

Notes in file

TRADERS FINANCE CORPORATION

L I M I T E D



35TH
Annual Report

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TRADERS FINANCE CORPORATION LIMITED

Directors

HENRY BORDEN, C.M.G., Q.C.

LT.-COL. T. R. O. MEIGHEN, Q.C.

J. R. CROFT, O.B.E., C.A.

A. E. NAYLOR, O.B.E.

HON. RAY LAWSON, O.B.E., LL.D.

K. B. PALMER, O.B.E., Q.C.

THE RT. HON. ARTHUR MEIGHEN, P.C., Q.C.

D. H. ROSS

COL. M. C. G. MEIGHEN, O.B.E.

D. E. STEWART

R. M. WILLMOTT

Executive Officers

COL. M. C. G. MEIGHEN, O.B.E.

A. E. NAYLOR, O.B.E.

Chairman of the Board

President

J. R. CROFT, O.B.E., C.A.

D. E. STEWART

Vice-President—Operations

Vice-President—Finance

R. M. WILLMOTT

D. H. ROSS

Vice-President and Treasurer

Vice-President

W. J. CAREY

Vice-President—Sales

W. W. EVANS, C.A.

P. C. FERGUSSON

Assistant Vice-President—Operations

Assistant Vice-President

MISS E. M. STRAIN

J. D. MACRAE

Secretary

Assistant Secretary and Assistant Treasurer

Auditors

A. D. DOWNIE & CO.

Transfer Agent and Registrar

CANADIAN GENERAL SECURITIES LIMITED

Trustee

COLLATERAL TRUST NOTES—THE ROYAL TRUST COMPANY

Trustee

SINKING FUND DEBENTURES—THE CANADA TRUST COMPANY

SHARES LISTED

TORONTO STOCK EXCHANGE AND CANADIAN STOCK EXCHANGE

TRADERS FINANCE CORPORATION LIMITED

ANNUAL REPORT 1955

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, 1955.

CONSOLIDATED NET INCOME

Consolidated income for the year before income taxes - - - - -	\$8,979,427
Provision for income taxes - - - - -	<u>3,804,770</u>
Consolidated net income for the year- - - - -	5,174,657
Provision for minority interest - - - - -	<u>188,424</u>
Amount available for dividends and interest on income funding rights - - -	4,986,233
Interest on income funding rights - - - - - \$ 17,292	
Preferred dividends - - - - -	<u>386,146</u> <u>403,438</u>
Amount available for common dividends - - - - -	4,582,795
Common dividends paid amounted to - - - - -	<u>2,930,230</u>
Balance of earnings added to surplus - - - - -	<u>\$1,652,565</u>

The amount of \$4,582,795 available for dividends on 1,237,370 common shares outstanding at December 31, 1955 represented earnings of \$3.70 per share, compared with \$4,090,054 or \$3.50 per share on 1,167,572 common shares outstanding at December 31, 1954.

Dividends paid on common shares amounted to \$2,930,230 in comparison with \$2,750,594 in the year 1954.

CONSOLIDATED ASSETS

Consolidated assets totalled \$247,819,177 at December 31, 1955, an increase of \$51,632,922 from the total of \$196,186,255 at December 31, 1954. Notes receivable and lien obligations outstanding at December 31, 1955 totalled \$210,470,234 as compared with \$163,290,172 at December 31, 1954, an increase of \$47,180,062.

CAPITAL

Through conversion of Sinking Fund Debentures and 5% Preferred Shares and by exercise of stock purchase warrants, 69,798 additional Class "A" common shares were issued and \$2,350,220 was added to Capital account. The total number of Class "A" and Class "B" common shares outstanding as at December 31, 1955 was 1,237,370, with a book value of \$14,105,483.

SURPLUS

As in prior years, the total cost of acquisition of borrowed money has been written off as a charge to surplus.

Consolidated surplus at December 31, 1955, of \$13,740,945 compares with \$12,269,804 at December 31, 1954, an increase for the year of \$1,471,141.

SUBSIDIARY COMPANIES

The subsidiary Companies have again transacted a volume of business which resulted in a satisfactory net profit.

Trans Canada Credit Corporation Limited.

This is a wholly owned subsidiary whose principal business is the making of personal and other loans to the public. Since the last report, nine new branches have been opened, the total number of branches now being forty-nine.

Canadian General Insurance Company

Toronto General Insurance Company

Traders General Insurance Company

These subsidiaries 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, Winnipeg, Edmonton, and Vancouver.

Since acquisition of controlling interest in Canadian General Insurance Company and Toronto General Insurance Company by "Traders" in 1939 the volume of insurance written by the two companies has increased yearly. Combined earned premiums, less re-insurance, for the seventeen years totalled \$54,892,047, the over-all loss ratio being 41.96%.

Traders General Insurance Company insures certain risks of the parent Company in addition to writing the same lines of insurance as the other two insurance Companies.

GENERAL

Your Company now operates sixty-eight branches from Newfoundland to the Pacific coast. During the year, five new branches were opened in the following cities, St. John's, Newfoundland; Summerside, Prince Edward Island; Dartmouth, Nova Scotia; a fourth branch in Montreal, Quebec; and North Bay, Ontario. Additional branches will be opened in 1956 as well as a number of service offices subsidiary to the larger branches.

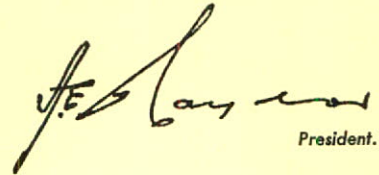
The volume of business obtained by the Special Products Division has more than lived up to expectations. The number of accounts outstanding at certain cities has necessitated the opening of branches to handle this type of business exclusively.

The new Head Office Building for Traders Finance Corporation Limited and its subsidiary and associated Companies is now under construction.

Your Directors again have pleasure in recording their thanks and appreciation to all the Companies' employees for their effective services and co-operation during the year.

SUBMITTED ON BEHALF OF THE BOARD,

Toronto, Canada,
February 28, 1956.



President.

TRADERS FINANCE CORPORATION LIMITED

AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 1955

Income from operations - - - - -		\$22,305,920
Income from interest and dividends - - - - -		655,014
Miscellaneous income - - - - -		227,095
		23,188,029
Interest on loans and funded debt - - - - -	\$5,131,664	
General and administrative expense - - - - -	8,181,204	
Directors' and executive officers' salaries - - - - -	393,247	
Directors' fees - - - - -	5,425	
Legal fees - - - - -	20,524	
Depreciation on buildings and equipment - - - - -	476,538	14,208,602
Profit for year before provision for income taxes - - - - -		8,979,427
Provision for income taxes - - - - -		3,804,770
Profit for year before provision for minority interest - - - - -		5,174,657
Provision for minority interest - - - - -		188,424
Net profit for year - - - - -		\$ 4,986,233

CONSOLIDATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1955 (after provision for minority interest)

Balance January 1, 1955 - - - - -		\$12,269,804
Deduct: Cost of acquisition of borrowed money - - - - -	\$ 182,407	
Less: Adjustment arising from changes in shareholdings of subsidiary companies - - -	983	181,424
		12,088,380
Net profit for year - - - - -	4,986,233	
Less: Interest on income funding rights - - - - -	\$ 17,292	
Dividends on 4½% cumulative redeemable preferred shares - - - - -	136,383	
Dividends on 5% cumulative redeemable convertible preferred shares - - - - -	249,763	403,438
Net profit for year available for common shares - - - - -		4,582,795
Dividends on common shares - - - - -		2,930,230
Added to surplus - - - - -		1,652,565
Balance December 31, 1955 - - - - -		\$13,740,945

Consolidated Balance S

ASSETS

Cash on hand and in banks - - - - -		\$ 14,190,084
Investments in bonds and stocks—at cost - - - - -	\$12,411,204	
(Market value—\$12,909,811)		
Interest accrued - - - - -	<u>101,918</u>	12,513,122
Notes receivable and lien obligations—secured - - - - -		210,470,234
Loans, mortgages, advances and accounts receivable - - - - -		8,890,884
Cash in hands of trustee for sinking fund purposes - - - - -		101,302
Land, buildings and equipment—at cost - - - - -	2,633,655	
Less: Reserve for depreciation - - - - -	<u>980,104</u>	1,653,551

Approved on behalf of the Board

A. E. NAYLOR, *Director*

R. M. WILLMOTT, *Director*

\$247,819,177

Toronto, Canada, February 22, 1956.

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

INCORPORATION LIMITED

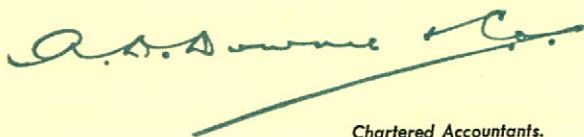
COMPANIES

Balance Sheet - December 31, 1955

LIABILITIES

Bank borrowings represented by collateral trust notes, Series "C"—secured		\$ 32,500,000
Accounts payable and accrued charges - - - - -	\$ 1,181,990	
Interest accrued on funded debt - - - - -	941,596	
Interest and dividends payable - - - - -	825,048	
Provision for income taxes - - - - -	2,782,955	
Dealers' credit balances - - - - -	<u>11,290,363</u>	17,021,952
Provision for doubtful accounts - - - - -		2,113,520
Unearned income - - - - -		14,609,887
Reserve for insurance claims - - - - -		3,470,650
Reserve for guarantee bonds - - - - -	151,758	
Contingent reserve - - - - -	<u>334,000</u>	485,758
Collateral trust notes—secured - - - - -		120,586,500
Sinking fund debentures - - - - -		19,957,500
Minority interest of shareholders in the capital and surplus of subsidiary companies - - - - -		1,202,182
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	
4,692 shares held by subsidiary companies - - - -	<u>469,200</u>	
30,308	3,030,800	
124,850 5% cumulative redeemable convertible preferred shares - - - - -	4,994,000	
997,370 Class "A" common shares - - - - -	13,625,483	
240,000 Class "B" common shares - - - - -	<u>480,000</u>	
	22,130,283	
Surplus - - - - -	<u>13,740,945</u>	
Total capital and surplus - - - - -		<u>35,871,228</u>
		<u>\$247,819,177</u>

February 22, 1956.



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, 1955, 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.

In our opinion, the accompanying consolidated balance sheet, with supplementary notes thereto, and the statements of consolidated profit and loss and surplus 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, 1955, 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.D. Lawrence & Co.

Chartered Accountants.

Toronto, Canada,
February 22, 1956.

NOTES TO THE CONSOLIDATED BALANCE SHEET OF
TRADERS FINANCE CORPORATION LIMITED

AND SUBSIDIARY COMPANIES

December 31, 1955

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 "M" 4% due June 1, 1956	455,000
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
Short term notes	60,390,000
	120,595,000
Deduct: Unamortized discount	8,500
Per balance sheet	\$ 120,586,500

*Repayable in U.S. funds.

Series "C" 4½% Notes are issued from time to time in such amounts as are required for bank borrowings.

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	350,000
	\$ 1,650,000
Series "B" 4% due May 1, 1963	\$2,000,000
Less: Purchased and cancelled	350,000
	1,650,000
4% Convertible due January 15, 1965	
Issued-	\$4,000,000
Less: Converted to Class "A" common shares	3,778,500
Purchased and cancelled	220,500
Called for redemption	1,000
	—
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	200,000
	1,800,000
5¼% due May 15, 1968	
Issued-	\$6,500,000
Less: Purchased and cancelled	467,500
Called for redemption	11,000
	6,021,500
	Carried Forward \$11,134,500

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

December 31, 1955

2. SINKING FUND DEBENTURES (Continued)

	<i>Brought Forward</i>	\$11,134,500
5% due April 15, 1969		
Issued- - - - -	\$4,000,000	
Less: Purchased and cancelled - - - - -	186,500	
Called for redemption - - - - -	<u>8,500</u>	3,805,000
4¾% Convertible due May 1, 1969		
Issued- - - - -	\$4,000,000	
Less: Converted to Class "A" common shares - - - - -	<u>2,887,000</u>	1,113,000
5½% due October 1, 1969		
Issued- - - - -	\$4,000,000	
Less: Purchased and cancelled - - - - -	85,000	
Called for redemption - - - - -	<u>10,000</u>	3,905,000
Per balance sheet - - - - -		<u><u>\$19,957,500</u></u>

**3. CAPITAL STOCK
 PREFERRED**

During the year 150 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, 1955 - - -	927,572	\$11,291,163	240,000	\$480,000
Conversion of sinking fund debentures				
4% due April 1, 1966 - - - - -	144	3,000		
4¾% due May 1, 1969 - - - - -	63,114	2,216,690		
Conversion of 5% cumulative redeemable convertible preferred shares - - - - -	150	6,000		
Exercise of stock purchase warrants - - - - -	6,390	108,630		
Issued and outstanding December 31, 1955 - - -	<u>997,370</u>	<u>\$13,625,483</u>	<u>240,000</u>	<u>\$480,000</u>

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 dividend 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 - 50 KING STREET WEST - TORONTO

Branch Offices

NEWFOUNDLAND	ST. JOHN'S	ONTARIO	KITCHENER
PRINCE EDWARD ISLAND	CHARLOTTETOWN		OWEN SOUND
	SUMMERSIDE		TIMMINS
NOVA SCOTIA	SYDNEY		SUDBURY
	NEW GLASGOW		NORTH BAY
	HALIFAX		LONDON
	DARTMOUTH		CHATHAM
	YARMOUTH		WINDSOR
			PORT ARTHUR
			KENORA
NEW BRUNSWICK	MONCTON	MANITOBA	WINNIPEG
	SAINT JOHN		BRANDON
	CAMPBELLTON		DAUPHIN
	WOODSTOCK		
	BATHURST		
QUEBEC	RIMOUSKI	SASKATCHEWAN	REGINA
	QUEBEC		SWIFT CURRENT
	CHICOUTIMI		MOOSE JAW
	DOLBEAU		SASKATOON
	THREE RIVERS		NORTH BATTLEFORD
	SHERBROOKE		PRINCE ALBERT
	GRANBY		
	THETFORD MINES	ALBERTA	LETHBRIDGE
	ST. HYACINTHE		CALGARY
	MONTREAL (4 Branches)		RED DEER
	MONT LAURIER		MEDICINE HAT
	VAL D'OR		EDMONTON
ONTARIO	OTTAWA		PEACE RIVER
	PEMBROKE		GRANDE PRAIRIE
	CORNWALL		
	KINGSTON	BRITISH COLUMBIA	NELSON
	BELLEVILLE		PENTICTON
	TORONTO (3 Branches)		VANCOUVER
	HAMILTON		VICTORIA
	WELLAND		

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 - 85 RICHMOND STREET WEST - TORONTO

Branch Offices

SAINT JOHN	TORONTO
MONTREAL	WINNIPEG
EDMONTON	VANCOUVER

TRANS CANADA CREDIT CORPORATION LIMITED

EXECUTIVE OFFICES - 3271 BLOOR STREET WEST - TORONTO

Branch Offices

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

