel that, unless conditions in British Columbia can be stabilized, capital and the investing public will be loath to invest their money in the Province, where capital is so penalized by Government interference and extravagant administration of Provincial affairs.

"The result of high costs and heavy taxation has been that we have had to raise our freight and passenger rates to a dangerous point. It is an axiom that cheap transportation creates traffic. We are at a point on this coast where freight rates are so high as to induce scow and barge competition, and high passenger rates prevent anyone from travelling who can avoid it. As the development of this coast depends, to a large extent, upon cheap transportation, you will see that the Company is at present on the horns of a dilemma, the escape from which is difficult to foresee.

"I take this opportunity of thanking the Office and Wharf Staff for their loyal co-operation during the past twelve months, and of welcoming back to our midst many of those who responded to the call of duty."

The Directors, Messrs. Grange V. Holt, John Barnsley, E. H. Beazley, and R. Kerr Houlgate, were all re-elected. Mr. T. Melton was re-elected Secretary, and Messrs. Buttar & Chiene were re-elected Auditors for the ensuing year.

BALANCE SHEET AS AT 31ST JANUARY, 1919

| Capital and Liabilities | | Assets | |
|---|----------------|-------------------------------------|----------------|
| Capital Account:— | | | |
| Authorized: | | | |
| 200,000 Preference Shares of \$5.00 each..... | \$1,000,000.00 | Steamers and Steamship Shares | \$ 990,645.85 |
| 200,000 Ordinary Shares of \$5.00 each..... | 1,000,000.00 | Investments | 311,873.49 |
| | \$2,000,000.00 | Plant | 9,880.60 |
| Issued: | | Wharves and Warehouses | 99,906.93 |
| 16,000 Preference Shares, fully paid..... | \$ 80,000.00 | Coal Stores and Supplies | 23,400.19 |
| 99,081 Ordinary Shares, fully paid..... | 495,405.00 | Office Furniture | 1,253.06 |
| | \$ 575,405.00 | Insurance Premiums Unexpired | 43,560.60 |
| Reserve Accounts:— | | Sundry Debtors | 305,722.24 |
| General Reserve | \$ 550,000.00 | Cash on hand | 6,807.77 |
| Reserve for Depreciation | 394,956.07 | | |
| | 944,956.07 | | |
| Unclaimed Dividends | 423.75 | | |
| Sundry Creditors | 135,771.05 | | |
| Reserve for Dividends to date | 51,118.85 | | |
| Profit and Loss Account: | | | |
| Balance at 31st January, 1918..... | \$ 47,659.96 | | |
| Add: Provision for War Taxes at 31st | | | |
| January, 1918 | 16,500.00 | | |
| | \$ 64,159.96 | | |
| Profit for year ending 31st January, 1919 | 75,556.55 | | |
| | \$ 139,716.51 | | |
| Deduct: Dividends for year: | | | |
| On Preference Shares at 6 p.c.... | \$ 4,800.00 | | |
| On Ordinary Shares at 10 p.c.... | 49,540.50 | | |
| | \$54,340.50 | | |
| | 85,376.01 | | |
| | \$1,793,050.73 | | |
| Estimated Liabilities: | | | |
| Dom. War Profits Tax for year ending 31st Jan., | | | |
| 1918, and Dom. and Prov. Income Tax for year | | | |
| ending 31st January, 1919, payable in 1920..... | \$ 146,000.00 | | |
| | | | \$1,793,050.73 |

PROFIT AND LOSS ACCOUNT FOR YEAR ENDING 31ST JANUARY, 1919

| | | | |
|--|---------------|---|---------------|
| To bad debts, claims, etc., wharf repairs, taxes, etc..... | \$ 84,379.13 | By Net Revenue after operation and insurance..... | \$ 179,163.33 |
| " Carried to Reserve for Depreciation..... | 58,417.34 | " Interest on Investments | 34,189.69 |
| " Balance carried to Balance Sheet..... | 75,556.55 | " Profit on Sale of SS. "Comox" | 5,000.00 |
| | \$ 218,353.02 | | \$ 218,353.02 |

We have examined the Books and Accounts of the Union Steamship Company of British Columbia, Limited, for the year ending 31st January, 1919, 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, 1919, 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.

Vancouver, B. C.,
March 10th, 1919.

(Signed) BUTTAR & CHIENE,
Chartered Accountants.