

Canada Steamship Lines, Ltd., Annual Report and Meeting.

A brief summary of the report for the calendar year 1917 appeared in Canadian Railway and Marine World for March. Following are fuller particulars, as presented at the annual meeting in Montreal Mar. 5. The company had a satisfactory year. While the gross earnings are higher than in 1916, the net earnings are slightly lower. This is accounted for by the enormous increase in the cost of everything that enters into the operation of such an undertaking. The vessel tonnage owned by the company is greater than it was in 1916, despite the losses that have occurred. Directors and management are convinced that the company has a promising field for development and expansion on the high seas. During the year a vacancy occurred in the directorate, through the resignation of R. M. Wolvin, which was filled by the appointment of H. W. Cowan, Operating Manager, to the board. The deferred dividends on the preference shares have been paid, and it has been decided that the quarterly payments of these dividends will be resumed. All the properties have been thoroughly maintained, and the fleet is in a better state of efficiency than it was at any other time.

Balance Sheet.

Assets.

Fixed assets—	
Vessels as at Dec. 31, 1916	\$18,797,920.30
Net additions for year, being excess of additions to fleet over vessels lost and sold	1,932,944.04
	<u>\$20,730,864.34</u>
Real estate, buildings, docks and wharves, as at Dec. 31, 1916	\$5,331,114.53
Net additions for year	180,568.40
	<u>5,511,682.93</u>
Other fixed assets at Dec. 31, 1916	\$ 610,434.42
Net additions for year	115,325.29
	<u>725,759.71</u>
	<u>\$26,968,306.98</u>
Less depreciation reserve	2,562,951.56
	<u>\$24,405,355.42</u>
Current and workings assets—	
Cash in banks and on hand	\$ 231,730.98
Accounts receivable, less reserve for doubtful accounts	1,606,820.59
Adjusted losses due by underwriters	712,682.53
Insurance and other claims, estimated amount recoverable ..	924,325.94
Interest receivable accrued	5,639.91
Inventories of stores and supplies	583,808.06
	<u>4,065,008.01</u>
Charges deferred to future operations—	
Insurance unexpired .. \$	732,056.09
Repairs, etc., applicable to subsequent seasons ..	305,471.67
Miscellaneous	27,328.20
	<u>1,064,855.96</u>
Investments at cost	220,792.70
Funds deposited with trustees for mortgage bonds and debenture stock	244,107.55
Organization expenses, less proportion written off	86,818.00
	<u>\$30,086,937.64</u>
Leases, contracts and goodwill	8,589,646.79
	<u>\$38,676,584.43</u>
Capital stock—	
1% cumulative preference stock ..	\$12,500,000.00
Common stock	12,000,000.00
	<u>\$24,500,000.00</u>
Funded debt—	
1% debenture stock .. \$	7,120,506.66
Less deposited as security for loan ..	\$598,400.00
Amount retired by operation of sinking fund	440,766.46
	<u>1,039,166.46</u>
	<u>\$6,081,340.20</u>

Liabilities.

First mortgage bonds ..	1,315,026.69
Loan secured by debentures stock and investments ..	500,000.00
	<u>7,896,366.89</u>
Current and accrued liabilities—	
Accounts payable	\$2,538,985.28
Bond and other interest accrued ..	123,160.03
Business profits war tax ..	704,545.58
Dividend declared (payable Jan. 2, 1918) ..	437,500.00
	<u>3,804,190.89</u>
Reserves—	
For freight and other claims ..	\$ 10,000.00
For premium on redemption of Richelieu & Ontario Navigation Co. bonds ..	6,959.75
Surplus arising from sinking fund purchases of debenture stock ..	84,312.78
	<u>101,272.53</u>
Surplus ..	<u>2,374,754.12</u>
Contingent liabilities—	
On notes receivable under discount ..	\$ 22,610.89
On notes endorsed for allied company ..	120,000.00
	<u>\$142,610.89</u>
	<u>\$38,676,584.43</u>

Operating Account.

Operating revenue—	
Vessels ..	\$12,887,256.23
Docks and wharves ..	183,772.27
Miscellaneous ..	290,393.74
	<u>\$13,361,422.24</u>
Other revenue ..	<u>173,393.70</u>
	<u>\$13,533,815.94</u>
Expenses ..	<u>9,509,951.47</u>
	<u>\$ 4,023,864.47</u>
Net earnings ..	
From which deduct—	
Interest on mortgage bonds ..	\$ 90,729.86
Interest on debenture stock ..	301,575.03
Other interest ..	5,721.23
Special bonus to employees ..	35,294.53
Reserve for depreciation ..	1,061,563.37
Reserve for doubtful debts and claims ..	25,579.29
Directors' fees ..	25,000.00
Reserve for business profits war tax ..	300,000.00
	<u>1,845,46.31</u>
Profit for year ..	<u>\$ 2,178,401.16</u>

Surplus Account.

Balance at Dec. 31, 1916	\$ 1,848,225.27
Profit for year 1917 ..	\$2,178,401.16
Net profit on sales, etc., of fixed assets	941,879.95
	<u>3,120,281.11</u>
	<u>\$4,968,506.38</u>
Proportion of organization expenses charged off ..	\$ 86,820.41
Balance of discount on debenture stock charged off ..	27,765.19
	<u>\$ 114,585.60</u>
Dividends on preferred stock—	
12.83 1/3%, being arrears to Dec. 31, 1916 ..	\$1,604,166.66
7% for year ended Dec. 31, 1917 ..	875,000.00
	<u>2,479,166.66</u>
	<u>\$ 2,593,752.26</u>
Surplus ..	<u>\$ 2,374,754.12</u>

Jas. Carruthers, President, in moving the adoption of the report, referred to the company's improved financial position as disclosed by the annual statement, and said: "The company during the last three or four years had gone more extensively into the ocean traffic, and the directors believe there is a good field for development and expansion in this direction, more particularly owing to the fact that the Canadian Government has decided on a policy of building up a Canadian merchant marine. This undoubtedly will prove a great boon to the country and will indirectly help the company. Under the expert guidance and advice of the Vice President and Managing Director,

the directors have done some selling and buying of vessels during the year. They have a certain well defined policy in this connection. Their object is (and they have been successful so far) to establish the fleet on a more modern basis, to meet the changing conditions. Older and smaller vessels, gradually becoming obsolete and costly to operate, are being replaced by larger and newer ships, so that even during the war, but more particularly after the war is over, your fleet will be in a position to meet every requirement and every condition that may arise.

"Now, as to future prospects. There is no doubt that after peace is declared there will be new problems to face. It is generally conceded that the prosperity which flourishes in both the United States and Canada at present may wane. Work will not be so plentiful, the high wages that are now being paid will have to be cut down and a readjustment is bound to take place, so that such conditions as exist today must not be accepted as permanent and the uncertainty as to the future make it incumbent upon us to be both careful and conservative. Your directors believe, however, that the enormous losses in ocean tonnage suffered by all nations will take a long time to replace, even to an extent to partly meet the world wide demand. I feel warranted, therefore, in saying that in all probability present rates will continue until the available tonnage becomes sufficient to meet at least normal conditions. In saying this, I have times in the shipping trade will not return for years.

"We have every reason to expect a large increase in the acreage of grain in our Canadian Northwest this coming season. There is an enormous shortage of foodstuffs the world over and the knowledge that even if peace were proclaimed within six months, the urgent requirements would continue until the supply equalled the demand means that these high prices for all kinds of grain are going to continue for some time to come, so there is every incentive to the farmer to put every acre possible under cultivation, and I believe with favorable weather conditions we will have a largely increased production all over Canada, especially in the Northwest. With the large grain carrying fleet this company has on the upper lakes, the shareholders can understand what a big difference it makes to us if the crop be large or small in our Canadian Northwest. So we hope the crops will turn out as looked for, and I assure you that our company will be in a position to handle a large part of this traffic to the seaboard. The number of our shareholders is increasing every year and I am pleased to report that the last figures show there are 2,250."

J. W. Norcross, Vice President and Managing Director, in seconding the motion for the adoption of the report, said: "As you have been told by the President, we have sold some of our older and more obsolete ships and replaced them by modern tonnage; and while it is true that a number of our smaller vessels have been taken from the Great Lakes for the ocean service, we have augmented our lake fleet by larger ships, which can be more easily and cheaply operated. Our ocean fleet has been increased, and is operating successfully in different parts of the world, and on the whole the property is in good condition. We have had several disasters, including the s.s. Bermudian, which was