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TRADERS FINANCE CORPORATION

L I M I T E D

34th Annual Report



Traders

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TRADERS FINANCE CORPORATION LIMITED

Directors

THE RT. HON. ARTHUR MEIGHEN, P.C., Q.C.
 HENRY BORDEN, C.M.G., Q.C. LT.-COL. T. R. O. MEIGHEN, Q.C.
 LT.-COL. HUGH CLARK A. E. NAYLOR, O.B.E.
 J. R. CROFT, O.B.E., C.A. K. B. PALMER, O.B.E., Q.C.
 HON. RAY LAWSON, O.B.E., LL.D. D. H. ROSS
 COL. M. C. G. MEIGHEN, O.B.E. D. E. STEWART
 R. M. WILLMOTT

Executive Officers

THE RT. HON. ARTHUR MEIGHEN, P.C., Q.C. A. E. NAYLOR, O.B.E.
Chairman of the Board *President*
 COL. M. C. G. MEIGHEN, O.B.E. J. R. CROFT, O.B.E., C.A.
Vice-President *Vice-President—Operations*
 D. E. STEWART D. H. ROSS
Vice-President—Finance *Vice-President*
 R. M. WILLMOTT W. J. CAREY
Vice-President and Treasurer *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 1954

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, 1954.

CONSOLIDATED NET INCOME

Consolidated income for the year before income taxes - - - - -	\$8,028,787
Provision for income taxes - - - - -	<u>3,427,446</u>
Consolidated net income for the year - - - - -	4,601,341
Provision for minority interest - - - - -	<u>199,796</u>
Amount available for dividends and interest on income funding rights - - -	4,401,545
Interest on income funding rights - - - - -	\$ 17,341
Preferred dividends - - - - -	<u>294,150</u>
Amount available for common dividends - - - - -	<u>4,090,054</u>
This represents earnings of \$3.50 per share on 1,167,572 Class "A" and Class "B" common shares issued and outstanding at December 31, 1954.	
Common dividends paid amounted to - - - - -	<u>2,750,594</u>
Balance of earnings added to surplus - - - - -	<u><u>\$1,339,460</u></u>

The amount of \$4,090,054 available for dividends on 1,167,572 common shares outstanding at December 31, 1954, represented earnings of \$3.50 per share, compared with \$4,313,866 or \$3.82 per share on 1,128,321 common shares outstanding at December 31, 1953.

The decrease in volume of business transacted by your Company during the year was in line with the experience of the industry as a whole.

Dividends paid on common shares amounted to \$2,750,594 in comparison with \$2,281,332 in the year 1953.

CONSOLIDATED ASSETS

Consolidated assets totalled \$196,186,255 at December 31, 1954, a decrease of \$18,249,730 from the total of \$214,435,985 at December 31, 1953. The largest portion of this decrease was due to the substantial reduction in wholesale receivables outstanding.

CAPITAL

By supplementary letters patent dated April 29, 1954 the authorized capital stock of the Company was increased by 125,000—5% cumulative redeemable convertible preferred shares of the par value of \$40 each. These shares were issued as of May 12, 1954 and resulted in the addition of \$5,000,000 to the capital of the Company.

Through conversion of Sinking Fund Debentures and by exercise of stock purchase warrants, 39,251 Class "A" common shares were issued and \$1,027,190 was added to Capital account. The total number of Class "A" and Class "B" common shares outstanding as at December 31, 1954 was 1,167,572, with a book value of \$11,771,163.

SURPLUS

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

Consolidated surplus at December 31, 1954, of \$12,269,804 compares with \$11,419,149 at December 31, 1953.

SUBSIDIARY COMPANIES

The various subsidiary companies have been able to report a satisfactory increase in the volume of business transacted with a resultant increase in net profits.

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. The company operates 40 branches and transacted a profitable volume of business in the year 1954.

Canadian General Insurance Company

Toronto 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 and Vancouver.

Since acquisition of controlling interest by "Traders" in 1939 the volume of insurance written by the two companies has increased yearly. Combined earned premiums, less re-insurance, for the sixteen years totalled \$49,111,318, the over-all loss ratio being 41.86%.

Traders General Insurance Company

This company which insures certain risks of the parent Company entered the Fire re-insurance field in the year 1954. The volume of insurance written and the loss ratio were satisfactory.

GENERAL

Since the last report five new branch offices have been opened by Traders Finance Corporation Limited. These branches are at Bathurst, N.B., Montreal—Rosemont, Quebec, and at Chatham, Kingston and Kenora, Ontario. With sixty-three branches from coast to coast your Company is equipped to give the best possible service to both dealers and customers.

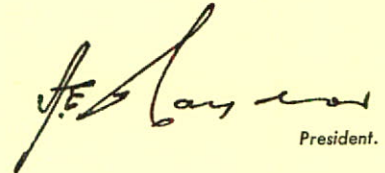
During the year a Special Products Division was created for the purpose of increasing your Company's volume of household appliance financing. An agreement was signed with one of the largest manufacturers of household appliances in Canada for the financing of their products.

In order to bring the Head Offices of the subsidiary companies under the same roof as the parent company your Directors authorized the purchase of a suitable block of land for building purposes. Consideration is being given to the planning of a building which will provide improved and economical working conditions for the group of companies.

The Directors again wish to acknowledge the loyal and enthusiastic work of all employees of the Company and its subsidiaries.

SUBMITTED ON BEHALF OF THE BOARD,

Toronto, Canada,
March 4, 1955.



President.

TRADERS FINANCE CORPORATION LIMITED

AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 1954

Income from operations - - - - -		\$21,276,835
Income from interest and dividends - - - - -		591,425
Miscellaneous income - - - - -		152,361
		22,020,621
Interest on loans and funded debt - - - - -	\$6,042,263	
General and administrative expense - - - - -	7,199,606	
Directors' and executive officers' salaries - - - - -	366,342	
Directors' fees - - - - -	5,600	
Legal fees - - - - -	18,084	
Depreciation on buildings and equipment - - - - -	359,939	
		13,991,834
Profit for year before provision for income taxes - - - - -		8,028,787
Provision for income taxes - - - - -		3,427,446
		4,601,341
Profit for year before provision for minority interest - - - - -		199,796
Provision for minority interest - - - - -		-
Net profit for year - - - - -		\$ 4,401,545

CONSOLIDATED SURPLUS

DECEMBER 31, 1954 (after provision for minority interest)

Balance January 1, 1954 - - - - -		\$11,419,149
Deduct: Cost of acquisition of borrowed money - - - - -	\$ 344,837	
Underwriting expenses - - - - -	\$193,873	
Less: Premium received on issue of 5% cumulative redeemable convertible preferred shares - - - - -	62,500	131,373
Contribution to employees' retirement fund —past service - - - - -		13,273
		489,483
Less: Adjustment arising from changes in shareholdings of subsidiary companies - - - - -	678	488,805
		10,930,344
Net profit for year - - - - -	4,401,545	
Less: Interest on income funding rights - - - - -	\$ 17,341	
Dividends on 4½% cumulative redeemable preferred shares - - - - -	135,400	
Dividends on 5% cumulative redeemable convertible preferred shares - - - - -	158,750	311,491
Net profit for year available for common shares - - - - -		4,090,054
Dividends on common shares - - - - -		2,750,594
Added to surplus - - - - -		1,339,460
Balance December 31, 1954 - - - - -		\$12,269,804

Consolidated Balance Sheet

ASSETS

Cash on hand and in banks - - - - -		\$ 15,083,712
Investments in bonds and stocks—at cost - - - - -	\$11,117,142	
(Market value—\$11,767,900)		
Interest accrued - - - - -	<u>77,220</u>	11,194,362
Notes receivable and lien obligations—secured, after full provision for doubtful accounts - - - - -		161,801,098
Loans, mortgages, advances and accounts receivable, after full provision for doubtful accounts - - - - -		6,703,216
Cash in hands of trustee for sinking fund purposes - - - - -		100,000
Land, buildings and equipment—at cost - - - - -	2,103,404	
Less: Reserve for depreciation - - - - -	<u>799,537</u>	1,303,867

Approved on behalf of the Board

ARTHUR MEIGHEN, *Director*

R. M. WILLMOTT, *Director*

\$196,186,255

Toronto, Canada, March 3, 1955.

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

CORPORATION LIMITED

Y COMPANIES

Sheet - December 31, 1954

LIABILITIES

Bank borrowings represented by collateral trust notes, Series "C"—secured		\$ 12,650,000
Accounts payable and accrued charges - - - - -	\$ 1,381,920	
Interest accrued on funded debt - - - - -	957,593	
Interest and dividends payable - - - - -	776,551	
Provision for income taxes - - - - -	2,371,101	
Dealers' credit balances - - - - -	10,276,637	15,763,802
Unearned income - - - - -		12,621,919
Reserve for insurance claims - - - - -		2,986,981
Reserve for guarantee bonds - - - - -	139,281	
Contingent reserve - - - - -	334,000	473,281
Collateral trust notes—secured - - - - -		95,961,815
Sinking fund debentures - - - - -		22,640,000
Minority interest of shareholders in the capital and surplus of subsidiary companies - - - - -		1,038,590
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	
4,911 shares held by subsidiary companies - - - - -	491,100	
30,089	3,008,900	
125,000 5% cumulative redeemable convertible preferred shares - - - - -	5,000,000	
927,572 Class "A" common shares - - - - -	11,291,163	
240,000 Class "B" common shares - - - - -	480,000	
	19,780,063	
Surplus - - - - -	12,269,804	
Total capital and surplus - - - - -		32,049,867
		<u>\$196,186,255</u>

dated March 3, 1955.

A. S. ... 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, 1954, 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, 1954, 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.


Chartered Accountants.

Toronto, Canada,
March 3, 1955.

NOTES TO THE CONSOLIDATED BALANCE SHEET OF
TRADERS FINANCE CORPORATION LIMITED

AND SUBSIDIARY COMPANIES

December 31, 1954

1. COLLATERAL TRUST NOTES

Series "B" 2½% due Sept. 1, 1955 - - - - -	\$ 3,400,000
Series "D" 3½% due April 1, 1959 - - - - -	7,500,000
Series "F" 3½% due Dec. 15, 1964 - - - - -	6,500,000
Series "G" 3⅛% due May 1, 1955 - - - - -	3,000,000
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 - - - - -	<u>29,370,000</u>
	95,975,000

Deduct: Unamortized discount - - - - - 13,185

Per balance sheet - - - - - \$95,961,815

*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 - - - - -	<u>300,000</u>	\$ 1,700,000
Series "B" 4% due May 1, 1963 - - - - -	2,000,000	
Less: Purchased and cancelled - - - - -	<u>300,000</u>	1,700,000
4 % Convertible due January 15, 1965		
Issued - - - - -	4,000,000	
Less: Converted to Class "A" common shares - - - - -	3,778,500	
Purchased and cancelled - - - - -	219,500	
Called for redemption - - - - -	<u>2,000</u>	—
4 % Convertible due April 1, 1966		
Issued - - - - -	3,000,000	
Less: Converted to Class "A" common shares - - - - -	2,909,000	
Purchased and cancelled - - - - -	<u>75,000</u>	16,000
4½% due October 1, 1967—carrying stock purchase warrants		
Issued - - - - -	2,000,000	
Less: Purchased and cancelled - - - - -	<u>150,000</u>	1,850,000
	<u>Carried Forward</u>	<u>\$ 5,266,000</u>

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

December 31, 1954

2. SINKING FUND DEBENTURES (Continued)

	Brought Forward	\$ 5,266,000
5¼% due May 15, 1968		
Issued	-	\$6,500,000
Less: Purchased and cancelled	-	<u>325,000</u>
		6,175,000
5 % due April 15, 1969		
Issued	-	4,000,000
Less: Purchased and cancelled	-	<u>100,000</u>
		3,900,000
4¾% Convertible due May 1, 1969		
Issued	-	4,000,000
Less: Converted to Class "A" common shares	-	<u>701,000</u>
		3,299,000
5½% due October 1, 1969		
Issued	-	4,000,000
Per balance sheet	-	<u><u>\$22,640,000</u></u>

3. CAPITAL STOCK

PREFERRED

125,000 5% cumulative redeemable convertible preferred shares of the par value of \$40 each were authorized by supplementary letters patent dated April 29, 1954. The rights attaching to these shares are subject and subordinate to those attaching to the 4½% cumulative redeemable preferred shares and to the income funding rights.

COMMON

	Class "A"		Class "B"	
	Shares	Amount	Shares	Amount
Issued and outstanding January 1, 1954	888,321	\$10,263,973	240,000	\$480,000
Conversion of 4% sinking fund debentures				
—due January 15, 1965	2,382	41,000		
—due April 1, 1966	590	11,500		
—due May 1, 1969	20,329	711,515		
Exercise of stock purchase warrants	15,950	263,175		
Issued and outstanding December 31, 1954	<u>927,572</u>	<u>\$11,291,163</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

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

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
MONTREAL

TORONTO
WINNIPEG

VANCOUVER

•
TRANS CANADA CREDIT CORPORATION LIMITED

HEAD OFFICE - 3271 BLOOR STREET WEST - TORONTO

Branch Offices

PRINCE EDWARD ISLAND

CHARLOTTETOWN

ONTARIO

CHATHAM
WINDSOR
SAULT STE. MARIE
PORT ARTHUR
KENORA

NOVA SCOTIA

HALIFAX
YARMOUTH
KENTVILLE

NEW BRUNSWICK

SAINT JOHN
FREDERICTON
MONCTON

MANITOBA

WINNIPEG
BRANDON

QUEBEC

MONTREAL

SASKATCHEWAN

REGINA
MOOSE JAW
SASKATOON
PRINCE ALBERT

ONTARIO

OTTAWA
CORNWALL
KINGSTON
BELLEVILLE
TORONTO (3 Branches)
HAMILTON
KITCHENER
OWEN SOUND
ST. CATHARINES
SUDBURY
LONDON

ALBERTA

LETHBRIDGE
CALGARY
RED DEER
EDMONTON

BRITISH COLUMBIA

NELSON
PENTICTON
VANCOUVER
VICTORIA

