

Operating Revenues

Operating revenues, at \$5,946,605, were \$841,523 higher than in 1954. The principal factors in the increase were freight revenue, which rose \$637,241 or 13% over the previous year, and charter revenues, which were up \$225,991 from 1954. There was also a modest increase in miscellaneous revenues, while passenger declined by \$23,244 or 13%.

The rise in freight revenue was attributable mainly to an increase in northbound sugar traffic coupled with higher rates. The movement of sugar was up 42,328 tons and the rate per ton almost 15%. The rates for carrying sugar, the commodity which accounted for over 99% of the 212,170 tons of northbound traffic, are still, however, substantially below those for other commodities.

Southbound tonnage, at 127,885, was down slightly from 1954, primarily because of a decrease in the movement of flour to Jamaica. In terms of revenue, however, this tonnage loss was offset by additional traffic in higher rated commodities.

The increase in revenue from trip and time charters reflected a greater availability of cargoes as a consequence of the generally more favourable business conditions which prevailed during the year.

The decrease in passenger revenue was occasioned by a reduction in the number of inter-island calls and by the temporary withdrawal of the "Canadian Challenger" for repairs.

Operating Expenses

Operating expenses, at \$5,995,684, were up \$570,701 from 1954. The principal factors were increases of \$479,584 in voyage expenses and \$81,924 in pension costs.

Of the increase in voyage expenses, \$408,437 represented higher freight handling costs, port charges and other expenses incidental to the increase in traffic. There was an increase of \$40,955 in fuel, crew wages, supplies and insurance expenses because of more operating days. Voyage expenses also included an item of \$82,757 for the chartering of a replacement vessel for one trip when the "Canadian Challenger" was out of service for repairs. These increases were in part offset by a reduction of \$52,565 in vessel maintenance costs.

Refinancing

The company's 25-year 5% bond issue of \$9,400,000 matured on March 1, 1955 and was retired. Of the funds required, \$5,800,000 was available from the vessel replacement fund. The balance of \$3,600,000 was obtained from the federal government: through the issue of \$1,600,000 in common stock and a loan of \$2,000,000 bearing interest at 2½%.

This loan will be repaid from the proceeds of depreciation accruals over a period of eight and one-half years.

Capital Expenditures

During 1955, a total of \$90,273 was expended on capital account. Of this amount, \$42,217 represented progress payments for the installation of refrigeration chambers in the five vessels not previously equipped with these facilities. An additional expenditure of some \$73,000 is required to complete these installations in 1956.

The remaining \$48,056 of the 1955 capital expenditures included outlays for new fire-fighting equipment, for the purchase of radar units formerly under lease on the three motor vessels, and for permanent awnings on these same three vessels.

The Balance Sheet at December 31, 1955 and the Income Account for the year are set out on pages 8 to 10. There was no change during 1955 in the active fleet, which is listed on page 11.