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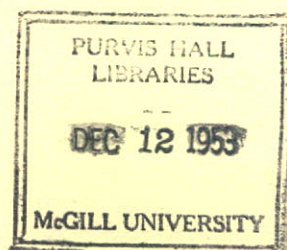
INDUSTRIAL DEVELOPMENT BANK



Annual Report to the Minister of Finance

AND STATEMENT OF ACCOUNTS

Fiscal year **1953**



INDUSTRIAL DEVELOPMENT BANK



"Whereas it is desirable to establish an industrial development bank to promote the economic welfare of Canada by increasing the effectiveness of monetary action through ensuring the availability of credit to industrial enterprises which may reasonably be expected to prove successful if a high level of national income and employment is maintained, by supplementing the activities of other lenders and by providing capital assistance to industry with particular consideration to the financing problems of small enterprises . . . "

—Preamble of the Industrial Development Bank Act

INDUSTRIAL DEVELOPMENT BANK

Ottawa, December 9th, 1953

The Hon. D. C. Abbott, Q.C., M.P.
Minister of Finance,
Ottawa.

Dear Sir, In accordance with the provisions of the Industrial Development Bank Act, I am enclosing herewith, in duplicate, a statement of the Bank's accounts for the fiscal year ending September 30th, 1953, signed by the President and Chief Accountant and certified by the Auditors. As in previous years, I am including a classification of the Bank's loans, investments and guarantees, together with a review of the Bank's affairs and statistics relating to the operations of this past fiscal year.

Loans, Investments and Guarantees. During the fiscal year under review, both the number of new eligible applications for credit and applications from existing borrowers showed a marked increase over last year, while the number of applications culminating in authorized credits was greater than in any year since the Bank opened its doors for business. Details of the disposition of applications received by the Bank during the last three fiscal years are given in the table on the following page.

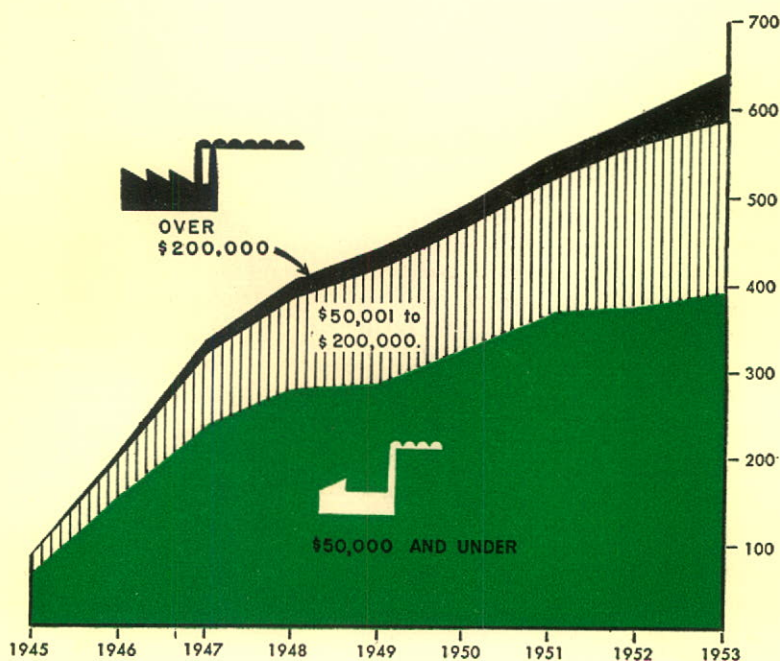
NEW APPLICATIONS	During 1951	During 1952	During 1953
Authorized	127	111	142
Refused	65	48	70
Withdrawn	55	37	50
	<u>247</u>	<u>196</u>	<u>262</u>
APPLICATIONS FROM EXISTING BORROWERS			
Authorized	72	49	75
Refused	8	3	1
Withdrawn	10	4	8
	<u>90</u>	<u>56</u>	<u>84</u>
Total Applications Handled	337	252	346
Total Applications Authorized	199	160	217

The increased number of applications during the past year was a reflection of both the continued high level of business activity in Canada and of the fact that in the greater part of the previous fiscal year the Bank's operations were affected by the need for credit restraint. In the past year, the share of business derived from industries associated with the national defence programme has been noticeably smaller than in the two previous years. At the same time, the sustained high level of consumer expenditure, which has been a notable feature of the economy during the year under review, has resulted in a continued demand for capital financing from many consumer goods industries. The past year was the first full year in which loans were authorized for commercial air services, under the authority of the amendment to the Industrial Development Bank Act referred to in my report for 1952. In all, gross authorizations during the past year in this category amounted to \$1,199,000 out of \$13,122,698 gross authorizations in all industrial categories.

During the fiscal year ending September 30th, 1953, total cash disbursements on loans and investments amounted to \$11,331,881, while repayments (including net write-offs of \$25,372) totalled \$5,793,416, raising the amount of loans and investments outstanding from \$33,387,075 at the end of the previous fiscal year to \$38,925,540 at September 30th, 1953. Of the funds required to make this net disbursement of \$5,538,465, the greater part was obtained by the sale of additional Industrial Development Bank debentures to the Bank of Canada. In all, the Bank sold \$5,100,000 worth of debentures during the fiscal year, raising the amount outstanding at September 30th, 1953, to \$8,950,000.

In line with the increase in the amount of loans and investments outstanding, the number of current authorizations stood at 633 at September 30th, 1953, compared with 583 a year ago.

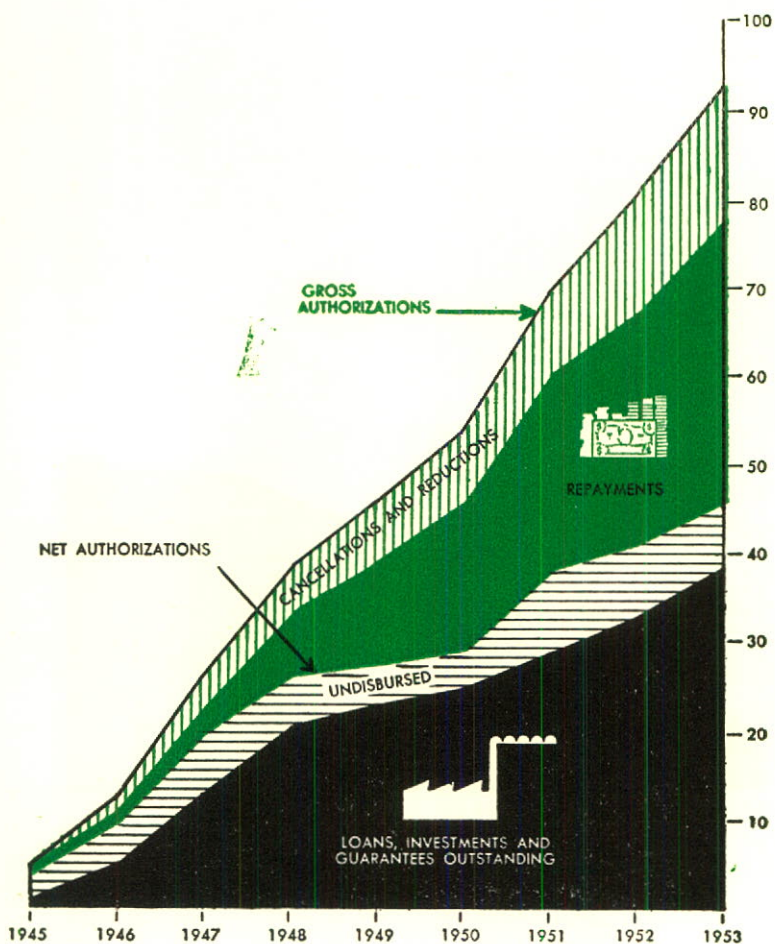
The tables which follow on pages 7, 8 and 10 are, first a summary of authorizations, disbursements and repayments during the fiscal year 1953 and during the entire period of the Bank's operations to date and, secondly, tables showing the classification of the Bank's loans, investments and guarantees by industrial enterprise, by province and by size.



Number of Current Authorizations
at September 30th, 1953

Gross Authorizations, Repayments and Net Authorizations
Cumulative to September 30th, 1953

Amounts in millions
of dollars



**SUMMARY OF AUTHORIZATIONS, DISBURSEMENTS AND
REPAYMENTS DURING FISCAL YEAR 1953 AND FOR THE
WHOLE PERIOD OF THE BANK'S OPERATIONS TO DATE**

	NUMBER	AMOUNT
Loans, investments & guarantees authorized:		
November 1, 1944 to September 30, 1952	1056	\$80,833,595
October 1, 1952 to September 30, 1953	142	13,122,698
Total	<u>1198</u>	<u>\$93,956,293</u>
LESS:		
Cancellations of authorizations and reductions in amounts authorized:		
November 1, 1944 to September 30, 1952	187	\$13,551,229
October 1, 1952 to September 30, 1953	25	1,855,956
Total	<u>212</u>	<u>\$15,407,185</u>
Authorizations which have lapsed by reason of full repayment or write-off:		
November 1, 1944 to September 30, 1952	286	\$17,677,772
October 1, 1952 to September 30, 1953	67	3,799,991
Total	<u>353</u>	<u>\$21,477,763</u>
Current authorizations as at September 30, 1953 ..	633	\$57,071,345
Reductions by reason of partial repayment or write-down:		
November 1, 1944 to September 30, 1952		\$ 8,861,893
October 1, 1952 to September 30, 1953		2,035,925
Total		<u>\$10,897,818</u>
Net authorizations as at September 30, 1953	633	\$46,173,527
 *Disbursements on loans and investments:		
November 1, 1944 to September 30, 1952		\$59,529,740
October 1, 1952 to September 30, 1953		11,331,881
Total		<u>\$70,861,621</u>
*Repayments and write-offs on loans and investments:		
November 1, 1944 to September 30, 1952		\$26,142,665
October 1, 1952 to September 30, 1953		5,793,416
Total		<u>\$31,936,081</u>
Outstanding as at September 30, 1953:		
Loans and investments		\$38,925,540
Guarantees		280,000
Total		<u>\$39,205,540</u>

*Exclusive of guarantees.

Classification of Loans, Investments and Guarantees

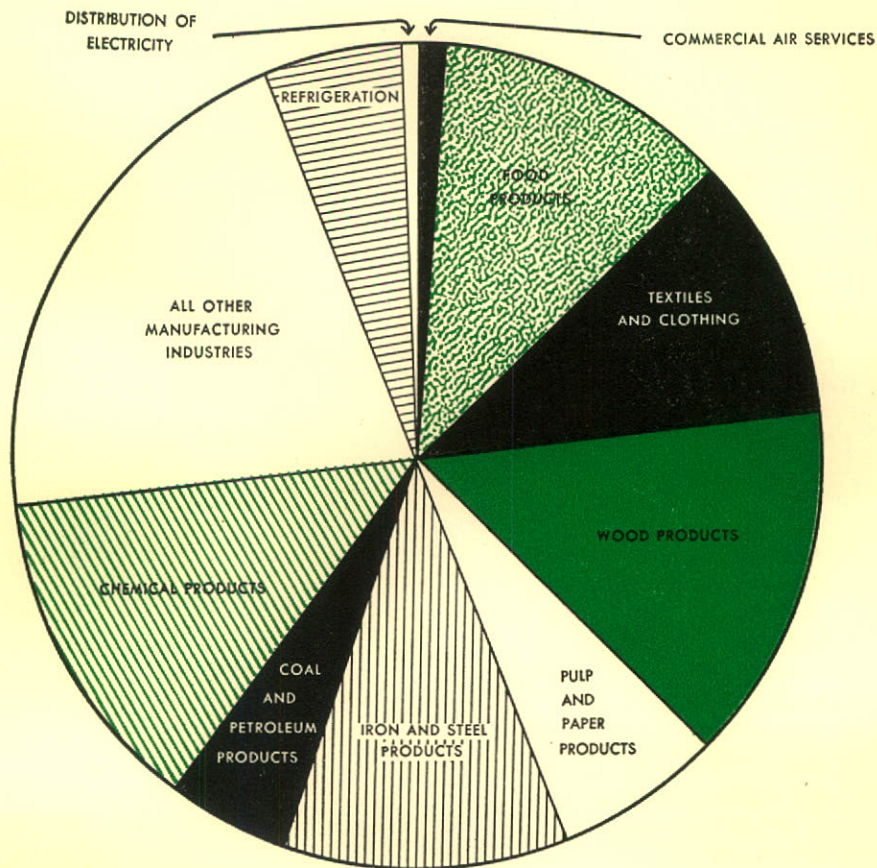
BY INDUSTRIAL ENTERPRISES

	AUTHORIZA- TIONS TO SEPTEMBER 30, 1953*	GROSS AUTHORIZA- TIONS DURING FISCAL YEAR 1953	CURRENT AUTHORIZA- TIONS AT SEPTEMBER 30, 1953	AMOUNT OUTSTAND- ING AT SEPTEMBER 30, 1953
1. Foods and Beverages	\$ 9,382,533	\$ 907,176	\$ 5,719,352	\$ 3,582,475
2. Tobacco and Tobacco Products	—	—	—	—
3. Rubber Products	75,000	50,000	50,000	45,000
4. Leather Products	928,152	275,000	727,500	357,236
5. Textile Products (ex- cept Clothing)	5,902,322	851,212	3,843,871	2,960,559
6. Clothing (Textiles & Fur)	2,298,774	414,250	1,593,650	982,156
7. Wood Products	11,245,038	1,748,839	8,163,576	5,626,707
8. Paper Products (in- cluding Pulp)	5,408,935	174,560	4,191,400	3,883,406
9. Printing, Publishing & Allied Industries	1,719,489	214,000	891,500	436,291
10. Iron and Steel Pro- ducts (including Ma- chinery & Equipment)	8,684,942	1,274,358	5,743,592	3,531,672
11. Transportation equip- ment	3,464,785	532,500	2,832,855	1,774,110
12. Non-Ferrous Metal Products	598,060	127,825	469,500	305,149
13. Electrical Apparatus & Supplies	3,172,856	2,081,006	2,755,100	1,427,516
14. Non-Metallic Mineral Products	4,771,914	656,952	2,804,881	2,006,581
15. Products of Petroleum & Coal	3,728,599	175,000	2,890,000	2,141,881
16. Chemical Products	9,802,719	1,594,570	8,322,763	6,206,619
17. Miscellaneous Manu- facturing Industries	1,733,832	540,000	1,191,000	749,126
18. Refrigeration	4,282,158	241,450	3,626,805	2,599,389
19. Generating or Distrib- uting of Electricity	410,000	65,000	315,000	80,000
20. Commercial Air Services	939,000	1,199,000	939,000	509,667
	<u>\$78,549,108</u>	<u>\$13,122,698</u>	<u>\$57,071,345</u>	<u>\$39,205,540</u>

*Gross authorizations less cancellations and reductions of amounts authorized.

The above industrial classification follows the lines of the accepted international standard of clas-
sification.

Industrial Composition of Authorizations*
Cumulative to September 30th, 1953



*Gross authorizations less cancellations and reductions in amounts authorized.

BY PROVINCES

	AUTHORIZA- TIONS TO SEPTEMBER 30, 1953*	GROSS AUTHORIZA- TIONS DURING FISCAL YEAR 1953	CURRENT AUTHORIZA- TIONS AT SEPTEMBER 30, 1953	AMOUNT OUTSTAND- ING AT SEPTEMBER 30, 1953
Newfoundland	\$ —	\$ —	\$ —	\$ —
Prince Edward Island	112,000	—	66,000	51,145
Nova Scotia	1,187,494	198,079	519,762	385,103
New Brunswick	2,425,639	175,000	1,275,721	1,014,972
Quebec	31,649,897	4,659,617	24,595,354	17,664,710
Ontario	20,426,408	3,280,531	13,351,367	8,949,982
Manitoba	2,859,084	777,300	2,076,750	1,142,195
Saskatchewan	3,894,473	45,375	3,549,000	2,578,576
Alberta	5,371,659	2,112,775	3,246,200	1,030,870
British Columbia & Territories	10,622,454	1,874,021	8,391,191	6,387,987
	<u>\$78,549,108</u>	<u>\$13,122,698</u>	<u>\$57,071,345</u>	<u>\$39,205,540</u>

*Gross authorizations less cancellations and reductions of amounts authorized.

BY SIZE

	CURRENT AUTHORIZATIONS AT SEPTEMBER 30, 1953*	NUMBER OF CREDITS
\$ 5,000 and under	\$ 54,192	14
5,001 to 25,000	3,735,929	242
25,001 to 50,000	5,552,302	140
50,001 to 100,000	9,187,917	122
100,001 to 200,000	10,436,605	70
Over \$200,000	<u>28,104,400</u>	<u>45</u>
	<u>\$57,071,345</u>	<u>633</u>

*Because of partial repayments on account of current authorizations the net authorizations were \$46,173,527 of which those in excess of \$200,000 totalled \$23,733,219.

Staff In the past year several appointments were made affecting the Bank's senior officers. Mr. S. R. Noble, who had served the Bank in the capacity of General Manager since the Bank commenced operations in November, 1944, was appointed Vice-President. Mr. D. G. Marble, formerly Secretary of the Bank of Canada and the Industrial Development Bank, was appointed General Manager. Mr. A. N. H. James, formerly Executive Assistant, was appointed Assistant General Manager. Mr. L. F. Mundy, who was formerly Deputy Secretary and who succeeded Mr. Marble as Secretary of the Bank of Canada, was also appointed Secretary of the Industrial Development Bank.

During the year there was a decline in the number of the staff from 93 at October 1st, 1952, to 92 at September 30th, 1953. I would like to take this opportunity of thanking all members of the staff for their high standard of service to the Bank throughout the year.

Statement of Profit and Loss A summary of the profit and loss statements for the year ending September 30th, 1953 and for the previous fiscal year is provided below:

	YEAR ENDING SEPT. 30/53	YEAR ENDING SEPT. 30/52	CHANGE OVER THE YEAR
	\$	\$	\$
Income	1,865,315	1,585,999	+ 279,316
Operating Expenses	592,598	598,446	— 5,848
Gross Profit	1,272,717	987,553	+ 285,164
Interest on Debentures (net)	200,702	79,162	+ 121,540
Net Profit (before appropriation for losses)	1,072,015	908,391	+ 163,624
Appropriated to Reserve for Losses	225,372	102,040	+ 123,332
Balance (Transferred to Reserve Fund)	846,643	806,350*	+ 40,293*

*Difference due to rounding of amounts to even dollars.

Income on loans, investments and guarantees for the year amounted to \$1,849,362 compared with \$1,570,093 in 1952. Despite the larger volume of business, which these figures reflect, the Bank's operating expenses showed a small reduction of \$5,848 over the previous year, amounting in all to \$592,598. The increase in net profit, before appropriations, however, was reduced by a substantial rise in interest payments on the Bank's debentures, which on a net basis amounted to \$200,702 in 1953 compared to

\$79,162 in the previous year. This increase reflects both the additional issues of debentures which were necessary during the past year to provide funds for the Bank's increased volume of business and the higher level of interest rates which prevailed in the year ending September 30th, 1953. Thus, net profits before appropriations amounted to \$1,072,015, an increase of \$163,624 over the previous year. Total appropriations for the reserve for losses account amounted to \$225,372. Of this amount, \$25,372 represents the net loss on write-offs during the year. The balance of the amount transferred, that is \$200,000, was placed into reserve for losses account, increasing this account to \$700,000. This increase in the reserve, which was augmented by \$100,000 in the previous fiscal year, was considered to be warranted by the continued expansion in the Bank's business.

I am, Dear Sir,
Yours faithfully,
G. F. TOWERS, President.

STATEMENT OF PROFIT AND LOSS ➤

Statement of Profit and Loss

for the year ended 30th September 1953

Income:

On loans, investments and guarantees	\$1,849,361.99
Sundry	<u>15,953.06</u>
	1,865,315.05

Expenses:

Salaries	416,847.81	
Pension fund, unemployment insurance and group insurance	53,571.11	
Investigation and supervision expenses (including travel)	14,271.25	
Travelling expenses — general	3,740.86	
Rental and other costs — leased premises	47,880.98	
Depreciation of office equipment	7,127.97	
Telephones and telegrams	13,935.10	
Office supplies and expenses	8,316.89	
Directors' fees	3,950.00	
Auditors' fees and expenses	6,000.00	
All other operating expenses	<u>16,956.47</u>	<u>592,598.44</u>
Profit before undermentioned items		\$1,272,716.61

Deduct:

Interest on debentures	180,916.05	
Net amortization of discount and premium on debentures sold	<u>19,785.60</u>	
	200,701.65	
Amount appropriated to Reserve for Losses	<u>225,372.04</u>	<u>426,073.69</u>
Balance transferred to Reserve Fund		<u>\$ 846,642.92</u>

RESERVE FOR LOSSES

Balance 30th September, 1952		\$500,000.00
Add:		
Recovery of debts previously written off	2,545.73	
Appropriation from profits for the year ended 30th September, 1953	<u>225,372.04</u>	<u>227,917.77</u>
		727,917.77
Less bad debts written off		<u>27,917.77</u>
Balance 30th September, 1953		<u><u>\$700,000.00</u></u>

RESERVE FUND

Balance 30th September, 1952	\$3,687,623.32
Amount transferred from statement of profit and loss	<u>846,642.92</u>
Balance 30th September, 1953	<u><u>\$4,534,266.24</u></u>

Statement of Assets and Liabilities

as at 30th September 1953

LIABILITIES

Capital: Authorized, issued and paid up — 250,000 shares par value \$100 each	\$25,000,000.00
Reserve Fund	4,534,266.24
Bonds and debentures outstanding	8,950,000.00
Contingent liability under guarantees and underwriting agreements	280,000.00
All other liabilities	310,850.33
Reserve for Losses	700,000.00
	<u>\$39,775,116.57</u>

ASSETS

Cash on hand and deposits with other banks	\$ 109,616.43
Loans and investments	38,925,540.11
Guarantees and underwriting agreements; as per contra	280,000.00
Property held for sale	57,353.83
All other assets	402,606.20
	<u>\$39,775,116.57</u>

G. F. TOWERS, President

H. R. EXTENCE, Chief Accountant

AUDITORS' REPORT • We have made an examination of the statement of assets and liabilities of the Industrial Development Bank as at September 30, 1953 and have received all the information and explanations we have required. We report that in our opinion it correctly sets forth the position of the Bank at September 30, 1953, according to the best of our information and as shown by the books of the Bank.

J. GRANT GLASSCO, O.B.E., F.C.A.,
of Clarkson, Gordon & Co.
Ottawa, Canada, October 31, 1953

MAURICE SAMSON, O.B.E., C.A.,
of Chartré, Samson, Beauvais, Bélair & Cie.

INDUSTRIAL DEVELOPMENT BANK

Incorporated under the Industrial Development Bank Act, 1944

HEAD OFFICE — OTTAWA, ONT.

GENERAL MANAGER'S OFFICE — MONTREAL, QUE.

Board of Directors

G. F. TOWERS, C.M.G., President, Ottawa, Ont.

•

W. D. BLACK, Member of the Executive Committee, Waterdown, Ont.

E. G. BURTON, C.B.E., Toronto, Ont.

G. G. COOTE, Nanton, Alta.

J. E. COYNE, Member of the Executive Committee, Ottawa, Ont.

N. A. HESLER, Sackville, N.B.

W. A. JOHNSTON, Q.C., Winnipeg, Man.

A. STEWART McNICHOLS, Montreal, Que.

R. H. MILLIKEN, Q.C., Regina, Sask.

C. J. MORROW, Lunenburg, N.S.

A. C. PICARD, Quebec, Que.

H. A. RUSSELL, St. John's, Nfld.

L. P. SAINT-AMOUR, Ottawa, Ont.

HAROLD B. SCHURMAN, Summerside, P.E.I. A. C. TAYLOR, C.B.E., Vancouver, B.C.

K. W. TAYLOR, C.B.E., Member of the Executive Committee, Ottawa, Ont.

Officers

•

G. F. TOWERS, C.M.G., President

S. R. NOBLE, O.B.E., Vice President

D. G. MARBLE, C.B.E., General Manager

A. N. H. JAMES, Assistant General Manager

L. F. MUNDY, Secretary

P. D. SMITH, Deputy Secretary

C. I. STUART, Deputy Secretary

L. VIAU, Deputy Secretary

H. R. EXTENCE, Chief Accountant

GENERAL MANAGER'S OFFICE

901 Victoria Square, Montreal, Que.

SUPERVISORS

ATLANTIC PROVINCES

F. M. AYKROYD	901 Victoria Sq.,	Montreal, Que.
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ONTARIO

J. C. INGRAM	85 Richmond St. W.,	Toronto, Ont.
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MANITOBA & SASKATCHEWAN

D. T. MUSKETT	195 Portage Ave. E.,	Winnipeg, Man.
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ALBERTA & BRITISH COLUMBIA

N. C. TOMPKINS	475 Howe St.,	Vancouver, B.C.
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SUMMARY OF OPERATIONS 1944-1953

tions 1944-1953

September 30th

1948	1949	1950	1951	1952	1953	Cumulative Total
\$	\$	\$	\$	\$	\$	\$
12,291,815	7,313,586	7,842,930	15,705,865	10,943,590	13,122,698	93,956,293
1,277,925	1,397,301	1,168,800	1,491,879	3,806,899	1,855,956	15,407,185
11,013,890	5,916,285	6,674,130	14,213,986	7,136,691	11,266,742	78,549,108
4,266,405	4,900,097	4,823,547	5,245,695	4,734,574	5,835,916	32,375,581
6,747,485	1,016,188	1,850,583	8,968,291	2,402,117	5,430,826	46,173,527
6,005,923	2,779,707	1,623,595	7,258,512	4,189,342	5,538,465	38,925,540
1,280,255	179,745	145,500	— 3,178,000	15,000	37,500	280,000
747,153	975,573	1,101,222	1,255,918	1,570,093	1,849,362	8,049,094
293,597	184,169	148,873	46,654	—	—	1,470,662
— 148,849	— 67,150	— 69,848	— 60,184	—	—	— 159,540
1,417	33,667	8,451	15,274	15,906	15,953	91,060
893,318	1,126,259	1,188,698	1,257,662	1,585,999	1,865,315	9,451,276
398,656	476,645	530,906	588,556	598,446	592,598	3,770,591
—	—	—	3,089	79,162	200,702	282,953
494,662	649,614	657,792	666,017	908,391	1,072,015	5,397,732
134,340	133,428	65,603	2,683	102,040	225,372	863,466
325,951	— 216,411	— 109,540	—	—	—	—
34,371	732,597	701,730	663,334	806,350	846,643	4,534,266
34,340	33,428	65,603	2,683	2,040	25,372	163,466
20,616,443	23,575,626	25,344,721	29,425,233	33,629,576	39,205,540	*
8,224,414	6,230,094	5,104,378	—	—	—	*
330,432	417,951	611,800	436,393	470,084	569,577	*
29,171,289	30,223,671	31,060,899	29,861,626	34,099,660	39,775,117	*
25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	*
783,612	1,516,209	2,217,939	2,881,273	3,687,623	4,534,266	*
—	—	—	1,250,000	3,850,000	8,950,000	*
3,080,525	3,260,000	3,405,500	227,500	242,500	280,000	*
7,152	47,462	37,460	102,853	819,537	310,851	*
300,000	400,000	400,000	400,000	500,000	700,000	*
29,171,289	30,223,671	31,060,899	29,861,626	34,099,660	39,775,117	*

estments & guarantees outstanding and the increase in
disbursed portion of amounts authorized.

ebentures.

question.

ten off previously. The net write-off is debited to the

Summary of Operations

Fiscal Year Ending

OPERATIONS

	1945	1946	1947
	\$	\$	\$
New loans, investments & guarantees authorized (gross).....	4,150,050	7,901,353	14,684,406
Less Cancellations & reductions in amounts authorized.....	952,000	1,182,500	2,273,925
Increase in loans, investments & guarantees authorized.....	3,198,050	6,718,853	12,410,481
Less Repayments and write-offs.....	18,649	501,580	2,049,118
Increase in net authorizations (commitment).....	3,179,401	6,217,273	10,361,363
of which: ⁽¹⁾			
Increase in loans & investments outstanding.....	871,753	4,250,950	6,407,293
Increase in guarantees outstanding.....	—	—	1,800,000

PROFIT AND LOSS

Income on loans, investments & guarantees.....	10,556	138,172	401,045
Interest on Govt. of Canada securities.....	297,953	289,151	210,265
Profit on sales of Govt. of Canada securities.....	—	—	186,491
All other income.....	—	—	392
Total Income.....	308,509	427,323	798,193
Less Operating expenses.....	110,666	185,605	288,513
Interest on I.D.B. debentures ⁽²⁾	—	—	—
Net Profit.....	197,843	241,718	509,680
of which:			
Appropriated to reserve for losses.....	—	—	200,000
Provisions for other contingencies ⁽³⁾	100,000	— 100,000	—
Transferred to reserve fund.....	97,843	341,718	309,680

WRITE-OFFS

Bad debts written off (net) ⁽⁴⁾	—	—	—
--	---	---	---

YEAR-END BALANCE SHEET (condensed)

Loans, investments & guarantees.....	871,753	5,122,702	13,329,995
Govt. of Canada securities.....	8,947,750	10,151,331	14,130,299
All other assets.....	286,928	186,129	296,696
Total Assets.....	10,106,431	15,460,162	27,756,990
Capital, issued and paid up.....	10,000,000	15,000,000	25,000,000
Reserve fund.....	97,843	439,561	749,241
Bonds and debentures outstanding.....	—	—	—
Contingent liability under guarantees.....	—	—	1,800,000
All other liabilities.....	8,588	20,601	7,749
Reserve for losses.....	—	—	200,000
Total Liabilities.....	10,106,431	15,460,162	27,756,990

⁽¹⁾ The difference between the total increase in loans, investments & guarantees authorized and the net increase in net authorizations is accounted for by changes in the amount of cancellations and reductions.

⁽²⁾ After amortization of premium or discount on sale of debentures.

⁽³⁾ For details see I.D.B. Annual Reports for the years in question.

⁽⁴⁾ Bad debts written off, less recovery on bad debts written off to reserve for losses account.

