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TRADERS FINANCE CORPORATION
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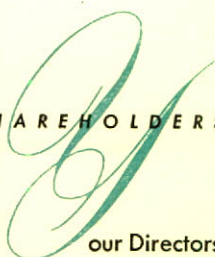
DECEMBER 31ST, 1956

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TRADERS FINANCE CORPORATION LIMITED

ANNUAL REPORT 1956

TO THE SHAREHOLDERS:



our 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, 1956.

CONSOLIDATED NET INCOME

Consolidated income for the year before income taxes - - - - -	\$10,087,711
Provision for income taxes - - - - -	4,619,120
Consolidated net income for the year - - - - -	<u>5,468,591</u>
Provision for minority interest - - - - -	72,283
Amount available for dividends and interest on income funding rights - - - - -	5,396,308
Interest on income funding rights - - - - -	\$ 17,146
Preferred dividends - - - - -	<u>385,336</u> 402,482
Amount available for common dividends - - - - -	4,993,826
Common dividends paid amounted to - - - - -	<u>2,982,722</u>
Balance of earnings added to surplus - - - - -	<u>\$ 2,011,104</u>

The amount of \$4,993,826 available for dividends represented earnings of \$4.01 per share on 1,246,478 common shares outstanding at December 31, 1956 compared with \$4,582,795 or \$3.70 per share on 1,237,370 common shares issued at December 31, 1955.

Dividends paid on common shares at the regular rate of \$2.40 per annum amounted to \$2,982,722 in comparison with \$2,930,230 the year before.

The amount of interest paid on borrowed money by the Company recorded a sharp increase in 1956 and was the major reason that earnings did not increase proportionately to the increase in the volume of instalment paper purchased by the Company. The rate of interest on our short term borrowings during 1956 varied from 2¾% to 5½% per annum on substantially increased borrowings as against a range of 1½% to 3¾% per annum during 1955. Bank interest rates on loans were increased three times during the year 1956, rising from 4½% to 5½% per annum.

CONSOLIDATED ASSETS

Consolidated assets totalled \$310,640,876 at December 31, 1956, an increase of \$62,821,699 from the total of \$247,819,177 at December 31, 1955. Notes receivable and lien obligations outstanding at December 31, 1956 totalled \$265,632,868 as compared with \$210,470,234 at December 31, 1955, an increase of \$55,162,634.

Investments in bonds and stocks increased to \$16,097,600 from \$12,411,204 at December 31, 1955.

FUNDED DEBT

To provide working funds in addition to bank borrowings and the sale of Short Term Notes, the following long term issues were sold:

Collateral Trust Notes—secured:

\$10,000,000—4½%—Series "S"—due April 1, 1976

\$10,000,000—4¾%—Series "T"—due May 1, 1971

Sinking Fund Debentures:

\$6,000,000—4¾%—due March 15, 1971

\$5,000,000—5%—due September 15, 1972

Since December 31, 1956 the following issues have been sold:

Collateral Trust Notes—secured:

\$2,522,000—5¼%—Series "U"—due January 2, 1962

\$5,605,000—5½%—Series "U"—due January 2, 1969

Sinking Fund Debentures:

\$6,000,000—5¾%—due March 1, 1973

CAPITAL

Through conversion of Sinking Fund Debentures and 5% Preferred Shares and by exercise of stock purchase warrants, 9,108 additional Class "A" common shares were issued and \$339,755 added to Capital account. The total number of Class "A" and Class "B" common shares outstanding as at December 31, 1956 was 1,246,478, with a book value of \$14,445,238.

SURPLUS

Consolidated surplus at December 31, 1956 of \$15,894,755 compares with \$13,740,945 at December 31, 1955, an increase for the year of \$2,153,810.

SUBSIDIARY COMPANIES

Although all the subsidiary companies transacted an increased volume of business in 1956 the results of our insurance companies have reflected the general downward trend in earnings of the insurance industry.

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, N.B., Montreal, Quebec, Toronto, Ontario, Winnipeg, Manitoba, Edmonton, Alberta, and Vancouver, B.C.

Since acquisition of controlling interest in Canadian General Insurance Company and Toronto General Insurance Company by Traders Finance in 1939, the volume of insurance written by the two companies has increased yearly. Combined earned premiums, less re-insurance, for the eighteen years totalled \$61,627,017, the over-all loss ratio being 42.83%.

Traders General Insurance Company insures certain risks of the parent company and during the year 1956 underwrote a substantially increased volume of insurance arising from instalment sales financed by Traders Finance Corporation Limited.

Trans Canada Credit Corporation Limited is a wholly-owned subsidiary whose principal business is the making of personal and other loans to the public. The net profits of this subsidiary have been well maintained. During the last session of Parliament a number of changes were made in the "Small Loans Act", effective as from the beginning of 1957, which will in all likelihood have the effect of limiting earnings.

GENERAL

Your Company now operates seventy-five branches in all provinces of Canada. During the year seven new branches were opened in the following cities: Rouyn, Quebec, a fourth branch in Toronto, Kirkland Lake, Sault Ste. Marie and Brantford, Ontario, Prince George, and a second branch in Vancouver, B.C.

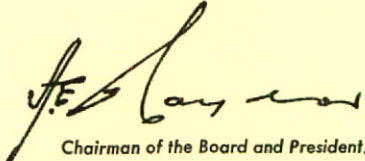
The Head Office building for Traders Finance Corporation Limited and its subsidiary companies is almost completed. This building will be known as "Traders Building" and the address will be 625 Church Street, Toronto 5, Ontario. You will note from the Notice of Annual Meeting accompanying this report that the Annual Meeting of the Company will be held at the new offices.

The amount of Receivables owned by the Company at the end of the year was the highest on record and should the present level of motor car sales continue, indications are that your Company should enjoy another profitable year.

Your Directors wish to record their gratitude for the effective manner in which all the Companies' employees have carried on their duties throughout the year.

SUBMITTED ON BEHALF OF THE BOARD,

Toronto, Ontario,
March 12, 1957.



J.F. Cameron
Chairman of the Board and President.

TRADERS FINANCE CORPORATION LIMITED

AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 1956

Income from operations - - - - -		\$28,923,587
Income from interest and dividends - - - - -		896,968
Miscellaneous income - - - - -		56,706
		<u>29,877,261</u>
Interest on loans and funded debt - - - - -	\$8,419,333	
Cost of acquisition of borrowed money - - - - -	654,722	
General and administrative expenses - - - - -	9,663,583	
Directors' and executive officers' salaries - - - - -	447,422	
Directors' fees - - - - -	9,870	
Legal fees - - - - -	9,764	
Depreciation of buildings and equipment - - - - -	584,856	19,789,550
Profit for year before income taxes - - - - -		<u>10,087,711</u>
Provision for income taxes - - - - -		4,619,120
Profit for year before provision for minority interest - - - - -		<u>5,468,591</u>
Provision for minority interest - - - - -		72,283
Net profit for year - - - - -		<u>\$ 5,396,308</u>

CONSOLIDATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1956 (after provision for minority interest)

Balance January 1, 1956 - - - - -		\$13,740,945
Add: Adjustment of prior years income taxes - - - - -	\$ 377,779	
Adjustment arising from changes in shareholdings of subsidiary companies - - - - -	94,927	472,706
		<u>14,213,651</u>
Deduct: Discount on debentures issued during year - - - - -		330,000
		<u>13,883,651</u>
Net profit for year - - - - -	5,396,308	
Less: Interest on income funding rights - - - - -	\$ 17,146	
Dividends on 4½% cumulative redeemable preferred shares - - - - -	136,215	
Dividends on 5% cumulative redeemable convertible preferred shares - - - - -	249,121	402,482
Net profit for year available for common shares - - - - -		<u>4,993,826</u>
Dividends on common shares - - - - -		2,982,722
Added to surplus - - - - -		<u>2,011,104</u>
Balance December 31, 1956 - - - - -		<u>\$15,894,755</u>

Consolidated Balance Sheet

ASSETS

Cash on hand and in banks - - - - -		\$ 18,055,749
Investments in bonds and stocks—at cost - - - - -	\$ 16,097,600	
(Market value—\$15,657,942)		
Interest accrued - - - - -	144,442	16,242,042
Notes receivable and lien obligations—secured - - - - -	265,632,868	
Loans, mortgages, advances and accounts receivable - - - - -	11,977,891	
	<u>277,610,759</u>	
Less: Provision for doubtful accounts - - - - -	2,706,940	274,903,819
Cash in hands of trustee for sinking fund purposes - - - - -		1,735
Unamortized discount on collateral trust notes - - - - -		82,744
Land, buildings and equipment—at cost - - - - -	2,566,566	
Less: Accumulated allowance for depreciation - - - - -	<u>1,211,779</u>	1,354,787

Approved on behalf of the Board

A. E. NAYLOR, Director

R. M. WILLMOTT, Director

\$310,640,876

Toronto, Canada, March 5, 1957.

This is the balance sheet referred to in our r

CORPORATION LIMITED

Y COMPANIES

et as at December 31, 1956

LIABILITIES

Bank borrowings represented by collateral trust notes, Series "C"—secured		\$ 43,500,000
Accounts payable and accrued charges - - - - -	\$ 1,333,161	
Interest accrued on funded debt - - - - -	1,462,788	
Interest and dividends payable - - - - -	866,222	
Provision for income taxes - - - - -	2,945,587	
Dealers' credit balances - - - - -	14,093,260	20,701,018
Unearned income - - - - -		18,779,930
Reserve for insurance claims- - - - -		4,416,931
Reserve for guarantee bonds - - - - -	160,586	
Contingent reserve - - - - -	334,000	494,586
Collateral trust notes—secured - - - - -		153,186,000
Sinking fund debentures - - - - -		30,056,500
Minority interest of shareholders in the capital and surplus of subsidiary companies - - - - -		1,190,798
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	
4,730 shares held by subsidiary companies - - - - -	473,000	
<u>30,270</u>	<u>3,027,000</u>	
123,703 5% cumulative redeemable convertible preferred shares - - - - -	4,948,120	
1,006,478 Class "A" common shares - - - - -	13,965,238	
240,000 Class "B" common shares - - - - -	480,000	
<u>22,420,358</u>	<u>22,420,358</u>	
Surplus - - - - -	15,894,755	
Total capital and surplus - - - - -		<u>38,315,113</u>
		<u>\$310,640,876</u>

ort to the Shareholders dated March 5, 1957.

G. J. Sawrie & Co

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, 1956, 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 auditor. 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.

The accompanying consolidated balance sheet, with supplementary notes thereto, and the statements of consolidated profit and loss and surplus are properly drawn up, on a basis consistent with the preceding year except that the cost of acquisition of borrowed money other than discount on debentures issued during the year is charged directly to profit and loss instead of surplus, in which change we concur, and in our opinion the consolidated balance sheet, with supplementary notes thereto, and the statements of consolidated profit and loss and surplus exhibit a true and correct view of the state of the Companies' affairs, on a consolidated basis, as at December 31, 1956, 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.

A. J. Sawnic & Co

Chartered Accountants.

Toronto, Canada,
March 5, 1957.

NOTES TO THE CONSOLIDATED BALANCE SHEET OF
TRADERS FINANCE CORPORATION LIMITED
 AND SUBSIDIARY COMPANIES

December 31, 1956

I. 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 "I" 3¼% due June 15, 1957 - - - - -	5,000,000
Series "K" 3¾% due Mar. 1, 1963 - - - - -	6,000,000
Series "L" 3⅝% due Mar. 1, 1958 - - - - -	3,750,000
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
Short term notes - - - - -	73,436,000
Per balance sheet - - - - -	<u>\$ 153,186,000</u>

*Repayable in U.S. funds.

Series "C" Notes are issued from time to time in such amounts as are required for bank borrowings. As at December 31, 1956 the interest rate carried by the Series "C" Notes was 5½%.

By agreement dated November 27, 1956, the Company received a commitment for the purchase of \$5,000,000 principal amount of Series "U" Notes and gave an option to an underwriter to purchase up to an additional \$10,000,000 principal amount of the Series "U" Notes.

The Series "U" Notes are to be issued as of January 2, 1957.

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 and cancelled - - - - -	400,000	\$ 1,600,000
Series "B" 4% due May 1, 1963 - - - - -	\$2,000,000	
Less: Purchased and cancelled - - - - -	400,000	1,600,000
4% Convertible due April 1, 1966		
Issued - - - - -	\$3,000,000	
Less: Converted to Class "A" common shares - - - - -	2,912,000	
Purchased and cancelled - - - - -	75,000	13,000
4½% due October 1, 1967—carrying stock purchase warrants		
Issued - - - - -	\$2,000,000	
Less: Purchased and cancelled - - - - -	250,000	1,750,000
5¼% due May 15, 1968		
Issued - - - - -	\$6,500,000	
Less: Purchased and cancelled - - - - -	614,000	
Called for redemption - - - - -	27,000	5,859,000
5% due April 15, 1969		
Issued - - - - -	\$4,000,000	
Less: Purchased and cancelled - - - - -	294,500	
Called for redemption - - - - -	500	3,705,000
	<u>Carried Forward</u>	<u>\$14,527,000</u>

NOTES TO THE CONSOLIDATED BALANCE SHEET OF
TRADERS FINANCE CORPORATION LIMITED
 AND SUBSIDIARY COMPANIES

December 31, 1956

2. SINKING FUND DEBENTURES (continued)

	Brought Forward	\$14,527,000
4¾% Convertible due May 1, 1969		
Issued - - - - -	\$4,000,000	
Less: Converted to Class "A" common shares - - - - -	<u>3,180,000</u>	820,000
5½% due October 1, 1969		
Issued - - - - -	\$4,000,000	
Less: Purchased and cancelled - - - - -	281,000	
Called for redemption - - - - -	<u>9,500</u>	3,709,500
4¾% due March 15, 1971		
Issued - - - - -		6,000,000
5% due September 15, 1972—carrying stock purchase warrants		
Issued - - - - -		<u>5,000,000</u>
Per balance sheet - - - - -		<u><u>\$30,056,500</u></u>

3. CAPITAL STOCK

PREFERRED

During the year 1,147 of the 5% cumulative redeemable convertible preferred shares were converted to Class "A" common shares.

COMMON

	Class "A"		Class "B"	
	Shares	Amount	Shares	Amount
Issued and outstanding January 1, 1956 - - -	997,370	\$13,625,483	240,000	\$480,000
Conversion of sinking fund debentures				
4¾% due May 1, 1969 - - - - -	7,911	293,000		
Conversion of 5% cumulative redeemable convertible preferred shares - - - - -	1,147	45,880		
Exercise of stock purchase warrants - - - - -	50	875		
Issued and outstanding, December 31, 1956 - -	<u>1,006,478</u>	<u>\$13,965,238</u>	<u>240,000</u>	<u>\$480,000</u>

198,117 Class "A" common shares are reserved for issuance against the exercise of the conversion privilege attached to the 4% convertible sinking fund debentures due 1966, the 4¾% convertible sinking fund debentures due 1969, the stock purchase warrants carried by the 4½% sinking fund debentures due 1967, the 5% sinking fund debentures due 1972 and 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	ONTARIO	KITCHENER
PRINCE EDWARD ISLAND	CHARLOTTETOWN SUMMERSIDE		OWEN SOUND
			TIMMINS
NOVA SCOTIA	SYDNEY NEW GLASGOW HALIFAX DARTMOUTH YARMOUTH		KIRKLAND LAKE
			SDBURY
NEW BRUNSWICK	MONCTON SAINT JOHN CAMPBELLTON WOODSTOCK BATHURST		NORTH BAY
			SAULT STE. MARIE
QUEBEC	RIMOUSKI QUEBEC CHICOUTIMI DOLBEAU THREE RIVERS SHERBROOKE GRANBY THETFORD MINES ST. HYACINTHE MONTREAL (4 Branches) MONT LAURIER VAL D'OR ROUYN	MANITOBA	LONDON
			BRANTFORD
ONTARIO	OTTAWA PEMBROKE CORNWALL KINGSTON BELLEVILLE TORONTO (4 Branches) HAMILTON WELLAND	SASKATCHEWAN	CHATHAM
			WINDSOR
			PORT ARTHUR
			KENORA
		ALBERTA	WINNIPEG
			BRANDON
			DAUPHIN
			REGINA
			SWIFT CURRENT
			MOOSE JAW
			SASKATOON
			NORTH BATTLEFORD
			PRINCE ALBERT
			LETHBRIDGE
			CALGARY
			RED DEER
			MEDICINE HAT
			EDMONTON
			PEACE RIVER
			GRANDE PRAIRIE
		BRITISH COLUMBIA	NELSON
			PENTICTON
			VANCOUVER (2 Branches)
			VICTORIA
			PRINCE GEORGE

THE OLDEST ALL-CANADIAN NATIONAL FINANCE COMPANY

S U B S I D I A R Y C O M P A N I E S

CANADIAN GENERAL INSURANCE COMPANY
TORONTO GENERAL INSURANCE COMPANY
TRADERS GENERAL INSURANCE COMPANY

HEAD OFFICE—625 CHURCH STREET—TORONTO

Branch Offices

SAINT JOHN	TORONTO
MONTREAL	WINNIPEG
EDMONTON	VANCOUVER

TRANS CANADA CREDIT CORPORATION LIMITED

HEAD OFFICE—625 CHURCH STREET—TORONTO

Branch Offices

NEWFOUNDLAND	ST. JOHN'S	ONTARIO	BRANTFORD OWEN SOUND GODERICH ST. CATHARINES NORTH BAY SUDBURY TIMMINS LONDON CHATHAM WINDSOR SAULT STE. MARIE PORT ARTHUR KENORA
PRINCE EDWARD ISLAND	CHARLOTTETOWN SUMMERSIDE		
NOVA SCOTIA	HALIFAX DARTMOUTH YARMOUTH KENTVILLE TRURO		
NEW BRUNSWICK	SAINT JOHN FREDERICTON MONCTON	MANITOBA	WINNIPEG BRANDON
QUEBEC	MONTREAL	SASKATCHEWAN	SASKATOON
ONTARIO	OTTAWA CORNWALL KINGSTON BELLEVILLE PETERBOROUGH TORONTO (3 Branches) HAMILTON (2 Branches) KITCHENER	ALBERTA	CALGARY
		BRITISH COLUMBIA	NELSON PENTICTON VANCOUVER VICTORIA

