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# TRADERS FINANCE CORPORATION

*Limited*

20<sup>th</sup>  
ANNUAL REPORT



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# TRADERS FINANCE CORPORATION LIMITED

## Directors

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

HENRY BORDEN, C.M.G., Q.C. H. R. MILNER, Q.C.

LT.-COL. HUGH CLARK COL. M. C. G. MEIGHEN, O.B.E.

J. R. CROFT, O.B.E., C.A. LT.-COL. T. R. O. MEIGHEN, Q.C.

JOHN S. DICKSON A. E. NAYLOR, O.B.E.

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

D. E. STEWART

## Executive Officers

THE RT. HON. ARTHUR MEIGHEN, Q.C., P.C. - - - - - Chairman of the Board

A. E. NAYLOR, O.B.E. - - - - - President and General Manager

J. R. CROFT, O.B.E., C.A. - - - - - Vice-President and Assistant General Manager

D. E. STEWART - - - - - Vice-President—Finance

D. H. ROSS - - - - - Vice-President

W. W. EVANS, C.A. - - - - - Assistant General Manager

MISS E. M. STRAIN - - - - - Secretary

R. M. WILLMOTT - - - - - Treasurer

J. D. MACRAE - - - - - Assistant-Treasurer

## Auditor

A. DOUGLAS DOWNIE, C.A.

## 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 MONTREAL CURB EXCHANGE

# TRADERS FINANCE CORPORATION LIMITED

## ANNUAL REPORT 1952

TO THE SHAREHOLDERS:

Our Directors beg to submit herewith the Consolidated Balance Sheet and the Consolidated Statements of Profit and Loss and Earned Surplus of Traders Finance Corporation Limited and its subsidiary companies for the year ended December 31, 1952.

A substantial increase in the operations of your Company and its subsidiaries took place during the year with the result that consolidated earnings were greater than in any previous year.

### CONSOLIDATED NET INCOME

Consolidated earnings for the year before income taxes - - - - -	\$8,030,093
Provision for Dominion and Provincial income taxes - - - - -	4,136,005
Consolidated net income for the year - - - - -	3,894,088
Provision for minority interest - - - - -	69,244
Amount available for dividends and interest on income funding rights - - -	3,824,844
Interest on income funding rights - - - - -	-\$ 17,592
Preferred dividends - - - - -	135,641
Amount available for common dividends - - - - -	3,671,611
This represents earnings of \$7.52 per share on 487,989 Class "A" and Class "B" common shares issued and outstanding at December 31, 1952.	
Common dividends paid amounted to - - - - -	1,031,068
Balance of earnings added to surplus - - - - -	\$2,640,543

The amount of \$3,671,611 available for common dividends shows an increase of \$1,620,968 over the amount of \$2,050,643 available in 1951. During the year 1952, through conversion of Sinking Fund Debentures and by exercise of stock purchase warrants, 158,669 Class "A" common shares were added to the 209,320 Class "A" common shares outstanding at December 31, 1951.

The increase in the number of common shares outstanding and a bonus of 25¢ per share paid in addition to dividends of \$2.25 per share is reflected in the total of \$1,031,068 required for common dividends, as against \$657,574 in 1951, an increase of \$373,494.

### **CONSOLIDATED BALANCE SHEET**

Consolidated assets have increased \$48,877,136 during the year to \$166,024,646 from \$117,147,509 at December 31, 1951.

The increased volume of business required additional working funds. During the year, \$11,755,000 (net) Collateral Trust Notes were issued and in addition \$6,500,000 Sinking Fund Debentures were sold. The total cost of this financing has been written off as a charge to earned surplus.

Earned Surplus now stands at \$10,606,455 as compared with \$8,317,769 at December 31, 1951, an increase of \$2,288,686 for the year.

### **CAPITAL**

As mentioned above, 158,669 Class "A" common shares were issued during the year and the sum of \$5,372,325 was thus added to Capital Account.

At a Special General Meeting of Shareholders held on February 23, 1953, By-law 31 was unanimously approved. This By-law provided for the division of the issued and unissued Class "A" and Class "B" common shares on a "2 for 1" basis and also provided for an increase in the authorized Capital Stock of the Company by 1,040,000 additional Class "A" common shares. Supplementary Letters Patent have been granted and bear date of February 25, 1953. The new shares were called for trading on the Toronto Stock Exchange and Montreal Curb Exchange on Monday, March 2, 1953.

### **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. It is transacting a profitable volume of business and has Branch Offices located in most of the large cities of Canada.

#### **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 consistently increased. Combined earned premiums, less reinsurance, for the fourteen years totalled \$38,471,761, the over-all loss ratio being 42.43%.

## **Traders General Insurance Company**

This subsidiary which commenced operations in 1952 was formed to insure certain risks of the parent company. It is expected to take an increasingly important place in the "Traders" group of companies.

### **GENERAL**

Traders Finance Corporation now operates fifty-four Branch Offices in Canada from Cape Breton to Vancouver Island. As circumstances warrant and to maintain "Traders" service, further Branch Offices are contemplated.

The volume of business transacted in 1953 to date of this report continues to show a substantial increase over the previous year.

The Board wishes to express its appreciation to all employees, very many of whom are shareholders of your Company, for loyal and efficient services rendered throughout the year.

SUBMITTED ON BEHALF OF THE BOARD,

Toronto, Canada,  
March 4, 1953.



Handwritten signature of J.E. Taylor in blue ink, with a horizontal line underneath the signature.

President.

# TRADERS FINANCE CORPORATION LIMITED

AND SUBSIDIARY COMPANIES

## STATEMENT OF CONSOLIDATED PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 1952

Income from operations - - - - -	\$16,038,202	
Income from interest and dividends - - - - -	372,912	
Miscellaneous income - - - - -	8,374	\$16,419,488
Interest on loans and funded debt - - - - -	3,404,717	
General and administrative expense - - - - -	4,443,993	
Directors' and executive officers' salaries - - - - -	301,044	
Directors' fees - - - - -	6,020	
Legal fees - - - - -	12,357	
Depreciation on buildings and equipment - - - - -	221,264	8,389,395
Profit for year before provision for income taxes - - - - -	8,030,093	
Provision for income taxes - - - - -	4,136,005	
		3,894,088
Provision for minority interest - - - - -		69,244
Net profit for year - - - - -		<u>\$ 3,824,844</u>

## CONSOLIDATED EARNED SURPLUS

DECEMBER 31, 1952 (after provision for minority interest)

Balance January 1, 1952 - - - - -		\$ 8,317,769
Deduct: Underwriting expense - - - - -	\$ 319,706	
Transferred to contingent reserves of subsidiary companies - - - - -	32,314	
	352,020	
<b>Less:</b> Adjustment arising from changes in shareholdings of subsidiaries - - - - -	163	351,857
		7,965,912
Net profit for year - - - - -	3,824,844	
<b>Less:</b> Interest on income funding rights - - - - -	\$ 17,592	
Dividend on 4½% cumulative redeemable preferred shares - - - - -	135,641	153,233
Net profit for year available for common shares - - - - -	3,671,611	
Dividends on common shares - - - - -	1,031,068	
Added to surplus - - - - -		2,640,543
Balance December 31, 1952 - - - - -		<u>\$10,606,455</u>

# TRADERS FINANCE C

AND SUBSIDIA

## Consolidated Balance S

### ASSETS

Cash on hand and in banks	-	-	-	-	-	-	-	-	-	-	-	\$ 12,663,948
Investment in bonds and stocks—at cost	-	-	-	-	-	-	-	-	-	-	-	\$ 7,050,893
(Market value \$6,840,334)												
Interest accrued	-	-	-	-	-	-	-	-	-	-	46,066	7,096,959
Notes receivable and lien obligations—secured, after full provision for doubtful accounts	-	-	-	-	-	-	-	-	-	-	-	141,880,745
Loans, mortgages, advances and accounts receivable, after full provision for doubtful accounts	-	-	-	-	-	-	-	-	-	-	-	3,719,438
Land, buildings and equipment—at cost	-	-	-	-	-	-	-	-	-	-	1,122,600	
Less: Reserve for depreciation	-	-	-	-	-	-	-	-	-	-	459,044	663,556

Approved on behalf of the Board

A. E. NAYLOR, Director

ARTHUR MEIGHEN, Director

\$166,024,646

Toronto, Canada, March 2, 1953.

This is the balance sheet referred to in my report to the Shareholders



# CORPORATION LIMITED

Y COMPANIES

Sheet - December 31, 1952

## LIABILITIES

Bank borrowings represented by collateral trust notes, Series "C"—secured -	-	-	-	\$ 30,100,000
Accounts payable and accrued charges -	-	-	-	\$ 977,599
Interest accrued on funded debt -	-	-	-	639,961
Interest and dividends payable -	-	-	-	535,442
Provision for income taxes -	-	-	-	2,966,977
Dealers' credit balances -	-	-	-	6,393,811
				11,513,790
Unearned income -	-	-	-	9,329,781
Reserve for insurance claims -	-	-	-	1,974,680
Reserve for guarantee bonds -	-	-	-	129,979
Contingent reserve -	-	-	-	334,000
				463,979
Collateral trust notes—secured -	-	-	-	76,307,125
Sinking fund debentures -	-	-	-	13,632,500
Minority interest of shareholders in the capital and surplus of subsidiary companies -	-	-	-	803,423
<b>Capital</b>				
<i>Authorized:</i>				
35,000 4½% cumulative redeemable preferred shares —par value \$100 each, callable at \$104.				
480,000 Class "A" common shares—no par value				
120,000 Class "B" common shares—no par value				
<i>Issued and outstanding:</i>				
35,000 4½% cumulative redeemable preferred shares -			3,500,000	
4,856 shares held in subsidiary companies -	-	-	485,600	
				3,014,400
30,144			3,014,400	
367,989 Class "A" common shares -	-	-	7,798,513	
120,000 Class "B" common shares -	-	-	480,000	
				11,292,913
Earned surplus -	-	-	-	10,606,455
				21,899,368
Total capital and surplus -	-	-	-	21,899,368
				\$166,024,646

ated March 2, 1953.



Chartered Accountant.

## *Auditor's Report*

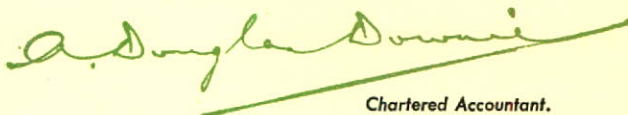
TO THE SHAREHOLDERS OF

### **TRADERS FINANCE CORPORATION LIMITED**

I have examined the consolidated balance sheet of Traders Finance Corporation Limited and subsidiary companies as at December 31, 1952, and the statements of consolidated profit and loss and earned surplus for the year ended on that date, and have obtained all the information and explanations I 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 my opinion, the accompanying consolidated balance sheet, with supplementary notes thereto, and the statements of consolidated profit and loss and earned 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, 1952, and the results of the operations for the year ended on that date, according to the best of my information and the explanations given to me and as shown by the books.

  
A. Douglas Downie

Chartered Accountant.

Toronto, Canada,  
March 2, 1953.

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

AND SUBSIDIARY COMPANIES

*December 31, 1952*

**1. COLLATERAL TRUST NOTES**

Series "A" 3¼% due 1954	-	-	-	-	-	-	-	-	-	-	\$ 2,800,000
Series "B" 2½% due 1953	-	-	-	-	-	-	-	-	-	\$ 4,800,000	
due 1955	-	-	-	-	-	-	-	-	3,400,000		8,200,000
Series "D" 3½% due 1959	-	-	-	-	-	-	-	-	-	-	7,500,000
Series "F" 3½% due 1964	-	-	-	-	-	-	-	-	-	-	6,500,000
Series "G" 3⅛% due 1955	-	-	-	-	-	-	-	-	-	-	3,000,000
Series "H" 3½% due 1965	-	-	-	-	-	-	-	-	-	-	5,000,000
Series "I" 3¼% due 1957	-	-	-	-	-	-	-	-	-	-	5,000,000
Series "J" 3½% due 1953	-	-	-	-	-	-	-	-	3,500,000		
4 % due 1953	-	-	-	-	-	-	-	-	1,500,000		5,000,000
Series "K" 3¾% due 1963	-	-	-	-	-	-	-	-	-	-	6,000,000
Series "L" 3⅝% due 1958	-	-	-	-	-	-	-	-	-	-	3,750,000
Series "M" 3½% due 1953	-	-	-	-	-	-	-	-	950,000		
4 % due 1953	-	-	-	-	-	-	-	-	1,000,000		
due 1956	-	-	-	-	-	-	-	-	455,000		2,405,000
Series "N" - due 1953	-	-	-	-	-	-	-	-	-	-	2,000,000
Series "O" 3½% due 1953	-	-	-	-	-	-	-	-	10,350,000		
4 % due 1953	-	-	-	-	-	-	-	-	750,000		11,100,000
Short term notes due 1953	-	-	-	-	-	-	-	-	-	-	8,200,000
											<u>\$76,455,000</u>
Deduct: Unamortized discount	-	-	-	-	-	-	-	-	-	-	147,875
Per balance sheet	-	-	-	-	-	-	-	-	-	-	<u>\$76,307,125</u>

**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	-	-	-	200,000	\$ 1,800,000
Series "B" 4% due May 1, 1963	-	-	-	2,000,000	
Less: Purchased and cancelled	-	-	-	200,000	1,800,000
				<u>Carried Forward</u>	<u>\$ 3,600,000</u>

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

*December 31, 1952*

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

	Brought Forward \$ 3,600,000	
4% Convertible due January 15, 1965		
Issued - - - - -	\$ 4,000,000	
Less: Converted to Class "A" common shares - - -	2,346,000	
Purchased and cancelled - - - - -	200,000	1,454,000
4% Convertible due April 1, 1966		
Issued - - - - -	3,000,000	
Less: Converted to Class "A" common shares - - -	2,796,500	
Purchased and cancelled - - - - -	75,000	128,500
4½% due October 1, 1967—carrying stock purchase warrants		
Issued - - - - -	2,000,000	
Less: Purchased and cancelled - - - - -	50,000	1,950,000
5¼% due May 15, 1968		
Issued: May 15, 1952 - - - - -	1,500,000	
Nov. 15, 1952 - - - - -	5,000,000	6,500,000
Per balance sheet - - - - -		<u>\$13,632,500</u>

**3. CAPITAL STOCK—COMMON**

	Class "A"		Class "B"	
	Shares	Amount	Shares	Amount
Issued and outstanding January 1, 1952 - - -	209,320	\$2,426,188	120,000	\$480,000
Conversion of 4% sinking fund debentures				
—due January 15, 1965 - - - - -	72,960	2,341,000		
—due April 1, 1966 - - - - -	78,134	2,796,500		
Exercise of stock purchase warrants - - -	7,575	234,825		
Issued and outstanding December 31, 1952 - -	<u>367,989</u>	<u>\$7,798,513</u>	<u>120,000</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. 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.

5. Investment reserves and contingent reinsurance reserves of subsidiary companies were transferred to contingent reserve during the year.

# TRADERS FINANCE CORPORATION LIMITED

HEAD OFFICE - 50 KING STREET WEST - TORONTO

## *Branch Offices*

<b>PRINCE EDWARD ISLAND</b>	CHARLOTTETOWN	<b>ONTARIO</b>	KITCHENER OWEN SOUND TIMMINS SUDBURY LONDON WINDSOR PORT ARTHUR
<b>NOVA SCOTIA</b>	SYDNEY NEW GLASGOW HALIFAX YARMOUTH		
<b>NEW BRUNSWICK</b>	MONCTON SAINT JOHN CAMPBELLTON WOODSTOCK	<b>MANITOBA</b>	WINNIPEG BRANDON
<b>QUEBEC</b>	RIMOUSKI QUEBEC CHICOUTIMI DOLBEAU THREE RIVERS SHERBROOKE GRANBY THETFORD MINES ST. HYACINTHE MONTREAL (2 Branches) MONT LAURIER VAL D'OR	<b>SASKATCHEWAN</b>	REGINA SWIFT CURRENT MOOSE JAW SASKATOON NORTH BATTLEFORD PRINCE ALBERT
<b>ONTARIO</b>	OTTAWA PEMBROKE CORNWALL BELLEVILLE TORONTO (2 Branches) HAMILTON	<b>ALBERTA</b>	LETHBRIDGE CALGARY RED DEER EDMONTON PEACE RIVER GRANDE PRAIRIE
		<b>BRITISH COLUMBIA</b>	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 - 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 THREE RIVERS SHERBROOKE GRANBY MONTREAL	<b>SASKATCHEWAN</b>	REGINA MOOSE JAW SASKATOON PRINCE ALBERT
<b>ONTARIO</b>	OTTAWA CORNWALL BELLEVILLE TORONTO (2 Branches) HAMILTON KITCHENER OWEN SOUND	<b>ALBERTA</b>	LETHBRIDGE CALGARY RED DEER EDMONTON
		<b>BRITISH COLUMBIA</b>	PENTICTON VANCOUVER VICTORIA



