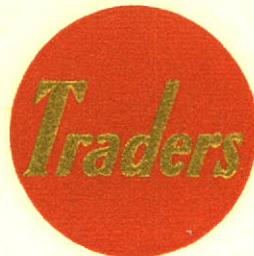


e

STACK



TRADERS FINANCE CORPORATION
L I M I T E D

Thirty-Eighth Annual Report

D E C E M B E R T H I R T Y - F I R S T , 1 9 5 8

PURVIS HALL
LIBRARIES
MAR 31 1959
McGILL UNIVERSITY

TRADERS FINANCE CORPORATION LIMITED

Directors	<p>A. E. NAYLOR, O.B.E.</p> <p>J. WILSON BERRY</p> <p>J. R. CROFT, O.B.E.</p> <p>W. W. EVANS</p> <p>H. R. JACKMAN, Q.C., LL.B.</p> <p>HON. RAY LAWSON, O.B.E., LL.D.</p> <p style="text-align: right;">D. W. NAYLOR</p> <p style="text-align: right;">K. B. PALMER, O.B.E., Q.C., D.C.I.</p> <p style="text-align: right;">J. H. RATCLIFFE, C.B.E.</p> <p style="text-align: right;">W. F. SPRY, F.I.I.C.</p> <p style="text-align: right;">ARTHUR G. WALWYN</p> <p style="text-align: center;">R. M. WILLMOTT</p>
Executive Officers	<p>A. E. NAYLOR, O.B.E. <i>Chairman of the Board and President</i></p> <p>J. R. CROFT, O.B.E. <i>Vice-President</i></p> <p>W. W. EVANS <i>Vice-President—Operations</i></p> <p>H. C. OLIVER <i>Assistant Vice-President</i></p> <p>D. W. NAYLOR <i>Assistant Vice-President—Sales</i></p> <p>E. A. A. WIGHTON <i>Assistant Treasurer</i></p> <p style="text-align: right;">R. M. WILLMOTT <i>Executive Vice-President and Treasurer</i></p> <p style="text-align: right;">W. J. CAREY <i>Vice-President—Sales</i></p> <p style="text-align: right;">J. D. MACRAE <i>Secretary</i></p> <p style="text-align: right;">P. C. FERGUSON <i>Assistant Vice-President</i></p> <p style="text-align: right;">S. G. LEE <i>Assistant Vice-President</i></p> <p style="text-align: right;">A. B. CAMPBELL <i>Assistant Secretary</i></p> <p style="text-align: center;">G. M. A. MONTEITH <i>Comptroller</i></p>
Auditors	<p>A. D. DOWNIE & CO.</p>
Transfer Agent and Registrar	<p>TORONTO: GUARANTY TRUST COMPANY OF CANADA</p> <p>NEW YORK: BANK OF MONTREAL TRUST COMPANY</p>
Trustee	<p>COLLATERAL TRUST NOTES—THE ROYAL TRUST COMPANY</p>
Trustee	<p>SINKING FUND DEBENTURES—THE CANADA TRUST COMPANY</p>
Shares Listed	<p>TORONTO STOCK EXCHANGE</p>

TRADERS FINANCE CORPORATION LIMITED

ANNUAL REPORT 1958

38th

TO THE SHAREHOLDERS:

Your Directors submit herewith the Consolidated Balance Sheet and the Consolidated Statements of Profit and Loss and Surplus of Traders Finance Corporation Limited and its subsidiary companies for the year ended December 31, 1958.

CONSOLIDATED NET INCOME

Consolidated income for the year before income taxes - - - - -	\$8,736,371
Provision for income taxes - - - - -	<u>3,938,667</u>
Consolidated net income for the year - - - - -	4,797,704
Provision for minority interest - - - - -	<u>45,196</u>
Amount available for dividends and interest on income funding rights - - - -	4,752,508
Interest on income funding rights - - - - -	\$ 17,053
Preferred dividends - - - - -	<u>380,030</u>
Amount available for common dividends - - - - -	<u>4,355,425</u>
Common dividends paid amounted to - - - - -	<u>3,008,631</u>
Balance of earnings added to surplus - - - - -	<u>\$1,346,794</u>

The amount of \$4,355,425 available for dividends represented earnings of \$3.45 per share on 1,256,435 common shares outstanding at December 31, 1958 compared with \$3,940,838 or \$3.15 per share on 1,252,227 common shares issued at December 31, 1957.

Dividends paid on common shares at the regular rate of \$2.40 per annum amounted to \$3,008,631 in comparison with \$3,001,968 the year before.

The volume of retail business transacted by your Company in the year 1958 was down, reflecting reduced sales of the makes of automobiles and commercial vehicles which provide the major portion of your Company's volume. Your Company increased its share in other fields such as commercial trailers and mobile homes, industrial machinery and equipment, boats and outboard motors, household appliances, radios and television sets.

Less money was borrowed during the year because of the reduction in receivables outstanding, and short term interest rates were considerably lower than in the previous year. These factors reduced the amount of interest paid by the Company. Interest on loans and funded debt in 1958 was \$9,457,332 as compared with \$10,691,665 in the year 1957 a reduction of \$1,234,333. A temporary decrease in the volume of business transacted does not necessarily permit a decrease in expenses, however your Company was able to reduce the amount of all other expenses excluding interest paid to \$11,744,581 from \$12,103,138 in the year 1957.

A vital contribution to the increased earnings of the Company on a consolidated basis was made by the subsidiary companies, all of which experienced a satisfactory year in 1958.

CONSOLIDATED ASSETS

Consolidated Assets totalled \$290,283,345 at December 31, 1958 as compared with \$323,642,060 at December 31, 1957. Retail and wholesale notes outstanding at December 31, 1958 were \$241,381,281, a decrease of \$22,046,923 from the total of \$263,428,204 at the previous year end.

FUNDED DEBT

To provide working funds in addition to bank borrowings and the sale of short term notes, the following long term issue was sold:

Sinking Fund Debentures:
\$5,000,000—5¾%—due October 15, 1974.

CAPITAL

Through conversion of Sinking Fund Debentures and 5% Preferred Shares and by exercise of stock purchase warrants 4,208 additional Class "A" common shares were issued and \$148,500 added to Capital account. The total number of Class "A" and Class "B" common shares outstanding as at December 31, 1958 was 1,256,435.

SURPLUS

Consolidated Surplus at December 31, 1958 of \$18,862,022 compares with \$17,534,747 at December 31, 1957, an increase of \$1,327,275.

SUBSIDIARY COMPANIES

Canadian General Insurance Company and Toronto General Insurance Company are multiple line companies writing automobile, fire and miscellaneous casualty insurance. Their Head Offices are located in Toronto and branch offices are maintained at Saint John, Montreal, Toronto, London, Winnipeg, Calgary, Edmonton and Vancouver.

Taking into consideration the problems affecting the insurance industry in Canada in recent years, the fact that both of these companies experienced an underwriting profit in 1958 must be considered very satisfactory.

Since acquisition by Traders in 1939 of controlling interest in Canadian General Insurance Company and Toronto General Insurance Company, the volume of insurance written by the two companies has increased yearly. Their combined earned premiums, less reinsurance, for the twenty years totalled \$76,658,482, the over-all loss ratio being 44.81%.

Traders General Insurance Company insures certain risks of the parent Company as well as writing a full line of automobile and miscellaneous casualty insurance. Although premium income was reduced because of the reduction in volume of business transacted by the parent Company the company experienced a satisfactory underwriting profit largely attributable to an improved loss ratio.

Trans Canada Credit Corporation Limited is a wholly owned subsidiary whose principal business is the making of personal and other loans to the public. In 1958 the Company transacted the largest volume of business in its history resulting in an increased contribution to the consolidated profits of the group.

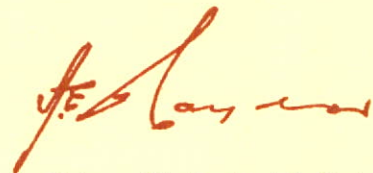
GENERAL

Traders Finance maintains eighty-three branch offices from Newfoundland to British Columbia and Trans Canada Credit Corporation Limited operates fifty-three branches across Canada.

Since the inception of the Company thirty-eight years ago our finance business has grown through the development of an organization of highly trained and experienced personnel. It also represents an investment of many millions of dollars. The continued growth of Canada assures us that there will be a substantial increase in the market for automobiles and other consumer goods and that an ever increasing volume of instalment credit business will be available to the finance industry. Traders Finance today, with its subsidiary companies, is a highly diversified organization with an enviable record of accomplishment. Your management is confident that Traders will continue to maintain a leading position in the industry and grow in size and strength in the years to come.

The Directors would like to pay tribute to the admirable way in which the employees represented the Company during the year in offering service to the public and to express our belief that the Company is well equipped as to personnel and facilities to take advantage of the opportunities that 1959 should offer.

FOR THE BOARD OF DIRECTORS,



Chairman of the Board and President.

Toronto, Ontario,
March 10, 1959.

TRADERS FINANCE CORPORATION LIMITED

AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 1958

Income from operations - - - - -		\$29,179,165
Income from investments - - - - -		594,854
Miscellaneous income - - - - -		164,265
		29,938,284
Interest on loans and funded debt - - - - -	\$ 9,457,332	
Cost of acquisition of borrowed money - - - - -	482,003	
General and administrative expenses - - - - -	10,394,934	
Directors' and executive officers' salaries - - - - -	329,149	
Directors' fees - - - - -	24,793	
Legal fees - - - - -	12,175	
Depreciation of buildings and equipment - - - - -	501,527	21,201,913
Profit for year before provision for income taxes - - - - -		8,736,371
Provision for income taxes - - - - -		3,938,667
Profit for year before provision for minority interest - - - - -		4,797,704
Provision for minority interest - - - - -		45,196
Net profit for year - - - - -		\$ 4,752,508

CONSOLIDATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1958

(after provision for minority interest)

Balance January 1, 1958 - - - - -		\$17,534,747
Add: Adjustment arising from changes in shareholdings of subsidiary companies - - - - -		42,266
		17,577,013
Deduct: Contribution to Pension Plan for past service - - - - -	\$ 26,066	
Transfer to Contingent Reserve - - - - -	35,719	61,785
		17,515,228
Net profit for year - - - - -	4,752,508	
Less: Interest on income funding rights - - - - -	\$ 17,053	
Dividend on 4½% cumulative redeemable preferred shares - - - - -	135,774	
Dividend on 5% cumulative redeemable convertible preferred shares - - - - -	244,256	397,083
Net profit for year available for common shares - - - - -		4,355,425
Dividends on common shares - - - - -		3,008,631
Added to surplus - - - - -		1,346,794
Balance December 31, 1958 - - - - -		\$18,862,022

TRADERS FINANCE CO

AND SUBSIDIARIES

Consolidated Balance Sheet

ASSETS

Cash on hand, in banks and Government of Canada Treasury Bills -		\$ 19,588,194
Investment in bonds and stocks at cost - - - - -	\$ 17,269,044	
(Market value—\$17,373,039)		
Interest accrued - - - - -	155,340	17,424,384
Notes and accounts receivable		
Retail and wholesale—secured - - - - -	241,381,281	
Other loans, mortgages and advances—secured or guaranteed -	7,403,523	
Accounts receivable - - - - -	3,406,076	
	<u>252,190,880</u>	
Less: Provision for doubtful accounts - - - - -	2,376,529	249,814,351
Unamortized cost of acquisition of borrowed money - - - - -		2,030,885
Land, buildings and equipment—at cost - - - - -	3,152,892	
Less: Accumulated allowance for depreciation - - - - -	<u>1,727,361</u>	1,425,531

Approved on behalf of the Board

A. E. NAYLOR, Director
R. M. WILLMOTT, Director

\$290,283,345

Toronto, Canada, February 26, 1959.

This is the balance sheet referred to in our report to the Shareholders dated

CORPORATION LIMITED

Y COMPANIES

et as at December 31, 1958

LIABILITIES

Bank borrowings represented by collateral trust notes Series "C"— secured - - - - -		\$ 13,900,000
Accounts payable and accrued charges - - - - -	\$ 1,686,500	
Interest accrued on funded debt - - - - -	1,499,929	
Interest and dividends payable - - - - -	871,579	
Provision for Federal and Provincial Taxes - - - - -	2,080,482	
Dealers' credit balances - - - - -	13,528,457	19,666,947
Unearned income - - - - -		19,086,468
Reserve for insurance claims - - - - -		3,873,184
Reserve for guarantee bonds - - - - -	195,882	
Contingent reserve - - - - -	439,657	635,539
Collateral trust notes—secured - - - - -		152,804,000
Sinking fund debentures - - - - -		37,617,500
Minority interest of shareholders in the capital and surplus of subsidiary companies - - - - -		1,194,007
Capital		
Authorized:		
35,000 4½% cumulative redeemable preferred shares —par value \$100 each		
125,000 5% cumulative redeemable convertible preferred shares—par value \$40 each		
2,000,000 Class "A" common shares—no par value		
240,000 Class "B" common shares—no par value		
Issued and outstanding:		
35,000 4½% cumulative redeemable preferred shares	3,500,000	
4,828 shares held through subsidiary companies - -	482,800	
30,172	3,017,200	
120,558 5% cumulative redeemable convertible preferred shares - - - - -	4,822,320	
1,016,435 Class "A" common shares - - - - -	14,324,158	
240,000 Class "B" common shares - - - - -	480,000	
	22,643,678	
Surplus - - - - -	18,862,022	
Total capital and surplus - - - - -		41,505,700
		<u>\$290,283,345</u>

A. H. Sawnic & Co

February 26, 1959.

Chartered Accountants.

Auditors' Report

TO THE SHAREHOLDERS OF

TRADERS FINANCE CORPORATION LIMITED

We have examined the consolidated balance sheet of Traders Finance Corporation Limited and subsidiary companies as at December 31, 1958, and the statements of consolidated profit and loss and surplus for the year ended on that date, and have obtained all the information and explanations we have required.

The examination was carried out in conjunction with the Companies' internal auditors. Substantial tests were made of the correctness of the accounts at the head offices and branch offices of the Companies and the accounting methods were reviewed, but all of the transactions were not audited in detail.

In our opinion, the accompanying consolidated balance sheet and the statements of consolidated profit and loss and surplus, with supplementary notes thereto, are properly drawn up so as to exhibit a true and correct view of the state of the Companies' affairs, on a consolidated basis, as at December 31, 1958, and the results of the operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

G. H. Dewrie & Co

Chartered Accountants.

TORONTO, CANADA,
FEBRUARY 26, 1959.

NOTES TO THE CONSOLIDATED BALANCE SHEET OF
TRADERS FINANCE CORPORATION LIMITED
 AND SUBSIDIARY COMPANIES—DECEMBER 31, 1958

1 COLLATERAL TRUST NOTES

Series "D" 3½% due April 1, 1959	- - - - -	\$ 7,500,000
Series "F" 3½% due Dec. 15, 1964	- - - - -	6,500,000
Series "H" 3½% due May 1, 1965	- - - - -	5,000,000
Series "K" 3¾% due March 1, 1963	- - - - -	6,000,000
Series "P" 4¾% due Feb. 15, 1968	- - - - -	6,000,000
*Series "Q" 4¾% due June 30, 1968	- - - - -	10,000,000
Series "R" 4½% due April 15, 1970	- - - - -	10,000,000
Series "S" 4½% due April 1, 1976	- - - - -	10,000,000
*Series "T" 4¾% due May 1, 1971	- - - - -	10,000,000
Series "U" 5¼% due Jan. 2, 1962	- - - - -	2,700,000
Series "U" 5½% due Jan. 2, 1969	- - - - -	6,300,000
*Series "V" 5⅜% due May 1, 1977	- - - - -	10,000,000
Series "W" 5¾% due June 15, 1972	- - - - -	2,000,000
Short term notes	- - - - -	<u>60,804,000</u>
Per Balance Sheet	- - - - -	<u>\$152,804,000</u>

*Repayable in U.S. Funds.

Series "C" Notes are issued from time to time in such amounts as are required for bank borrowings. During 1958 the average interest rate carried by these notes was 5.36% and the rate at December 31, 1958 was 5¼%.

2. SINKING FUND DEBENTURES

Series "A" and "B"

Authorized: \$4,000,000

Issued:

Series "A" 3¼% due January 2, 1958	- - - - -	\$2,000,000	
Less: Purchased or redeemed and cancelled	- - - - -	<u>2,000,000</u>	—
Series "B" 4% due May 1, 1963	- - - - -	2,000,000	
Less: Purchased and cancelled	- - - - -	<u>500,000</u>	\$1,500,000
4½% due October 1, 1967			
Issued	- - - - -	2,000,000	
Less: Purchased and cancelled	- - - - -	<u>350,000</u>	1,650,000
5¼% due May 15, 1968			
Issued	- - - - -	6,500,000	
Less: Purchased and cancelled	- - - - -	<u>966,000</u>	5,534,000
5% due April 15, 1969			
Issued	- - - - -	4,000,000	
Less: Purchased and cancelled	- - - - -	<u>495,000</u>	3,505,000
4¾% Convertible due May 1, 1969			
Issued	- - - - -	4,000,000	
Less: Converted to class "A" common shares	- - - - -	<u>3,381,000</u>	619,000
		Carried Forward	<u>\$12,808,000</u>

2. SINKING FUND DEBENTURES (Continued)

Brought Forward \$12,808,000

5½% due October 1, 1969		
Issued - - - - -	\$4,000,000	
Less: Purchased and cancelled - - - - -	489,500	
Called for redemption - - - - -	1,000	3,509,500
4¾% due March 15, 1971		
Issued - - - - -	6,000,000	
Less: Purchased and cancelled - - - - -	300,000	5,700,000
5% due September 15, 1972—carrying stock purchase warrants		
Issued - - - - -	5,000,000	
Less: Purchased and cancelled - - - - -	250,000	4,750,000
5¾% due March 1, 1973—carrying stock purchase warrants		
Issued - - - - -	6,000,000	
Less: Purchased and cancelled - - - - -	150,000	5,850,000
5¾% due October 15, 1974		
Issued - - - - -		5,000,000
Per Balance Sheet - - - - -		<u>\$37,617,500</u>

**3. CAPITAL STOCK
PREFERRED**

	4½% cum. redeemable preferred shares		5% cum. redeemable convert. preferred shares	
	Shares	Amount	Shares	Amount
Issued and outstanding January 1, 1958 - - - -	35,000	\$3,500,000	122,683	\$4,907,320
Converted to class "A" common shares - - - -			2,125	85,000
Issued and outstanding December 31, 1958 - - -	<u>35,000</u>	<u>\$3,500,000</u>	<u>120,558</u>	<u>\$4,822,320</u>

COMMON

	Class "A"		Class "B"	
	Shares	Amount	Shares	Amount
Issued and outstanding January 1, 1958 - -	1,012,227	\$14,175,658	240,000	\$480,000
Conversion of sinking fund debentures				
4¾% due May 1, 1969 - - - - -	988	38,000		
Conversion of 5% cumulative redeemable convertible preferred shares - - - - -	2,125	87,125		
Exercise of stock purchase warrants - - - -	1,095	23,375		
Issued and outstanding December 31, 1958 - -	<u>1,016,435</u>	<u>\$14,324,158</u>	<u>240,000</u>	<u>\$480,000</u>

246,507 class "A" shares are reserved for issuance against the exercise of the conversion privilege attached to the 4¾% sinking fund debentures due 1969, the stock purchase warrants carried by the 5% sinking fund debentures due 1972 and the 5¾% sinking fund debentures due 1973, and against the conversion privilege attaching to the 5% cumulative redeemable convertible preferred shares.

4. INCOME FUNDING RIGHTS

There are outstanding 13,653 series "A" and 6,171 series "B" income funding rights with a total aggregate face value of \$507,286.50. Non-cumulative interest at the rate of \$1.00 per annum per right is payable out of the net profits of each fiscal year or to the extent that such profits are available before payment of dividends on the 4½% cumulative redeemable preferred shares and the 5% cumulative redeemable convertible preferred shares. In the event of liquidation, the income funding rights rank after the 4½% cumulative redeemable preferred shares but in priority to the 5% cumulative redeemable convertible preferred shares and to the class "A" and class "B" common shares.

TRADERS FINANCE CORPORATION LIMITED

HEAD OFFICE

TRADERS BUILDING - 625 CHURCH STREET - TORONTO

BRANCH OFFICES

NEWFOUNDLAND	ST. JOHN'S CORNER BROOK	ONTARIO	TORONTO (3 Branches) HAMILTON WELLAND KITCHENER BRANTFORD CHATHAM LONDON WINDSOR OWEN SOUND TIMMINS KIRKLAND LAKE SUDBURY ELLIOT LAKE NORTH BAY SAULT STE. MARIE PORT ARTHUR KENORA
PRINCE EDWARD ISLAND	CHARLOTTETOWN SUMMERSIDE		
NOVA SCOTIA	SYDNEY ANTIGONISH NEW GLASGOW HALIFAX YARMOUTH		
NEW BRUNSWICK	SAINT JOHN MONCTON NEWCASTLE CAMPBELLTON WOODSTOCK BATHURST	MANITOBA	WINNIPEG BRANDON DAUPHIN
QUEBEC	RIMOUSKI MATANE QUEBEC HAUTERIVE CHICOUTIMI DOLBEAU THREE RIVERS SHERBROOKE GRANBY THETFORD MINES ST. HYACINTHE MONTREAL (5 Branches) ST. JEAN MONT LAURIER VAL D'OR ROUYN	SASKATCHEWAN	REGINA SWIFT CURRENT MOOSE JAW SASKATOON NORTH BATTLEFORD PRINCE ALBERT
ONTARIO	OTTAWA PEMBROKE CORNWALL KINGSTON BELLEVILLE PETERBOROUGH	ALBERTA	LETHBRIDGE CALGARY RED DEER MEDICINE HAT EDMONTON GRANDE PRAIRIE
		BRITISH COLUMBIA	NELSON PENTICTON KAMLOOPS DAWSON CREEK VANCOUVER (2 Branches) VICTORIA PRINCE GEORGE

THE OLDEST ALL-CANADIAN NATIONAL FINANCE COMPANY

SUBSIDIARY COMPANIES

Canadian General Insurance Company

Toronto General Insurance Company

Traders General Insurance Company

HEAD OFFICES—625 CHURCH STREET—TORONTO

SAINT JOHN WINNIPEG

MONTREAL EDMONTON

TORONTO CALGARY

LONDON VANCOUVER

Branch Offices

Trans Canada Credit Corporation Limited

HEAD OFFICE — 625 CHURCH STREET — TORONTO

Branch Offices

NEWFOUNDLAND

ST. JOHN'S

PRINCE EDWARD ISLAND

CHARLOTTETOWN

SUMMERSIDE

NOVA SCOTIA

SYDNEY

ANTIGONISH

HALIFAX (2 Branches)

DARTMOUTH

LIVERPOOL

YARMOUTH

KENTVILLE

TRURO

AMHERST

NEW BRUNSWICK

SAINT JOHN

FREDERICTON

MONCTON

NEWCASTLE

WOODSTOCK

QUEBEC

MONTREAL

ONTARIO

OTTAWA

CORNWALL

KINGSTON

BELLEVILLE

PETERBOROUGH

BARRIE

TORONTO (3 Branches)

HAMILTON (2 Branches)

KITCHENER

BRANTFORD

OWEN SOUND

GODERICH

ST. CATHARINES

LONDON

CHATHAM

WINDSOR

NORTH BAY

SUDBURY

ONTARIO

ELLIOT LAKE

TIMMINS

SAULT STE. MARIE

PORT ARTHUR

KENORA

MANITOBA

WINNIPEG

BRANDON

SASKATCHEWAN

REGINA

SASKATOON

ALBERTA

CALGARY

EDMONTON

BRITISH COLUMBIA

VANCOUVER

VICTORIA





TRADERS BUILDING