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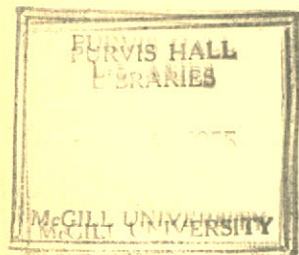
TRADERS FINANCE CORPORATION

Limited

T H I R T I E T H A N N U A L R E P O R T

30

DECEMBER 31ST, 1950



TRADERS FINANCE CORPORATION LIMITED

DIRECTORS

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

HENRY BORDEN, C.M.G., K.C.

H. R. MILNER, K.C.

LT.-COL. HUGH CLARK

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

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

LT.-COL. T. R. O. MEIGHEN, K.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, K.C., P.C. - - - - - Chairman of the Board

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

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

D. E. STEWART - - - - - Vice-President and Treasurer

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

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

J. D. MACRAE - - - - - Assistant-Secretary

R. M. WILLMOTT - - - - - Assistant-Treasurer

AUDITOR

A. DOUGLAS DOWNIE, C.A.

BANKERS

BANK OF MONTREAL

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-1950

TO THE SHAREHOLDERS:

Your directors have pleasure in submitting herewith the Annual Report of your Company for the year ended December 31, 1950, together with the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss and of Surplus as certified by your Auditor.

The consolidated operations of "Traders" and its subsidiaries for this thirtieth anniversary year have substantially exceeded any previous year in the Companies' history.

CONSOLIDATED NET INCOME

Consolidated net income for the year before income taxes	-	-	-	\$4,138,972
Provision for Dominion and Provincial income taxes	-	-	-	1,556,300
Consolidated net income for the year	-	-	-	2,582,672
Provision for minority interest	-	-	-	101,718
Amount available for dividends and interest on income funding rights	-	-	-	2,480,954
Interest on income funding rights	-	-	-	\$ 19,716
Preferred dividends	-	-	-	157,498
Amount available for common shares	-	-	-	2,303,740
This represents earnings of \$7.08 per common share on the 325,212 Class "A" and Class "B" common shares issued and outstanding at December 31, 1950.				
Common dividends paid amounted to	-	-	-	552,590
Balance of earnings added to surplus	-	-	-	\$1,751,150

The common shares are presently on a dividend basis of \$2.00 per annum, payable quarterly.

CONSOLIDATED BALANCE SHEET

Assets

Total consolidated assets have increased \$31,311,121 during the year from \$68,780,677 at December 31, 1949 to \$100,091,798.

Changes in corporate structure

Additional working funds have been provided during the year as follows:—

Collateral Trust Notes

The \$3,300,000 principal amount of Series "B" 2½% notes due September 1, 1950, were replaced by \$3,300,000 principal amount of Series "B" 2½% notes due September 1, 1953.

There were issued during the year—

Series "F" 3½% notes due Dec. 15, 1964	-	-	\$ 750,000
Series "G" 3⅛% notes due May 1, 1955	-	-	3,000,000
Series "H" 3½% notes due May 1, 1965	-	-	5,000,000
Series "I" 3¼% notes due June 15, 1957	-	-	5,000,000
Series "J" 2¾% notes due May 15, 1952	-	-	1,000,000
			<u>\$14,750,000</u>

Matured and paid during the year—

Series "E" 2½% notes due Nov. 15, 1950	-	-	<u>1,000,000</u>
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Additional working funds represented by Collateral Trust Notes - - - \$13,750,000

Sinking Fund Debentures

The following debentures were issued—

4% Convertible due Jan. 15, 1965	-	-	-	\$ 4,000,000
4% Convertible due Apr. 1, 1966	-	-	-	3,000,000
				<u>\$ 7,000,000</u>

There were purchased and cancelled for Sinking Fund—

Series "A" 3¼% due Jan. 2, 1958	-	-	\$50,000	
Series "B" 4% due May 1, 1963	-	-	50,000	100,000

Increase in working funds by means of Sinking Fund Debentures - - - 6,900,000

Total additional working funds provided in 1950 - - - - - \$20,650,000

To further augment its working funds, your Company issued in February 1951—

Series "J" 3% Collateral Trust Notes due Aug. 15, 1951 - - - - 4,000,000

Total additional working funds provided since Dec. 31, 1949 - - - - \$24,650,000

During 1950, \$894,000 4% Convertible Sinking Fund Debentures were converted into 44,615 Class "A" common shares.

The total cost of all financing in 1950 has been written off as a charge to Earned Surplus.

SUBSIDIARY COMPANIES

Trans Canada Credit Corporation Limited is a wholly owned subsidiary company whose principal business is the making of personal and other loans to the public. With steady growth, it is transacting a profitable volume of business and has branch offices located in most of the large cities in Canada.

Two other subsidiaries, Canadian General Insurance Company and Toronto General Insurance Company write a full line of automobile, fire and miscellaneous casualty insurance. The companies' head offices are in Toronto and branch offices are maintained at Saint John, Montreal, Toronto, Winnipeg and Vancouver. Since "Traders" acquired these two companies in 1939, the volume of insurance written has increased consistently. Combined earned premiums, less reinsurance, for the twelve years totalled \$29,153,720, the overall loss ratio being 42.12%.

GENERAL

Traders Finance Corporation Limited operates forty-one branch offices in Canada from Cape Breton to Vancouver Island.

Volume of business since December 31, 1950 continues to show a substantial increase.

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

FOR THE BOARD OF DIRECTORS,

Toronto, Ontario
February 27, 1951



President.

TRADERS FINANCE CORPORATION LIMITED
AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 1950

Income from operations	-	-	-	-	-	-	-	-	\$9,506,033	
Income from interest and dividends	-	-	-	-	-	-	-	-	308,242	
Profit realized on securities sold	-	-	-	-	-	-	-	-	75,922	\$9,890,197
Interest on loans and funded debt	-	-	-	-	-	-	-	-	2,191,255	
General and administrative expense	-	-	-	-	-	-	-	-	3,181,434	
Directors' and executive officers' salaries	-	-	-	-	-	-	-	-	216,724	
Directors' fees	-	-	-	-	-	-	-	-	5,840	
Legal fees	-	-	-	-	-	-	-	-	4,613	
Depreciation on buildings and equipment	-	-	-	-	-	-	-	-	151,359	5,751,225
Profit for year before provision for income taxes	-	-	-	-	-	-	-	-	-	4,138,972
Provision for income taxes	-	-	-	-	-	-	-	-	-	1,556,300
										2,582,672
Less: Provision for minority interest	-	-	-	-	-	-	-	-	-	101,718
Net profit for year	-	-	-	-	-	-	-	-	-	\$2,480,954

CONSOLIDATED EARNED SURPLUS

DECEMBER 31, 1950

(after providing for minority interest)

Balance, January 1, 1950	-	-	-	-	-	-	-	-	-	\$5,773,552
Deduct: Underwriting expense	-	-	-	-	-	-	-	-	-	\$382,243
Less: Adjustment arising from changes in shareholdings in subsidiary companies	-	-	-	-	-	-	-	-	-	592
										381,651
										5,391,901
Net profit for year	-	-	-	-	-	-	-	-	-	2,480,954
Less: Interest on income funding rights	-	-	-	-	-	-	-	-	-	\$ 19,716
Dividends on 4½% cumulative redeemable preferred shares	-	-	-	-	-	-	-	-	-	157,498
										177,214
Net profit for year available for common shares	-	-	-	-	-	-	-	-	-	2,303,740
Dividends on common shares	-	-	-	-	-	-	-	-	-	552,590
Added to surplus	-	-	-	-	-	-	-	-	-	1,751,150
Balance, December 31, 1950	-	-	-	-	-	-	-	-	-	\$7,143,051

TRADERS FINANCE C
AND SUBSIDIA
CONSOLIDATED BALANCE

ASSETS

Cash on hand and in banks	-	-	-	-	-	-	-	-	-	-	-	-	\$ 2,991,389	
Investments in bonds and stocks— <i>at cost</i>	-	-	-	-	-	-	-	-	-	-	-	-	\$6,424,218	
<i>(Market value \$6,549,139)</i>														
Interest accrued	-	-	-	-	-	-	-	-	-	-	-	-	<u>34,917</u>	6,459,135
Notes receivable and lien obligations— <i>secured,</i> after full provision for doubtful accounts	-	-	-	-	-	-	-	-	-	-	-	-	87,668,947	
Loans, mortgages, advances and accounts receivable, after full provision for doubtful accounts	-	-	-	-	-	-	-	-	-	-	-	-	2,415,250	
Land, buildings and equipment— <i>at cost</i>	-	-	-	-	-	-	-	-	-	-	-	-	761,282	
<i>Less: Reserve for depreciation</i>	-	-	-	-	-	-	-	-	-	-	-	-	<u>204,205</u>	557,077

Approved on behalf of the Board

A. E. NAYLOR, *Director*

ARTHUR MEIGHEN, *Director*

\$100,091,798

Toronto, Ontario, February 13, 1951.

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

CORPORATION LIMITED


RY COMPANIES

HEET—DECEMBER 31, 1950

LIABILITIES

Bank borrowings represented by collateral trust notes, Series "C"—secured	-	-	-	-	\$15,000,000
Note payable—unsecured	-	-	-	-	2,000,000
Accounts payable and accrued charges	-	-	-	\$ 726,035	
Interest accrued on funded debt	-	-	-	439,497	
Interest and dividends payable	-	-	-	225,026	
Provision for income taxes	-	-	-	1,018,830	
Dealers' credit balances	-	-	-	3,257,086	5,666,474
Reserve for insurance claims	-	-	-	1,535,538	
Reserve for unearned income	-	-	-	6,083,057	
Reserve for guarantee bonds	-	-	-	\$105,180	
Reserve for contingent reinsurance	-	-	-	200,000	
Reserve for investments	-	-	-	80,000	385,180
Collateral trust notes—secured	-	-	-	-	45,000,000
Sinking fund debentures	-	-	-	-	10,823,500
Minority interest of shareholders in the capital and surplus of subsidiary companies	-	-	-	-	684,010
Capital					
Authorized:					
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					
Issued and outstanding:					
35,000 4½% cumulative redeemable preferred shares	-	-	-	\$3,500,000	
5,522 shares held by subsidiary companies	-	-	-	552,200	
29,478				2,947,800	
205,212 Class "A" common shares	-	-	-	2,343,188	
120,000 Class "B" common shares	-	-	-	480,000	
				5,770,988	
Earned surplus	-	-	-	7,143,051	
Total capital and surplus	-	-	-	-	12,914,039
					<u>\$100,091,798</u>

ed February 13, 1951.



Chartered Accountant.

**AUDITOR'S REPORT TO THE SHAREHOLDERS OF
TRADERS FINANCE CORPORATION LIMITED**

I have examined the books and accounts of Traders Finance Corporation Limited and subsidiary companies for the year ended December 31, 1950, 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.

I report that, in my opinion, based upon such examination, the foregoing consolidated balance sheet, with supplementary notes thereto, is 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, 1950, according to the best of my information and the explanations given to me and as shown by the books.


Chartered Accountant.

Toronto, Ontario,
February 13, 1951.

NOTES TO THE CONSOLIDATED BALANCE SHEET OF

TRADERS FINANCE CORPORATION LIMITED
AND SUBSIDIARY COMPANIES

DECEMBER 31, 1950

1. Collateral trust notes.

Series "A" 3¼% due Feb. 1, 1954	-	-	-	-	-	-	-	\$ 5,000,000
Series "B" 2½% due Sept. 1, 1951	-	-	-	-	-	-	\$6,700,000	
" Sept. 1, 1953	-	-	-	-	-	-	<u>3,300,000</u>	10,000,000
Series "D" 3½% due Apr. 1, 1959	-	-	-	-	-	-	-	7,500,000
Series "E" 2⅝% due May 15, 1951	-	-	-	-	-	-	1,000,000	
2¾% " Nov. 15, 1951	-	-	-	-	-	-	<u>1,000,000</u>	2,000,000
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 "J" 2¾% due May 15, 1952	-	-	-	-	-	-	-	<u>1,000,000</u>
Per balance sheet	-	-	-	-	-	-	-	<u>\$45,000,000</u>

As of September 1, 1950, \$3,300,000 principal amount of Series "B" 2½% notes, due September 1, 1950 were replaced by \$3,300,000 principal amount of Series "B" 2½% notes, due September 1, 1953.

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 Jan. 2, 1958	-	-	\$2,000,000	
Less: Purchased and cancelled	-	-	<u>150,000</u>	\$1,850,000
Series "B" 4% due May 1, 1963	-	-	2,000,000	
Less: Purchased and cancelled	-	-	<u>100,000</u>	1,900,000
4% Convertible due Apr. 1, 1964				
Issued	-	-	2,000,000	
Less: Converted into Class "A" common shares	-	-	<u>1,897,500</u>	102,500
4% Convertible due Jan. 15, 1965				
Issued	-	-	4,000,000	
Less: Converted into Class "A" common shares	-	-	<u>5,000</u>	<u>3,995,000</u>
			Carried Forward	\$7,847,500

NOTES TO THE CONSOLIDATED BALANCE SHEET OF

TRADERS FINANCE CORPORATION LIMITED
AND SUBSIDIARY COMPANIES

2. Sinking fund debentures (Continued)

	<i>Brought Forward</i> \$ 7,847,500
4% Convertible due Apr. 1, 1966	
<i>Issued</i> - - - - -	3,000,000
	<u>10,847,500</u>
Deduct: Series "A" Debentures held by subsidiary company - - - - -	24,000
Per balance sheet - - - - -	<u><u>\$10,823,500</u></u>

In accordance with the sinking fund provisions, \$100,000 principal amount of 4% convertible sinking fund debentures, due January 15, 1965, were purchased for cancellation January 5, 1951.

3. Capital stock—common.

	Class "A"		Class "B"	
	Shares	Amount	Shares	Amount
Issued and outstanding January 1, 1950	160,597	\$ 1,449,188	120,000	\$480,000
Conversion of 4% sinking fund debentures				
—due April 1, 1964 - - -	44,450	889,000		
—due Jan. 15, 1965 - - -	165	5,000		
Issued and outstanding Dec. 31, 1950	<u>205,212</u>	<u>\$ 2,343,188</u>	<u>120,000</u>	<u>\$480,000</u>

By supplementary letters patent dated January 5, 1950, the authorized capital stock of the Company was increased by 254,914 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. 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

NEW BRUNSWICK

MONCTON

SAINT JOHN

CAMPBELLTON

WOODSTOCK

QUEBEC

RIMOUSKI

QUEBEC

CHICOUTIMI

THREE RIVERS

SHERBROOKE

GRANBY

MONTREAL

MONT LAURIER

ONTARIO

OTTAWA

CORNWALL

BELLEVILLE

TORONTO

HAMILTON

ONTARIO

KITCHENER

OWEN SOUND

TIMMINS

SUDBURY

LONDON

WINDSOR

PORT ARTHUR

MANITOBA

WINNIPEG

BRANDON

SASKATCHEWAN

REGINA

MOOSE JAW

SASKATOON

PRINCE ALBERT

ALBERTA

LETHBRIDGE

CALGARY

RED DEER

EDMONTON

BRITISH COLUMBIA

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

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

PRINCE EDWARD ISLAND
CHARLOTTETOWN

NOVA SCOTIA
HALIFAX

NEW BRUNSWICK
SAINT JOHN
FREDERICTON

QUEBEC
QUEBEC
THREE RIVERS
SHERBROOKE
GRANBY
MONTREAL

ONTARIO
OTTAWA
CORNWALL
BELLEVILLE
TORONTO
HAMILTON
KITCHENER
OWEN SOUND

ONTARIO
SUDBURY
LONDON
WINDSOR
PORT ARTHUR

MANITOBA
WINNIPEG
BRANDON

SASKATCHEWAN
REGINA
MOOSE JAW
SASKATOON
PRINCE ALBERT

ALBERTA
LETHBRIDGE
CALGARY
RED DEER
EDMONTON

BRITISH COLUMBIA
PENTICTON
VANCOUVER
VICTORIA



