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Captain Michael Gitt Papers - Colonial Airlines Annual Reports 1946, 1948, 1953, 1954

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Although we expect to make a good showing in this case, we cannot now predict its outcome or that of the New York-Chicago Case. Your Company also has on file or under consideration other proposals for extensions or revisions which would enable Colonial to operate more efficiently.

FINANCIAL CONDITION

The Balance Sheet of your Company at December 31, 1954 compared with the Balance Sheet at December 31, 1953 is included in the following pages.

Net working Capital was \$712,912 with Current Assets at \$2,017,195 and Current Liabilities at \$1,304,283. At December 31, 1953, Net Working Capital was \$365,245 with Current Assets at \$1,418,614 and Current Liabilities at \$1,053,369. The improvement in the current position is explained by the fact that in 1953 your Company purchased for cash additional flight equipment, including spares, in the amount of \$967,937, while the additions for the year 1954 amounted to \$151,999.

At December 31, 1954, our Property and Equipment accounts are shown at cost \$4,456,511, less depreciation reserves of \$2,990,928, leaving a net book value of \$1,465,583. Included in these amounts is your Company's investment in flight equipment comprising five DC-4 airplanes and eight DC-3 airplanes, plus spare engines and component parts. This is a very conservative valuation in terms of current market values.

In 1953 because of our low working capital position, your Company entered into a stand-by Credit Agreement up to \$300,000, extending through August 1, 1955. Because of the improvement in your Company's working capital position, it has been unnecessary to make any borrowings under this agreement and it is anticipated that unless we enter into a re-equipment program, this credit will be adequate during the term of the agreement.

FUTURE OUTLOOK

Traffic for the first quarter of 1955 is following the pattern of previous years. There was the usual seasonal lull in Bermuda traffic for the months of January and February and while Domestic traffic shows an increase of 18% for these two months over 1954, operations for the first quarter of the year will result in a loss.

Advance Bermuda bookings are, however, currently equal to last years and we are continuing an aggressive sales promotion and advertising campaign in order to maintain our competitive position on both the New York-Montreal and New York-Bermuda routes. Your Management is also negotiating for the lease of a modern pressurized airplane for use on the Bermuda route during the summer of 1955.

Several factors should contribute to an improvement in 1955. This year will get the full benefit of the rate increases referred to above which were effective for only part of 1954. Also, we are hopeful that the petition which we have filed with the Civil Aeronautics Board, effective June 1, 1954, for increased mail compensation provided for the Employee's Retirement Plan and other increased costs, will receive favorable

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[[image - photograph of two Colonial Airlines aircrafts in a hanger]]

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