

**TRADERS FINANCE CORPORATION**

L I M I T E D

*Traders*

*33rd Annual Report*

DECEMBER 31st, 1953

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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.

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

LT.-COL. HUGH CLARK

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.

D. H. ROSS

H. R. MILNER, Q.C.

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.

*Assistant Vice-President—Operations*

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 1953

TO THE SHAREHOLDERS:

OUR DIRECTORS beg to 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, 1953.

This thirty-third year of your Company's history shows growth in assets, in equity for future expansion, and in amount of dividends paid.

### CONSOLIDATED NET INCOME

Consolidated income for the year before income taxes - - - - -	\$8,683,789
Provision for income taxes - - - - -	<u>4,071,590</u>
Consolidated net income for the year- - - - -	4,612,199
Provision for minority interest - - - - -	<u>145,579</u>
Amount available for dividends and interest on income funding rights - - -	4,466,620
Interest on income funding rights - - - - - \$	17,356
Preferred dividends - - - - -	<u>135,398</u>
Amount available for common dividends - - - - -	<u>4,313,866</u>
This represents earnings of \$3.82 per share on 1,128,321 Class "A" and Class "B" common shares issued and outstanding at December 31, 1953.	
Common dividends paid amounted to - - - - -	<u>2,281,332</u>
Balance of earnings added to surplus - - - - -	<u><u>\$2,032,534</u></u>

The amount of \$4,313,866 available for dividends on 1,128,321 common shares outstanding at December 31, 1953 represents earnings of \$3.82 per share, which is an increase of 57 cents over the comparative figure for the year 1952.



In keeping with your Companies' long-established policy of maintaining adequate reserves approximately \$4,500,000 was appropriated from earnings and added to Unearned Income and the various reserve accounts in 1953.

Increased costs of borrowed money, of insurance, and of administration are reflected in the consolidated earnings. In order to handle the increased volume of business and to ensure adequate service to dealers and customers, four new branch offices were opened during the year and larger premises were obtained for several of the older branches with a resultant increase in expenses.

Dividends paid on common shares amounted to \$2,281,332 in comparison with \$1,031,068 in the year 1952, an increase of \$1,250,264.

### **CONSOLIDATED ASSETS**

Consolidated assets increased by \$48,411,339 during the year to \$214,435,985 from \$166,024,646 at December 31, 1952.

### **FUNDED DEBT**

Additional working funds were obtained by medium of Collateral Trust Notes and Sinking Fund Debentures. Collateral Trust Notes (which include bank borrowings) were \$27,556,235 higher at December 31, 1953 than at the previous year end. Sinking Fund Debentures were increased by \$10,175,500 over the amount outstanding at December 31, 1952.

### **CAPITAL**

Through conversion of Sinking Fund Debentures and by exercise of stock purchase warrants 152,343 Class "A" common shares were issued and \$2,465,460 was added to Capital Account. The total number of Class "A" and Class "B" common shares outstanding as at December 31, 1953 was 1,128,321 with a book value of \$10,743,973.

### **SURPLUS**

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

To bring the Companies' Retirement Annuity Plan for employees into line with present-day requirements the Plan was revised and improved during the year. The cost of this has also been written off as a charge to surplus in the amount of \$342,805.

Consolidated surplus at December 31, 1953, \$11,419,149 compares with \$10,606,455 at December 31, 1952.

### **SUBSIDIARY COMPANIES**

#### **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 now operates thirty-two branch offices and transacted a profitable volume of business in the year 1953.

## **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.

Both of these companies had a very satisfactory year in 1953. 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 fifteen years totalled \$43,745,989, the over-all loss ratio being 42.27%.

### **Traders General Insurance Company**

This company which insures certain risks of the parent Company commenced operations in 1952. It was able to show a reasonable profit for the year 1953. In February 1954 the company announced a competitive plan of low-cost, term payment, direct billing automobile insurance. The purpose of the plan is to equip the insurance agent with the facilities of a Canadian company to meet the competition of direct insurance writers.

## **GENERAL**

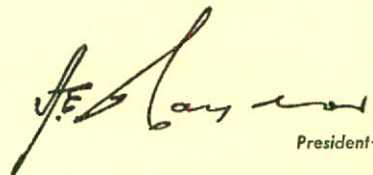
The death in September 1953 of Mr. John S. Dickson, a director for many years is very much regretted. Mr. Dickson contributed freely of his energy, time and talents for the good of the Company, and established himself firmly in the esteem of the Directors as well as the Management.

Mr. Ross M. Willmott, Treasurer, who has been with the Company more than eighteen years was appointed to the Board of Directors to fill the vacancy.

The Directors again wish to express their appreciation of the loyal and faithful services rendered by all employees of the Company and its subsidiaries.

SUBMITTED ON BEHALF OF THE BOARD,

Toronto, Canada,  
March 15, 1954.



President

# TRADERS FINANCE CORPORATION LIMITED

AND SUBSIDIARY COMPANIES

## STATEMENT OF CONSOLIDATED PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 1953

Income from operations	-	-	-	-	-	-	-	-	-	-	\$20,354,610
Income from interest and dividends	-	-	-	-	-	-	-	-	-	-	470,847
Miscellaneous income	-	-	-	-	-	-	-	-	-	-	38,052
											<u>20,863,509</u>
Interest on loans and funded debt	-	-	-	-	-	-	-	-	-	\$5,554,091	
General and administrative expense	-	-	-	-	-	-	-	-	-	5,967,913	
Directors' and executive officers' salaries	-	-	-	-	-	-	-	-	-	323,568	
Directors' fees	-	-	-	-	-	-	-	-	-	5,840	
Legal fees	-	-	-	-	-	-	-	-	-	8,329	
Depreciation on buildings and equipment	-	-	-	-	-	-	-	-	-	319,979	12,179,720
Profit for year before provision for income taxes	-	-	-	-	-	-	-	-	-	-	<u>8,683,789</u>
Provision for income taxes	-	-	-	-	-	-	-	-	-	-	4,071,590
											<u>4,612,199</u>
Provision for minority interest	-	-	-	-	-	-	-	-	-	-	145,579
Net profit for year	-	-	-	-	-	-	-	-	-	-	<u>\$ 4,466,620</u>

## CONSOLIDATED SURPLUS

DECEMBER 31, 1953 (after provision for minority interest)

Balance January 1, 1953	-	-	-	-	-	-	-	-	-	-	\$10,606,455
Deduct: Cost of acquisition of borrowed money	-	-	-	-	-	-	-	-	-	\$ 893,771	
Contribution to employees' retirement plan as revised and improved	-	-	-	-	-	-	-	-	-	342,805	
										<u>1,236,576</u>	
Less: Adjustment arising from changes in shareholdings of subsidiaries	-	-	-	-	-	-	-	-	-	16,736	1,219,840
											<u>9,386,615</u>
Net profit for year	-	-	-	-	-	-	-	-	-	4,466,620	
Less: Interest on income funding rights	-	-	-	-	-	-	-	-	-	\$ 17,356	
Dividend on 4½% cumulative redeemable preferred shares	-	-	-	-	-	-	-	-	-	135,398	152,754
											<u>4,313,866</u>
Net profit for year available for common shares	-	-	-	-	-	-	-	-	-	-	4,313,866
Dividends on common shares	-	-	-	-	-	-	-	-	-	-	2,281,332
											<u>2,032,534</u>
Added to surplus	-	-	-	-	-	-	-	-	-	-	2,032,534
Balance December 31, 1953	-	-	-	-	-	-	-	-	-	-	<u>\$11,419,149</u>



**TRADERS FINANCE CO**

AND SUBSIDIARIES

*Consolidated Balance Sheet*

**ASSETS**

Cash on hand and in banks	-	-	-	-	-	-	-	-	-	-	-	\$ 14,750,288
Investments in bonds and stocks—at cost	-	-	-	-	-	-	-	-	-	-	-	\$ 9,864,203
(Market value \$9,713,987)												
Interest accrued	-	-	-	-	-	-	-	-	-	-	72,002	9,936,205
Notes receivable and lien obligations—secured, after full provision for doubtful accounts	-	-	-	-	-	-	-	-	-	-	-	183,351,531
Loans, mortgages, advances and accounts receivable, after full provision for doubtful accounts	-	-	-	-	-	-	-	-	-	-	-	5,475,156
Land, buildings and equipment—at cost	-	-	-	-	-	-	-	-	-	-	1,559,841	
Less: Reserve for depreciation	-	-	-	-	-	-	-	-	-	-	637,036	922,805

Approved on behalf of the Board

A. E. NAYLOR, Director

ARTHUR MEIGHEN, Director

\$214,435,985

Toronto, Canada, March 4, 1954.

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



# CORPORATION LIMITED

Y COMPANIES

Sheet - December 31, 1953

## LIABILITIES

Bank borrowings represented by collateral trust notes, Series "C"—secured -	- - -	\$ 40,000,000
Accounts payable and accrued charges - - - - -	\$ 1,083,683	
Interest accrued on funded debt - - - - -	871,702	
Interest and dividends payable - - - - -	710,385	
Provision for income taxes - - - - -	2,470,358	
Dealers' credit balances - - - - -	9,593,960	14,730,088
Unearned income - - - - -	- - -	12,473,860
Reserve for insurance claims - - - - -	- - -	2,958,537
Reserve for guarantee bonds - - - - -	130,135	
Contingent reserve - - - - -	334,000	464,135
Collateral trust notes—secured - - - - -	- - -	93,963,360
Sinking fund debentures - - - - -	- - -	23,808,000
Minority interest of shareholders in the capital and surplus of subsidiary companies - - - - -	- - -	865,983
Capital		
Authorized:		
35,000 4½% cumulative redeemable preferred shares —par value \$100 each, callable at \$104.		
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 in subsidiary companies - - -	491,100	
30,089	3,008,900	
888,321 Class "A" common shares - - - - -	10,263,973	
240,000 Class "B" common shares - - - - -	480,000	
	13,752,873	
Surplus - - - - -	11,419,149	
Total capital and surplus - - - - -	- - -	25,172,022
		<u>\$214,435,985</u>

dated March 4, 1954.

*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, 1953, 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, 1953, 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 4, 1954.

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

*December 31, 1953*

**1. COLLATERAL TRUST NOTES**

Series "A" 3¼% due Feb. 1, 1954 - - - - -	\$ 1,500,000
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 "O" 4 % due Feb. 2, 1954 - - - - -	\$ 100,000
Feb. 16, 1954 - - - - -	100,000
April 25, 1954 - - - - -	900,000
May 1, 1954 - - - - -	300,000
Sept. 30, 1954 - - - - -	4,000,000
Oct. 29, 1954 - - - - -	1,400,000
Dec. 1, 1954 - - - - -	200,000
	7,000,000
Series "P" 4¾% due Feb. 15, 1968 - - - - -	6,000,000
Series "Q" 4¾% due June 30, 1968 (U.S. funds) - - - - -	10,000,000
Short term notes - - - - -	28,944,500
	94,049,500
Deduct: Unamortized discount - - - - -	86,140
Per balance sheet - - - - -	\$93,963,360

**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 - - - - -	250,000
	\$ 1,750,000
Series "B" 4% due May 1, 1963 - - - - -	2,000,000
Less: Purchased and cancelled - - - - -	250,000
	1,750,000
4% Convertible due January 15, 1965	
Issued - - - - -	4,000,000
Less: Converted to Class "A" common shares - - - - -	3,737,500
Purchased and cancelled - - - - -	213,500
Called for redemption - - - - -	6,000
	43,000
	Carried Forward \$ 3,543,000



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

*December 31, 1953*

**2. SINKING FUND DEBENTURES** (Continued)

Brought Forward \$ 3,543,000

4	% Convertible due April 1, 1966		
	Issued	\$3,000,000	
	Less: Converted to Class "A" common shares	2,897,500	
	Purchased and cancelled	75,000	27,500
4½%	due October 1, 1967—carrying stock purchase warrants		
	Issued	2,000,000	
	Less: Purchased and cancelled	100,000	1,900,000
5¼%	due May 15, 1968		
	Issued	6,500,000	
	Less: Purchased and cancelled	162,500	6,337,500
5	% due April 15, 1969		
	Issued		4,000,000
4¾%	Convertible due May 1, 1969		
	Issued		4,000,000
5½%	due October 1, 1969		
	Issued		4,000,000
	Per balance sheet		\$23,808,000

**3. CAPITAL STOCK—COMMON**

	Class "A"		Class "B"	
	Shares	Amount	Shares	Amount
Issued and outstanding January 1, 1953 (after giving effect to a "2 for 1" subdivision of the common stock authorized by supplementary letters patent dated Feb. 25, 1953).	735,978	\$ 7,798,513	240,000	\$480,000
Conversion of 4% sinking fund debentures				
—due January 15, 1965	86,281	1,391,500		
—due April 1, 1966	5,252	101,000		
Exercise of stock purchase warrants	60,810	972,960		
	888,321	\$10,263,973	240,000	\$480,000

By supplementary letters patent dated February 25, 1953, the issued and unissued Class "A" and Class "B" common shares were subdivided on a "2 for 1" basis and the authorized capital stock of the Company was increased by 1,040,000 additional Class "A" common 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 dividend on the 4½% cumulative redeemable preferred shares. In the event of liquidation, the income funding rights rank after the 4½% cumulative redeemable preferred shares but in priority 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

### NOVA SCOTIA

SYDNEY  
NEW GLASGOW  
HALIFAX  
YARMOUTH

### NEW BRUNSWICK

MONCTON  
SAINT JOHN  
CAMPBELLTON  
WOODSTOCK

### QUEBEC

RIMOUSKI  
QUEBEC  
CHICOUTIMI  
DOLBEAU  
THREE RIVERS  
SHERBROOKE  
GRANBY  
THETFORD MINES  
ST. HYACINTHE  
MONTREAL (2 Branches)  
MONT LAURIER  
VAL D'OR

### ONTARIO

OTTAWA  
PEMBROKE  
CORNWALL  
BELLEVILLE  
TORONTO (3 Branches)  
HAMILTON  
WELLAND

### ONTARIO

KITCHENER  
OWEN SOUND  
TIMMINS  
SUDBURY  
LONDON  
WINDSOR  
PORT ARTHUR

### MANITOBA

WINNIPEG  
BRANDON  
DAUPHIN

### SASKATCHEWAN

REGINA  
SWIFT CURRENT  
MOOSE JAW  
SASKATOON  
NORTH BATTLEFORD  
PRINCE ALBERT

### 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                      TORONTO  
 MONTREAL                      WINNIPEG  
    VANCOUVER

**TRANS CANADA CREDIT CORPORATION LIMITED**

HEAD OFFICE - 44 KING STREET WEST - TORONTO

*Branch Offices*

<b>PRINCE EDWARD ISLAND</b>	CHARLOTTETOWN	<b>ONTARIO</b>	SUDBURY LONDON WINDSOR PORT ARTHUR
<b>NOVA SCOTIA</b>	HALIFAX		
<b>NEW BRUNSWICK</b>	SAINT JOHN FREDERICTON	<b>MANITOBA</b>	WINNIPEG BRANDON
<b>QUEBEC</b>	QUEBEC MONTREAL	<b>SASKATCHEWAN</b>	REGINA MOOSE JAW SASKATOON PRINCE ALBERT
<b>ONTARIO</b>	OTTAWA CORNWALL BELLEVILLE TORONTO (2 Branches) HAMILTON KITCHENER OWEN SOUND ST. CATHARINES	<b>ALBERTA</b>	LETHBRIDGE CALGARY RED DEER EDMONTON
		<b>BRITISH COLUMBIA</b>	PENTICTON VANCOUVER VICTORIA



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