



# CEYLON SHIPPING LINES LTD

INCORPORATED IN CEYLON UNDER THE COMPANIES ORDINANCE NO. 51 OF 1938 ON THE 6TH DAY OF FEBRUARY 1954

**SHIPOWNERS - OPERATORS - CHARTERERS**

MACAN MARKAR BUILDINGS

33<sup>1/2</sup>, PRINCE STREET

COLOMBO I

*DMW*

## **FOURTH**

**REPORT OF THE DIRECTORS AND BALANCE SHEET  
FOR THE YEAR ENDED 31st DECEMBER 1957**

# CEYLON SHIPPING LINES LIMITED

Authorised Capital	...	...	Rs. 8,200,000/-
Issued Capital	...	...	Rs. 4,200,000/-

**Head Office :** Macan Markar Buildings,  
P. O. Box 891,  
33 3/1, Prince Street,  
Colombo 1.

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## BOARD OF DIRECTORS

### Ceylonese :

T. C. A. de Soysa, Esq., B.A. (Cantab), *Chairman*  
N. E. Weerasooria, Esq., Q.C.  
A. L. Thambiayah, Esq.  
C. E. P. Jayasuriya, B.A. Hons. (Lond.)

### Norwegians :

Torrey Mosvold, Esq.  
Jens Hetland, Esq.  
Kristian Haanes, Esq.  
Toivo Ilmari Virkki, Esq., *Actg. Managing Director.*

### Ceylon Government :

The Permanent Secretary, Ministry of Commerce & Trade  
The Deputy Secretary to the Treasury

### Lawyers :

De Silva & Mendis,  
State Bank of India Buildings,  
Colombo 1.

### Auditor :

A. I. Macan Markar, Esq., M.A. (Cantab)  
Chartered Accountant,  
6, Galle Face Cottage,  
32, Church Road,  
Colombo 3.

### Secretary:

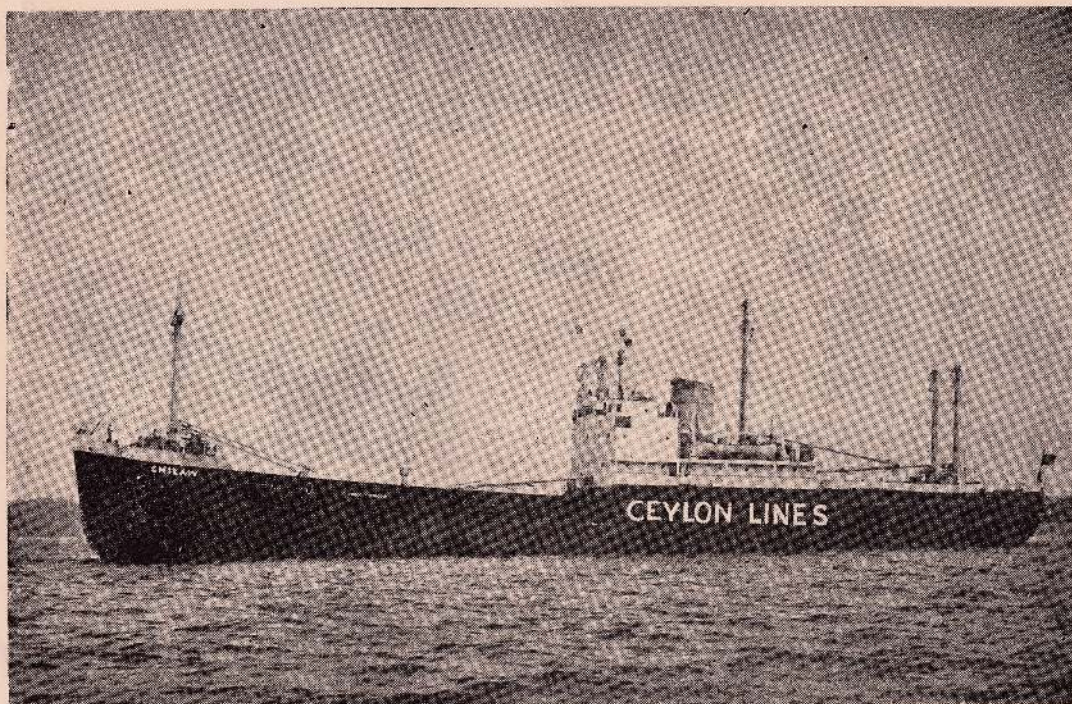
P. Chaudhury

### Bankers :

Bank of Ceylon,  
Bank of Ceylon Buildings,  
York Street,  
Colombo 1.

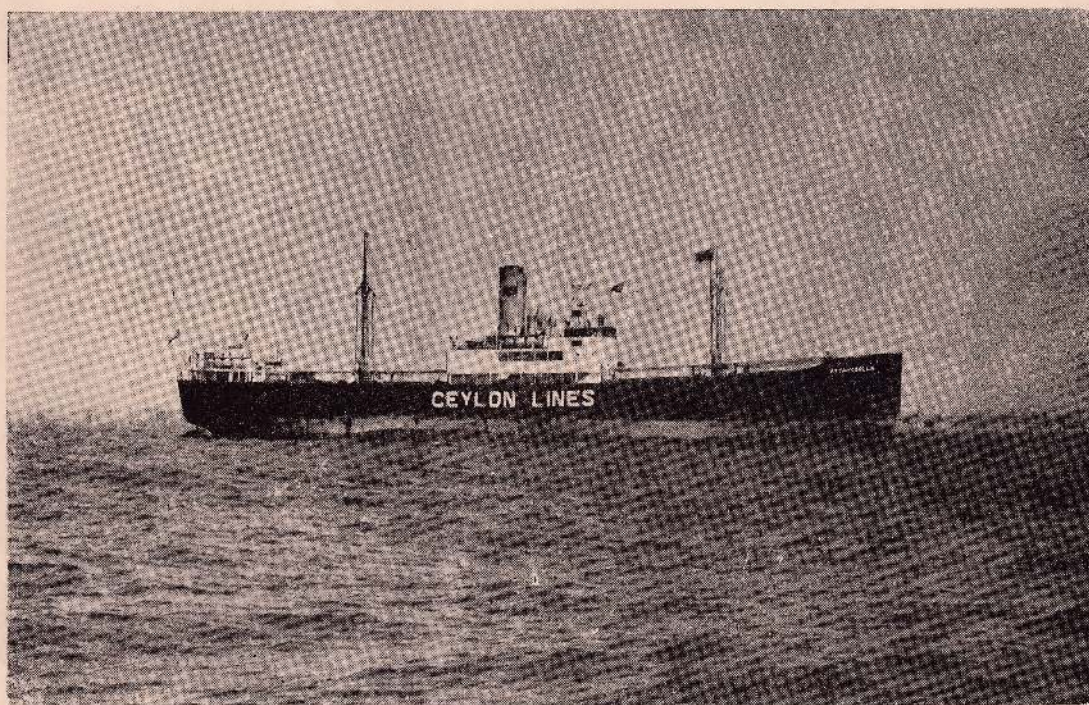
National Bank of India, Ltd.  
York Street,  
Colombo 1.

Hambros Bank Ltd.  
41, Bishopsgate,  
London E. C. 2.



M. V. CHILAW

2300 d. w. tons



S. S. ATTANAGALLA

2500 d. w. tons

**AGENTS ABROAD**



# CEYLON SHIPPING LINES LIMITED

**Registered Office :** Macan Markar Buildings, 33 3/1, Prince Street,  
Colombo 1.

## FOURTH ANNUAL GENERAL MEETING

**N**OTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of the Shareholders of this Company will be held at the Conference Hall of the Ceylon National Chamber of Commerce, 4th Floor, Macan Markar Buildings, Colombo 1 on Tuesday, the 30th December, 1958 at 3.00 p.m. for the transaction of the following business, *viz* :—

- (1) To receive and consider the Report of the Directors and the audited Accounts for the year ended 31st December, 1957 ;
- (2) To elect 4 Directors (by the Ceylonese Group of Shareholders) ;
- (3) To report to the Meeting :—
  - (a) 4 Directors nominated by the Norwegian Group of Shareholders ;
  - (b) 2 Directors nominated by the Government of Ceylon ;
- (4) To fix Directors' remuneration ;
- (5) To appoint Auditors and to authorise the Board to fix their remuneration ;
- (6) To transact any other business that may be properly brought before this meeting.

Notice is also hereby given that the Share Transfer Register of the Company will be closed from 17th December, 1958 to 30th December, 1958 both days inclusive.

By Order of the Board of Directors,

CEYLON SHIPPING LINES LIMITED.

P. CHAUDHURY,  
*Secretary.*

Colombo, 20th November, 1958.

Encl : 1. Proxy Form to be duly stamped, completed and signed (AS PER DETAILED INSTRUCTIONS MENTIONED IN THE FORM) and to be returned in the addressed cover to the Registered Office on or before 3.00 p.m. of 28-12-58 (IN CASE you are not attending this Meeting in person.)

# CEYLON SHIPPING LINES LIMITED

The Fourth Report of the Board of Directors to be presented to the Shareholders at the Fourth Annual General Meeting to be held in the Conference Hall of the Ceylon National Chamber of Commerce, 4th Floor Macan Markar Buildings, Colombo 1, on Tuesday, 30th December, 1958.

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31st DECEMBER, 1957.

The Balance Sheet and Accounts for the year ended 31st December, 1957, and the Profit and Loss Accounts for the same year reveal a net loss of Rs. 1,136,150/- in the Company's Trading operations.

Provision has been duly made for depreciation and other charges in the computation of the extent of the net loss sustained.

The year 1957 heralded a period of unprecedented difficulty for ship owners and operators. Freight rates began to decline and have since reached levels which are not only the lowest ever recorded since the war but which are such that a significant proportion of owners must lay up their ships because it is not economic to operate them. In these conditions of general slump your Company has had to face more than its fair share of difficulty. As ship owners, we have found it increasingly uneconomic to operate our ships. As operators, our earnings from chartered vessels and commission earned have been considerably reduced. Although the total trade turnover of the Company in the year under review increased from Rs. 16,395,871/- in 1956 to 21,559,843/- in 1957, the profits made in the first half of 1957 were not merely wiped out towards the second half of the year but were turned into a loss in the final analysis.

A freight graph covering the period 1955 — 1958 is provided to enable shareholders to understand the seriousness in the decline in the freight market.

In addition to these world-wide difficulties, we have had special difficulties in the Port of Colombo, these difficulties which result in unconcionable delays in the turn round of our ships have increased our operating costs and reduced our capacity to earn profits.

**Purchase of Tonnage.**—Due to the availability of funds at their disposal during late 1956 and early 1957, the Directors were able to consider addition to the Company's tonnage. The Company was able to finalise the purchase of the s.s. "ATTANAGALLA" 2500 tons d.w. built at Frederiskstad, Norway in 1938. Since the 1st of May, 1957 when the ship was taken over at Rotterdam with special survey passed for 4 years in 1956, she has been in the Company's service.

A comparative position in regard to application of funds to meet the Company's obligations for purchase of vessels under Article 5 is set out as under :—

Position	At 31.12.56	At 31.12.57
Cost of Vessels	Rs. 2,188,666/-	Rs. 4,580,278/-
<b>Make up—Reserve</b>	Rs. 1,289,000/-	Rs. 1,289,000/-
Loans from Bank of Ceylon secured by Mortgage	Rs. 800,000/-	Rs. 1,600,000/-
Amount invested out of other funds of the Company	Rs. 99,666/-	Rs. 1,691,278/- (leaving Rs. 1,494,050/- for working capital)
	<u>Rs. 2,188,666/-</u>	<u>Rs. 4,580,278/-</u>

**Time Charter.**—During 1957, eight vessels were on time charter. These were :—

Georgios S	...	3,335 d.w.
Capetan Nicolas	...	7,400 d.w.
Gunn	...	7,563 d.w.
Moldova	...	6,675 d.w.
Koala	...	7,885 d.w.
Herakles	...	8,200 d.w.
Wm. Charlick IV	...	5,120 d.w.
Ryvarden	...	5,450 d.w.

**Wharf Department.**—This Department handled a total of 211 vessels under our agency during 1957, as against 151 vessels in 1956. Our Company is agents for all vessels discharging food cargoes and coal. Besides these vessels, we are acting as agents for ships calling at Colombo.

**Freight Department.**—The Freight Department handled the chartering of a total of 1,102,487 tons of cargo in the year under review as against the total of 923,100 tons in 1956. The gross earnings of our vessel m.v. "Chilaw" decreased from Rs. 1,552,715/- in 1956 to Rs. 1,549,881/- in 1957. The gross earning on s.s. "Attanagalla" for 8 months was Rs. 911,786/-.

**Trainees.**—Ceylonese personnel both for office work and on board the ships are being trained, but difficulties as reported in the previous year are being experienced.

**Company's Personnel.**—The position was as under :—

(a) Ceylonese	1956	1957
Office and Launches	37	66
Ships	21 58	45 111
(b) Foreign		
Office	4	4
Ships	6 10	12 16
Total	68	127

**Ceylon Shipping Lines (London) Limited.**—This Company owns 95% of the Shares of the London Company and is also responsible for its management and secretarial work. The Directors of the London Company are Messrs. T. C. A. de Soysa (Chairman), N. E. Weerasooria, Q.C., C. E. P. Jayasuriya, A. L. Thambiyah, Torrey Mosvold and Captain L. G. W. Boxberg of London.

The London Company's profit for 1957 was £ 10,959-2-10 as against profit for £ 9,439-15-4 for 1956 (both subject to taxation). The Dividend was maintained at 5% less tax for 1957 similar to 1956. Fortunately as this Company does not operate vessels, the impact of the slump in freight rates has not been as severe as in our case.

**Ceylon Shipping Enquiry Commission and Government General Policy on Shipping.**—On 30th July, 1958, the Government of Ceylon announced the formation of the above Commission to examine the operation of all shipping lines registered in Ceylon and to formulate and recommend steps to the Government for development of Ceylon Shipping subject to maintenance of reasonable freight rates. This Company had submitted all data required by the Commission and it is hoped that based on the Commission's recommendations, the Government will announce their general policy on shipping which would enable this Company to establish its long term programme.

Pending formulation of a long term programme, your Directors have taken in hand the task of reorganisation of the Company based on its past operating experience.

**Subscribed and Paid-up Share Capital.**—Issued capital is Rs. 4.2 million consisting of 420,000 shares of Rs. 10/- each of which 17,867 shares were still open for subscription by the Ceylonese public at the end of the year under review.

## BOARD OF DIRECTORS

**Government Directors.**—In accordance with the Articles of Association, the Permanent Secretary of the Ministry of Commerce and Trade and the Deputy Secretary to the Treasury, being Government appointed Directors, retire and the Government will nominate its Directors for the ensuing year.

**Norwegian Directors.**—Mr. Jens Hetland and Mr. Kjell Emil Raustol resigned from the Board on 22nd February and 2nd September, 1958, respectively and Mr. Toivo Ilmari Virkki was nominated a member of the Board in place of Mr. Kjell Raustol since 5th December, 1957. Since 20th November, 1958 Mr. Hetland has again been re-appointed a member of the Board. In accordance with the Articles of Association, all the Norwegian Directors retire and the Norwegian Group of Shareholders will nominate their Directors for the ensuing year.

**Ceylonese Public Directors.**—In accordance with the Articles of Association, Messrs. T. C. A. de Soysa, A. L. Thambiyah, N. E. Weerasooria and C. E. P. Jayasuriya retire and being eligible offer themselves for re-election.

**Auditors.**—The Auditor of the Company, Mr. A. I. Macan Markar, Chartered Accountant, retires but being eligible offers himself for re-election.

Messrs. Torrey Mosvold, Kristian Haanes and Jens Hetland being away from the Island have not signed this Report and Accounts.

T. C. A. DE SOYSA,  
*Chairman.*

H. E. PERIES

L. S. B. PERERA

N. E. WEERASOORIA

A. L. THAMBIAYAH

C. E. P. JAYASURIYA

T. I. VIRKKI

} *Directors.*

Colombo, 20th November, 1958.



REPORT  
OF  
THE AUDITOR  
TO THE MEMBERS  
OF  
CEYLON SHIPPING LINES LIMITED

I have examined the annexed Balance Sheet with the Books and Accounts of the Company, and have obtained all the information and explanations I have required. I am of opinion that the said Balance Sheet with the notes on Page Ten is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st December, 1957, according to the best of my information and the explanations given to me, and as shown by the books of the Company.

A. I. MACAN MARKAR,  
*Chartered Accountant,  
Auditor.*

Colombo, 17th November, 1958.

**CEYLON SHIPPING LINES LTD.**  
**BALANCE SHEET**  
**AS AT 31st DECEMBER, 1957**

**N. B.** Red figures denote Credits, *i.e.*, Income, Profits, Liabilities, Funds, etc.  
 Black figures denote Debits, *i.e.*, Losses, Expenses, Assets, etc.

1	9	5	6
Rs.	Rs.	CAPITAL	Rs.      Rs.
8,000,000		<b>AUTHORISED CAPITAL</b>	
200,000		800,000 Ordinary Shares of Rs. 10/- each	8,000,000
<u>8,200,000</u>		20,000 Promoters Shares of Rs. 10/- each	<u>200,000</u>
		<b>TOTAL</b>	<u><b>8,200,000</b></u>
		<b>ISSUED AND CALLED-UP CAPITAL</b>	
3,402,130		382,133 Ordinary Shares of Rs. 10/- each	3,821,330
200,000		20,000 Promoters Shares of Rs. 10/- each	<u>200,000</u>
<u>3,602,130</u>		Total amount of called up	4,021,330
89,250		Less unpaid calls	30
			<u>4,021,300</u>
<u>3,512,880</u>		<b>PAID-UP CAPITAL</b>	4,021,300
		<b>CAPITAL RESERVE</b>	
		<b>CAPITAL RESERVE FOR PAYMENT FOR PURCHASE OF SHIPS</b>	
	268,000	As per last Balance Sheet	1,289,000
1,289,000	<u>1,021,000</u>	Add amount provided this year	<u>1,289,000</u>
<u>4,801,880</u>		<b>TOTAL OF CAPITAL AND RESERVES</b>	5,310,300
		<b>CURRENT DEFICIT</b>	
71,240		Balance of Appropriation Account	1,082,910
<u>4,873,120</u>		<b>TOTAL OF MEMBERS' FUNDS</b>	Rs. <u>4,227,390</u>

**Statement pursuant to Section 124 (1) of the Companies Ordinance No. 51 of 1938**

The Profits of the Subsidiary Company, Ceylon Shipping Lines (London) Ltd. for the period 6th October, 1955 to 31st December, 1956, have been included in the Profit and Loss Account to the extent of the First and Final Dividend declared and paid in respect of that period. No account has been taken of the profits made by the Subsidiary Company for the year ended 31st December, 1957, which have been carried forward in its books.

T. C. A. DE SOYSA, *Chairman*

H. E. PERIES	A. L. THAMBIAYAH	} <i>Directors</i>
L. S. B. PERERA	C. E. P. JAYASURIYA	
N. E. WEERASOORIA	T. I. VIRKKI	

Colombo, 17th November, 1958.

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**REPRESENTED BY:**

		Cost to 31. 12. 57	Previously Written off	1957 Depreciation	Book Value
1	9	5	6		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>SHIPS &amp; OTHER EQUIPMENT</b>					
1,904,229		MV Chilaw (Note 2) ... 2,188,666	284,437	285,634	1,618,595
55,110		SS Aitanagalla (Note 2) ... 2,391,612	—	298,012	2,093,600
79,956		Motor Launches ... 86,819	13,500	11,023	62,296
35,753		Office Equipment ... 137,256	4,957	7,996	124,303
55,802		Motor Cars & Cycles ... 49,516	13,483	8,938	27,095
		Bungalow Furniture & Fittings ... 67,226	8,895	9,109	49,222
2,130,850		4,921,095	325,272	620,712	3,975,111
<b>INVESTMENT IN SUBSIDIARY COMPANY</b>					
126,667		9,500 Shares of £ 1/- each in Ceylon Shipping Lines (London) Ltd. ...			126,667
2,257,517					4,101,778
<b>CURRENT ASSETS</b>					
1,908,817		Cash at Banks and in Hand ...		1,352,357	
1,161,509	1,202,717	Receivable from Government Departments (Note 3) ...	909,060		
	41,208	Less Provision for Items in Dispute ...	187,260	721,800	
1,316,155	1,341,155	Receivable from other persons (Note 4) ...	1,815,857		
	25,000	Less Provision for Doubtful Debts ...	400,000	1,415,857	
42,800		Deposits (Note 5) ...		46,741	
138,011		Disbursements on Open Voyages ...		6,505	
791,058		Payments in Advance ...		652,447	
178,360		Receivable from Subsidiary Company ...		—	4,195,707
<b>EXPENDITURE IN NATURE OF PRELIMINARY EXPENSES</b>					
	250,871	Preliminary Expenses etc. as per Balance Sheet ...		200,000	
	7,524	Share Issue Expenses incurred this year ...		29,563	
	258,395			229,563	
200,000	58,395	Less amount written off in Appropriation Account			229,563
7,994,227		<b>TOTAL OF ALL ASSETS</b>			8,527,048
<b>LESS LIABILITIES</b>					
800,000		LOAN SECURED BY MORTGAGE ...		1,600,000	
<b>CURRENT LIABILITIES AND PROVISIONS</b>					
	1,783,129	Creditors & Accrued Charges (Note 6) ...	1,717,984		
	122,922	Liabilities incurred on account of Ships ...	281,963		
	126,667	Payable to Subsidiary Company ...	26,268		
	281,030	1958 Income Received in Advance ...	481,009		
	3,944	Interim & Final Dividends for the year ...			
	3,415	Provision for Current Taxation ...	3,944		
		Unclaimed Dividends ...	139,570		
		Provision for Furlough ...	40,000		
2,321,107		Provision for Liability arising from Guarantee (Note 7) ...	8,920	2,699,658	4,299,658
4,873,120		<b>NET ASSETS</b>			Rs. 4,227,390

# CEYLON SHIPPING LINES LIMITED

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1957**

1 9 5 6

	Rs.	Rs.		Rs.	Rs.	Rs.
<b>PROFITS &amp; SUNDRY INCOME</b>						
	875,238	524,177 351,046	15	Brokerage and Commission ... 644,297 Agency and Other Income ... 509,312 Net Dividend on Investment in Subsidiary ... 3,622 Transfer Fees ... 53		1,157,284
<b>LESS LOSS ON CARRIAGE OF GOODS</b>						
	1,541,437	251,705 750,146	1,001,851 539,586	Loss on Own Vessels ... 478,599 Loss on Time Chartered Vessels ... 601,357 Total Loss on Operation of Vessels ... 1,079,956 Less Profit on Contracts and Trip Charters ... 395,443		684,513
	<u>2,416,675</u>			<b>TOTAL GROSS PROFIT &amp; INCOME</b>		<u>472,771</u>
<b>LESS OVERHEADS</b>						
		1,752 25,000		<b>BAD AND DOUBTFUL DEBTS</b>		
			410,684	Bad Debts written off ... 173,321 Provision for Doubtful Debts ... 425,000	598,321	
				<b>PERSONNEL</b>		
				Emoluments and Expenses ... 459,861 Provision for Furlough ... 40,000	499,861	
				<b>COMMUNICATION</b>		
		127,930 9,053 7,698		Foreign Telephone and Telegrams ... 126,900 Local Telephone and Telegrams ... 35,658 Postage ... 13,781	176,339	
				<b>TRAVELLING</b>		
		52,309 26,782		Foreign ... 47,476 Local ... 24,298	71,774	
				<b>INTEREST AND FINANCIAL CHARGES</b>		
		45,125 2,547 3,761		Mortgage Interest ... 47,454 Other Interest ... Miscellaneous Expenses ... 18,530	65,984	
				<b>FEES</b>		
		15,900 15,000 2,941 14,000 11,875		Directors' Fees ... 17,250 Audit Fees ... 15,000 Legal Fees ... 4,886 Secretarial Fees ... Accountancy Fees ...	37,136	
				<b>OTHER EXPENSES AND PROVISIONS</b>		
		54,996 43,285 51,432		Administration ... 94,039 Publicity ... 47,538 Expenditure on New Office ... 7,009 Provision for Liability arising from Guarantees ... 8,920 Wharf Department Defalcation ...	157,506	
	962,172	40,102		<b>NET LOSS</b>		1,606,921
	<u>1,454,503</u>					<u>1,134,150</u>

# CEYLON SHIPPING LINES LIMITED

APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1957

1	9	5	6		
Rs.	Rs.			Rs.	Rs.
		<b>BALANCE BROUGHT FORWARD</b>			
	12,230			71,240	
	68			—	
12,162	—			20,000	51,240
 <b>THIS YEAR'S LOSS</b>					
				1,134,150	
1,454,503				—	
	1,021,000			—	
	35,000			—	
1,114,395	58,395			—	1,134,150
 <b>SURPLUS AVAILABLE FOR DISTRIBUTION</b>					
<b>LESS DIVIDENDS RECOMMENDED BY DIRECTORS</b>					
	175,644			—	
281,030	105,386			—	—
 <b>CURRENT DEFICIT CARRIED TO NEXT YEAR</b>					
71,240				Rs.	1,082,910

# NOTES ON BALANCE SHEET

## 1. TAXATION

Tax Liabilities up to the year of assessment 1955/56 have not been agreed, and the Taxation Provision may be subject to adjustment. No provision has yet been made for Taxation on the Company's profits for the year 1956.

## 2. DEPRECIATION OF OWN VESSELS

Depreciation has been charged in the accounts for 1957 at 15% per annum as compared with a depreciation rate of 10% per annum in previous years.

## 3. RECEIVABLE FROM GOVERNMENT DEPARTMENTS

	Rs.
Balances confirmed	468,876
Claims pending acceptance	440,184
<b>Total</b>	<b>909,060</b>

## 4. RECEIVABLE FROM OTHER PERSONS

Balances confirmed	1,021,360
Claims pending acceptance	794,497
<b>Total</b>	<b>1,815,857</b>

## 5. DEPOSITS

Balances confirmed	24,461
Balances not-confirmed	22,280
<b>Total</b>	<b>46,741</b>

## 6. CREDITORS AND ACCRUED CHARGES

Balances confirmed by Creditors	793,376
Less Claims disputed by the Company	11,297
Net Confirmed Balances	722,079
Balances not confirmed	995,905
<b>Total</b>	<b>1,717,984</b>

## 7. GUARANTEE GIVEN BY THE COMPANY ON BEHALF OF THE MANAGING DIRECTOR, Mr. K. E. RAUSTOL

Total amount guaranteed on 28-11-57	28,957
Less discharged to 31-12-57	2,500
Balance outstanding as at 31-12-57	<b>26,457</b>

The contingent liability as at 31-12-57 was Rs. 26,457/-, of which Rs. 17,537/- has since been discharged by the Managing Director.— Provision has been made in the Profit and Loss Account for the balance Rs. 8,920/-, since paid by the Company, pending recovery from Mr. Raustol.

## 8. LOANS MADE TO OFFICERS OF COMPANY BY OTHER PERSONS, UNDER GUARANTEES FROM THE COMPANY

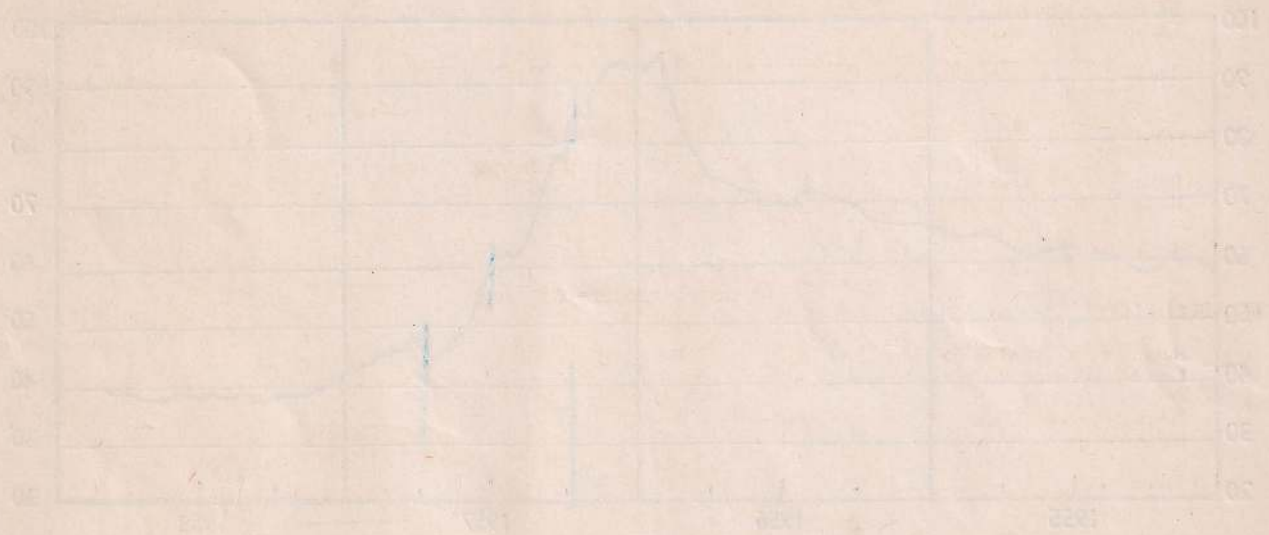
Total amount of Loans	13,480
Less amount repaid during year to 31-12-57	500
	<b>12,980</b>

The contingent liability as at 31-12-57 was Rs. 12,980/-, of which Rs. 7,000/- has since been repaid by the Officers to whom the loans were made.

Colombo, 17th November, 1958.

# NOTES

WATER RESOURCES BOARD INDEX  
1950-1951



# WORLD FREIGHT MARKET INDEX

( January—December 1951 = 100 )

