

INDUSTRIAL DEVELOPMENT BANK



Annual Report to the Minister of Finance

AND STATEMENT OF ACCOUNTS

Fiscal year **1955**



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 2nd, 1955

The Hon. Walter E. Harris,
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, 1955, 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. 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 1953	During 1954	During 1955
Authorized	142	125	145
Refused	70	49	56
Withdrawn	50	53	58
	<u>262</u>	<u>227</u>	<u>259</u>

APPLICATIONS FROM EXISTING BORROWERS

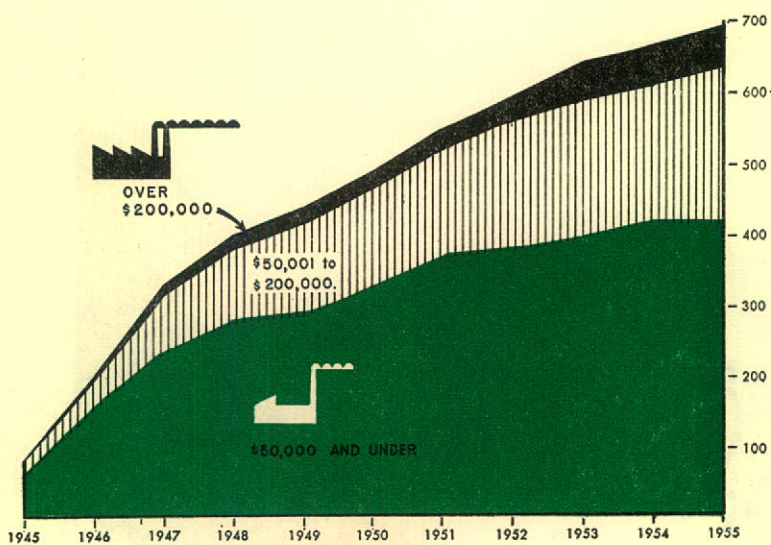
Authorized	75	50	69
Refused	1	2	8
Withdrawn	8	11	9
	<u>84</u>	<u>63</u>	<u>86</u>
Total Applications Handled	346	290	345
Total Applications Authorized	217	175	214

The amount of loans and investments outstanding rose from \$42,139,017 at September 30th, 1954, to \$44,049,835 at September 30th, 1955. During the fiscal year ended September 30th, 1955, disbursements on loans and investments amounted to \$12,718,377 as compared with \$11,505,808 in the fiscal year 1954, while repayments and net write-offs (\$37,325) totalled \$10,807,559. Debentures outstanding at September 30th, 1955, were \$9,500,000 as compared with \$10,700,000 at the end of the previous fiscal year. Other Liabilities are shown at \$1,922,981, an increase of \$1,595,553 over the comparable figure at the end of 1954. This was occasioned largely by an increase in amounts held temporarily in suspense pending requisition by borrowers as their projects develop.

The number of current authorizations stood at 694 at September 30th, 1955, compared with 661 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 1955 and during the entire period of the Bank's operations to

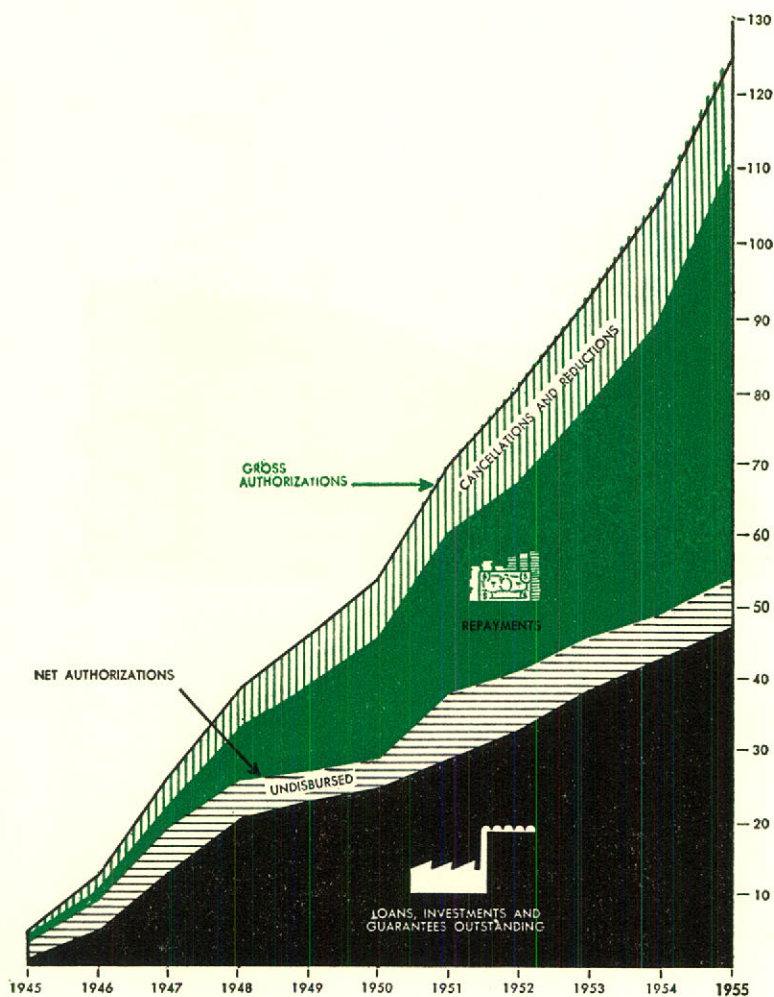
date and, secondly, tables showing the classification of the Bank's loans, investments and guarantees by industrial enterprise, by Province, and by size.



Number of Current Authorizations
at September 30th, 1955

**Gross Authorizations, Repayments and Net Authorizations
Cumulative to September 30th, 1955.**

Amounts in millions
of dollars



**SUMMARY OF AUTHORIZATIONS, DISBURSEMENTS AND
REPAYMENTS DURING FISCAL YEAR 1955 AND FOR THE
WHOLE PERIOD OF THE BANK'S OPERATIONS TO DATE**

	NUMBER	AMOUNT
Loans, Investments and Guarantees authorized:		
November 1, 1944, to September 30, 1954	1323	\$106,918,634
October 1, 1954, to September 30, 1955	145	16,805,969
Total	1468	\$123,724,603
LESS:		
Cancellations of authorizations and reductions in amounts authorized:		
November 1, 1944, to September 30, 1954	229	\$17,849,845
October 1, 1954, to September 30, 1955	19	1,695,888
Total	248	\$19,545,733
Authorizations which have lapsed by reason of full repayment or write-off:		
November 1, 1944, to September 30, 1954	433	\$28,979,612
October 1, 1954, to September 30, 1955	93	7,924,124
Total	526	\$36,903,736
Current authorizations as at September 30, 1955 ..	694	\$67,275,134
Reductions by reason of partial repayment:		
November 1, 1944, to September 30, 1954		\$11,828,300
October 1, 1954, to September 30, 1955		2,883,435
Total		\$14,711,735
Net authorizations as at September 30, 1955	694	\$52,563,399
 *Disbursements on loans and investments:		
November 1, 1944, to September 30, 1954		\$82,367,429
October 1, 1954, to September 30, 1955		12,718,377
Total		\$95,085,806
 *Repayments and write-offs on loans and invest- ments:		
November 1, 1944, to September 30, 1954		\$40,228,412
October 1, 1954, to September 30, 1955		10,807,559
Total		\$51,035,971
Outstanding as at September 30, 1955:		
Loans and investments		\$44,049,835
Guarantees		1,320,894
Total		\$45,370,729

*Exclusive of guarantees.

Classification of Loans, Investments and Guarantees

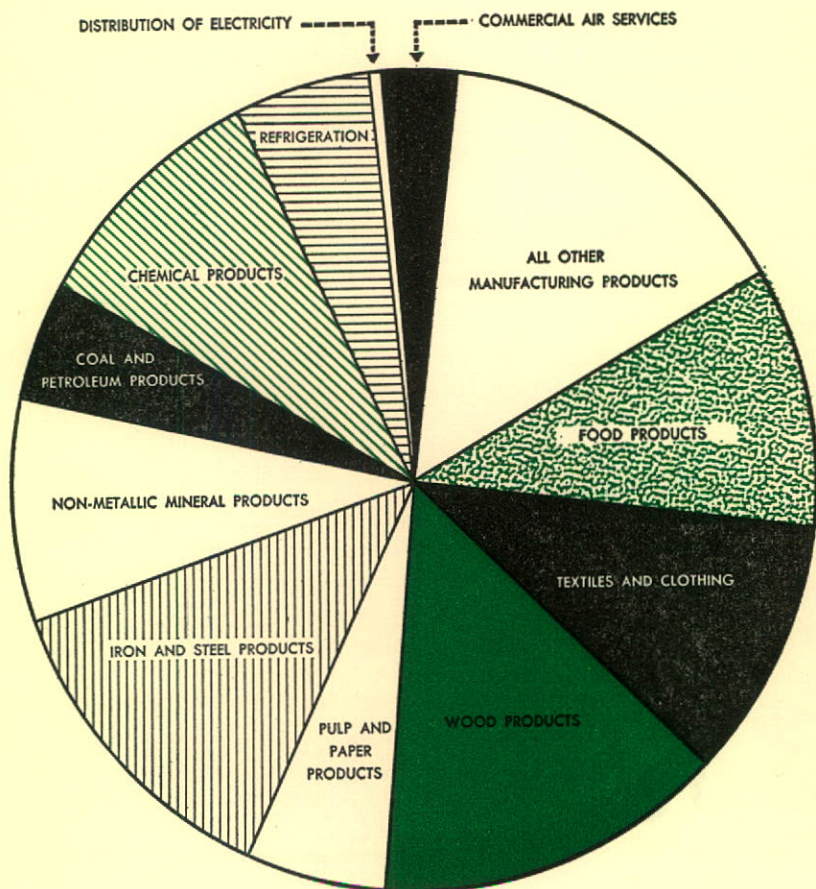
BY INDUSTRIAL ENTERPRISES

	AUTHORIZA- TIONS TO SEPTEMBER 30TH, 1955*	GROSS AUTHORIZA- TIONS DURING FISCAL YEAR 1955	CURRENT AUTHORIZA- TIONS AT SEPTEMBER 30TH, 1955	AMOUNT OUTSTAND- ING AT SEPTEMBER 30TH, 1955
1. Foods and Beverages	\$10,689,212	\$1,176,203	\$5,834,187	\$3,069,993
2. Tobacco and Tobacco Products	—	—	—	—
3. Rubber Products	210,000	85,000	185,000	112,600
4. Leather Products	953,487	25,000	284,930	138,630
5. Textile Products (ex- cept Clothing)	7,518,225	971,238	4,596,772	2,861,223
6. Clothing (Textiles & Fur)	3,438,378	439,605	2,270,669	1,146,435
7. Wood Products	14,551,558	2,130,398	9,200,639	6,096,156
8. Paper Products (in- cluding Pulp)	5,793,935	228,000	4,265,000	3,787,650
9. Printing, Publishing & Allied Industries	2,649,689	397,700	1,401,500	1,029,642
10. Iron and Steel Pro- ducts (including Ma- chinery & Equipment)	13,368,362	1,688,529	8,681,635	5,831,547
11. Transportation equip- ment	3,982,285	517,500	2,592,000	1,280,823
12. Non-Ferrous Metal Products	1,343,502	556,747	1,107,000	762,573
13. Electrical Apparatus & Supplies	3,701,719	377,924	3,265,263	2,429,446
14. Non-Metallic Mineral Products	9,281,986	3,451,336	6,287,372	4,592,430
15. Products of Petroleum & Coal	4,600,604	893,344	956,000	230,932
16. Chemical Products	10,232,039	311,320	6,895,000	5,547,531
17. Miscellaneous Manu- facturing Industries	2,502,432	679,500	1,877,000	876,938
18. Refrigeration	5,696,307	711,475	4,526,017	3,229,647
19. Generating or Distrib- uting of Electricity ...	310,000	—	135,000	33,250
20. Commercial Air Services	3,355,150	2,165,150	2,914,150	2,313,283
	<u>\$104,178,870</u>	<u>\$16,805,969</u>	<u>\$67,275,134</u>	<u>\$45,370,729</u>

*Gross authorizations less cancellations and reductions of amounts authorized.

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

Industrial Composition of Authorizations*
Cumulative to September 30th, 1955



*Gross authorizations less cancellations and reductions in amounts authorized.

BY PROVINCES

	AUTHORIZA- TIONS TO SEPTEMBER 30TH, 1955*	GROSS AUTHORIZA- TIONS DURING FISCAL YEAR 1955	CURRENT AUTHORIZA- TIONS AT SEPTEMBER 30TH, 1955	AMOUNT OUTSTAND- ING AT SEPTEMBER 30TH, 1955
Newfoundland	\$ 145,000	\$ —	\$ 145,000	\$ 106,000
Prince Edward Island	112,000	—	51,000	32,262
Nova Scotia	1,442,420	254,790	567,899	210,694
New Brunswick	2,606,367	207,228	1,149,575	652,833
Quebec	38,586,012	5,054,588	26,408,327	16,957,957
Ontario	29,371,530	5,519,910	19,641,971	14,705,096
Manitoba	3,909,030	789,747	2,492,065	1,480,289
Saskatchewan	4,059,237	153,000	829,603	365,347
Alberta	6,870,960	444,000	4,043,200	2,820,617
British Columbia ..	16,790,314	4,302,706	11,685,494	7,992,834
Yukon and North- west Territories	286,000	80,000	261,000	46,800
	<u>\$104,178,870</u>	<u>\$16,805,969</u>	<u>\$67,275,134</u>	<u>\$45,370,729</u>

*Gross authorizations less cancellations and reductions of amounts authorized.

BY SIZE

	CURRENT AUTHORIZATIONS AT SEPTEMBER 30TH, 1955*	NUMBER OF CREDITS
\$ 5,000 and under	\$ 46,820	11
5,001 to 25,000	3,835,922	229
25,001 to 50,000	6,635,923	170
50,001 to 100,000	10,411,103	137
100,001 to 200,000	12,718,000	85
Over \$200,000	33,627,366	62
	<u>\$67,275,134</u>	<u>694</u>

*Because of partial repayments on account of current authorizations the net authorizations were \$52,563,399 of which those in excess of \$200,000 totalled \$26,144,910.

Staff To assist with the increasing administrative responsibilities of the management, a new post, Supervisor, General Manager's Office, was created on April 1st, 1955, to which Mr. W. C. Stuart was appointed.

During the year there was an increase in the number of staff from 96 at September 30th, 1954, to 100 as at September 30th, 1955.

I would like to record my appreciation of the loyal service and co-operation rendered by the staff during the year.

Statement of Profit and Loss A summary of the profit and loss statements for the year ending September 30th, 1955, and for the previous fiscal year is provided below:

	YEAR ENDING SEPT. 30/55	YEAR ENDING SEPT. 30/54	CHANGE OVER THE YEAR
	\$	\$	
Revenue	2,229,071	2,130,387	+ 98,684
Operating Expenses.....	723,667	733,879	- 10,212
Gross Profit.....	1,505,404	1,396,508	+ 108,896
Interest and amortization on			
Debentures (net).....	306,347	358,870	- 52,523
Profit (before undermentioned items).....	1,199,057	1,037,638	+ 161,419
Profit on sale of investments	—	804,933	- 804,933
Appropriated to Reserve for Losses.....	37,325	154,310	- 116,985
Balance (Transferred to Reserve Fund)	1,161,732	1,688,261	- 526,529

Income on loans, investments and guarantees for the year amounted to \$2,193,848 as compared with \$2,086,684 in 1954, while all other ordinary revenue from the Bank's operations amounted to \$35,223 as compared with \$43,703 in the previous fiscal year. Operating expenses show a small reduction of \$10,212 and the

lower amount of debentures outstanding resulted in a saving of \$52,523. Profit on the year's operations, before appropriations but excluding the special income item resulting from the sale of investments during 1954, showed an increase of \$161,419. Total appropriation for reserve for losses amounted to \$39,170 and during the year \$1,845 was recovered on debts written off. In accordance with the Industrial Development Bank Act the balance of \$1,161,732 was transferred to Reserve Fund raising it to \$7,384,259.

I am, Dear Sir,
Yours faithfully,
J. E. COYNE, President.

Statement of Assets and Liabilities

as at September 30th, 1955

ASSETS

CASH ON HAND AND DEPOSITS WITH OTHER BANKS		\$ 32,166
LOANS AND INVESTMENTS	\$44,049,835	
Accrued Interest	311,745	44,361,580
PROPERTY HELD FOR SALE (including agreements for sale)		203,060
GUARANTEES AND UNDER- WRITING AGREEMENTS		
as per contra		1,320,894
OTHER ASSETS		39,184
		<u>\$45,956,884</u>

LIABILITIES

CAPITAL: Authorized, issued and paid up 250,000 shares par value \$100 each		\$25,000,000
RESERVE FUND		7,384,259
RESERVE FOR LOSSES		700,000
BONDS AND DEBENTURES		
OUTSTANDING	\$ 9,500,000	
Accrued interest	128,750	9,628,750
LIABILITIES UNDER GUARANTEES AND UNDERWRITING AGREE- MENTS		1,320,894
OTHER LIABILITIES		1,922,981
		<u>\$45,956,884</u>

J. E. COYNE, President

E. FRICKER, 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, 1955, 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, 1955, 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, November 2, 1955

JEAN VALIQUETTE, C.A.
of Anderson & Valiquette

Statement of Profit and Loss

for the year ended September 30th, 1955

Income:

On loans, investments and guarantees	\$2,193,848	
Sundry	<u>35,223</u>	\$2,229,071

Expenses:

Salaries	\$ 497,129	
Pension fund, unemployment insurance and group insurance	66,652	
Investigation and supervision expenses (including travel)	16,062	
Travelling expenses — general	14,796	
Rental and other costs — leased premises	50,546	
Depreciation on equipment	7,423	
Telephones and telegrams	14,209	
Office supplies and expenses	10,515	
Directors' fees	5,350	
Auditors' fees and expenses	9,000	
All other operating expenses	<u>31,985</u>	<u>723,667</u>
		\$1,505,404

Deduct:

Interest on debentures	\$ 254,266	
Net amortization of discount and premium on debentures sold	<u>52,081</u>	<u>306,347</u>
Profit before appropriation		\$1,199,057
Appropriation to reserve for losses		<u>37,325</u>
Balance transferred to reserve fund		<u><u>\$1,161,732</u></u>

RESERVE FOR LOSSES

Balance, September 30, 1954		\$ 700,000
Add:		
Recovery of debts previously written off	\$ 1,845	
Appropriation from profit for the year ended September 30, 1955	37,325	39,170
		<u>\$ 739,170</u>
Less:		
Bad debts written off		39,170
Balance, September 30, 1955		<u><u>\$ 700,000</u></u>

RESERVE FUND

Balance, September 30, 1954	\$6,222,527
Amount transferred from statement of profit and loss	<u>1,161,732</u>
Balance, September 30, 1955	<u><u>\$7,384,259</u></u>

Summary of Operations 1954-1955

and cumulative total since November 1st, 1944

Fiscal Year Ending September 30th

	1954	1955	Cumulative Total since Nov. 1, 1944
OPERATIONS	\$	\$	\$
New loans, investments & guarantees authorized (gross)....	12,962,341	16,805,969	123,724,603
Less Cancellations & reductions in amounts authorized..	2,442,660	1,695,888	19,545,733
Increase in loans, investments & guarantees authorized.....	10,519,681	15,110,081	104,178,870
Less Repayments and write-offs.....	8,432,331	10,807,559	51,615,471
Increase in net authorizations (commitment).....	2,087,350	4,302,522	52,563,399
of which: (1)			
Increase in loans & investments outstanding.....	3,213,477	1,910,818	44,049,835
Increase in guarantees outstanding.....	— 145,385	1,186,279	1,320,894
PROFIT AND LOSS			
Income on loans, investments & guarantees.....	2,086,684	2,193,848	12,329,626
Interest on Govt. of Canada securities.....	—	—	1,470,662
Profit on sales of Govt. of Canada securities.....	—	—	— 159,540
Profit on sales of other securities.....	804,933	—	804,933
All other income.....	43,703	35,223	169,986
Total Income.....	2,935,320	2,229,071	14,615,667
Less Operating expenses.....	733,879	723,667	5,228,137
Interest on I.D.B. debentures (2).....	358,870	306,347	948,170
Net Profit.....	1,842,571	1,199,057	8,439,360
of which:			
Appropriated to reserve for losses.....	154,310	37,325	1,055,101
Transferred to reserve fund.....	1,688,261	1,161,732	7,384,259
WRITE-OFFS			
Bad debts written off (net) (3).....	154,310	37,325	355,101

Year-end Balance Sheet (condensed)

	1954	1955
	\$	\$
Loans, investments & guarantees.....	42,273,632	45,370,729
Govt. of Canada securities.....	—	—
All other assets.....	810,938	586,155
Total Assets.....	43,084,570	45,956,884
Capital, issued and paid up.....	25,000,000	25,000,000
Reserve fund.....	6,222,527	7,384,259
Bonds and debentures outstanding.....	10,700,000	9,500,000
Contingent liability under guarantees.....	134,615	1,320,894
All other liabilities.....	327,428	2,051,731
Reserve for losses.....	700,000	700,000
Total Liabilities.....	43,084,570	45,956,884

(1) The difference between the total increase in loans, investments & guarantees outstanding and the increase in net authorizations is accounted for by changes in the undisbursed portion of amounts authorized.

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

(3) Bad debts written off, less recovery on bad debts written off previously. The net write-off is debited to the reserve for losses account.

INDUSTRIAL DEVELOPMENT BANK

Incorporated under the Industrial Development Bank Act, 1944

HEAD OFFICE — OTTAWA, ONT.

GENERAL MANAGER'S OFFICE — MONTREAL, QUE.

Board of Directors

J. E. COYNE, President, Ottawa, Ont.



J. R. BEATTIE, Member of the Executive Committee, Ottawa, Ont.

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

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

J. L. CAVANAGH, New Glasgow, N.S.

DR. A. M. DAY, Consort, Alta.

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

A. STEWART McNICHOLS, Montreal, Que.

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

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

A. C. PICARD, Quebec, Que.

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

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



J. E. COYNE, 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

E. FRICKER, Chief Accountant

SUPERVISORS

GENERAL MANAGER'S OFFICE

W. C. STUART	901 Victoria Sq.,	Montreal, Que.
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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, YUKON & NORTHWEST TERRITORIES

N. C. TOMPKINS	475 Howe St.,	Vancouver, B.C.
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