

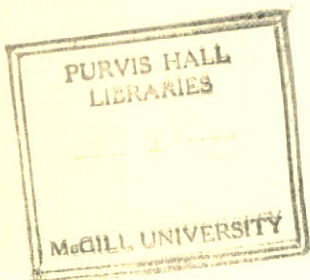
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# TRADERS FINANCE CORPORATION LIMITED



## TWENTY-NINTH ANNUAL REPORT

DECEMBER 31st, 1949





# TRADERS FINANCE CORPORATION LIMITED

## *Annual Report-1949*

TO THE SHAREHOLDERS:

Your directors have pleasure in submitting herewith the Annual Report of your Company for the year ended December 31, 1949, together with the Consolidated Balance Sheet and Consolidated Statements of Profit and Loss and of Surplus as certified by your Auditor.

The consolidated operations of the Company and its subsidiaries were substantially greater during 1949 than for any previous year in the history of the Company.

### CONSOLIDATED NET INCOME

Consolidated net income for the year before income taxes	amounted to	\$3,027,832.60	
Provision for Dominion and Provincial income taxes	- - - -	1,039,950.00	
Consolidated net income for the year	- - - -	1,987,882.60	
Provision for minority interest	- - - -	96,553.75	
Available for dividends and interest on income funding rights	- -	1,891,328.85	
Preferred dividends	- - - -	\$157,497.92	
Interest on income funding rights	- - - -	19,716.00	177,213.92
Amount available for common shares	- - - -		1,714,114.93
This represents earnings of \$6.10 per common share on the 280,597 Class "A" and Class "B" common shares issued and outstanding at December 31, 1949.			
Common dividends paid	amounted to	- - - -	292,199.22
Balance of earnings added to surplus	- - - -	- - - -	\$1,421,915.71

The common shares are presently on a dividend basis of \$1.50 per annum, payable quarterly.

### BALANCE SHEET

Total consolidated assets have increased from \$44,715,060 at December 31, 1948 to \$68,780,677.

#### Fixed Assets

The practice in prior years has been to charge the net cost of equipment purchased against operations in the year of purchase. In order to comply with the new requirements of the Department of Income Tax, with respect to allowance for depreciation, the depreciated cost of fixed assets as at December 31, 1948 has been adjusted in the books with a corresponding credit to earned surplus.

### Changes in corporate structure

In order to provide additional working funds to take care of the substantial increase in volume of business, Common shareholders of record March 16th were offered rights to purchase one share of the same class for every three shares held, at a price of \$15 per share. As a result the issued and outstanding Common shares were increased by 27,543 Class "A" Common shares and 30,000 Class "B" Common shares for a total of - - - - - \$ 863,145.00

Common share capital was further increased by the conversion of \$1,008,500 4% convertible debentures into 50,425 Class "A" Common shares - - - 1,008,500.00

Increase in working funds represented by Common shares - - - - - 1,871,645.00

The \$10,000,000 Series "A" 2½% Serial Notes outstanding at December 31, 1948 were exchanged for \$10,000,000 Series "B" 2½% Collateral Trust Notes.

To provide further funds additional Collateral Trust Notes were issued as follows:

Series "A" 3¼% Notes due Feb. 1, 1954	- -	\$5,000,000.00
Series "D" 3½% Notes due Apr. 1, 1959	- -	7,500,000.00
Series "E" 2½% Notes due Nov. 15, 1950	- -	1,000,000.00
2⅝% Notes due May 15, 1951	- -	1,000,000.00
2¾% Notes due Nov. 15, 1951	- -	1,000,000.00
Series "F" 3½% Notes due Dec. 15, 1964	- -	<u>5,750,000.00</u>

Increase in working funds represented by Collateral Trust Notes - - - - - 21,250,000.00

There were also issued—

4% Sinking Fund Debentures due Apr. 1, 1964	-	\$2,000,000.00
of which there have been converted into Class "A"		
Common shares (as above)	- - - - -	<u>1,008,500.00</u>
		991,500.00
Less Series "A" and "B" debentures purchased for sinking fund and cancelled	- - - - -	<u>100,000.00</u>

Increase in working funds represented by Sinking Fund Debentures - - - 891,500.00

Total additional working funds provided in 1949 as above - - - - - 24,013,145.00

To further augment funds, the Company issued in January, 1950—

Series "F" 3½% Collateral Trust Notes due Dec. 15, 1964	- -	750,000.00
4% Convertible Sinking Fund Debentures due Jan. 15, 1965	- -	<u>4,000,000.00</u>

Total additional working funds provided as above since December 31, 1948 \$28,763,145.00

The total cost of all additional financing in 1949 was written off as a charge to earned surplus.

## SUBSIDIARY COMPANIES

A wholly owned subsidiary, Trans Canada Credit Corporation Limited, makes personal and other loans to the public. It operates throughout Canada and is making satisfactory progress.

Two other subsidiaries, Canadian General Insurance Company and Toronto General Insurance Company underwrite 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 Finance Corporation Limited in 1939, combined earned premiums, less reinsurance, to December 31, 1949, totalled \$25,262,614 with an overall loss ratio of 42.39%.

## GENERAL

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

Wide diversification, with comprehensive insurance coverage, careful scrutiny of credits and effective collection effort, have resulted in a very small percentage of loss. On the \$625,000,000 of receivables purchased during the last thirteen years, loss has been less than one-tenth of one per cent.

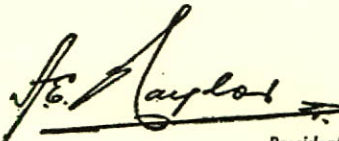
Volume of business done in January and February, 1950, continues to show an upward trend and your Directors look forward to the future with confidence.

Your Directors have to record with deep regret the death, during the year, of their esteemed colleague, Professor M. A. Mackenzie, who had been a Director of this company over a long period of years.

The Directors extend their thanks and appreciation to all employees of the companies for their splendid co-operation and excellent services throughout the year.

FOR THE BOARD OF DIRECTORS,

Toronto, Ontario  
March 8, 1950

  
President.

**TRADERS FINANCE CORPORATION LIMITED**  
AND SUBSIDIARY COMPANIES

**STATEMENT OF CONSOLIDATED PROFIT AND LOSS**

FOR THE YEAR ENDED DECEMBER 31, 1949

Income from operations	-	-	-	-	-	-	-	-	-	\$7,073,519.45
Income from interest and dividends	-	-	-	-	-	-	-	-	-	282,582.96
Profit realized on securities sold	-	-	-	-	-	-	-	-	-	105,309.96
										<u>\$7,461,412.37</u>
Interest on loans and funded debt	-	-	-	-	-	-	-	-	-	1,405,637.98
General and administrative expense	-	-	-	-	-	-	-	-	-	2,717,798.66
Directors' and executive officers' salaries	-	-	-	-	-	-	-	-	-	181,167.12
Directors' fees	-	-	-	-	-	-	-	-	-	5,235.00
Legal fees	-	-	-	-	-	-	-	-	-	13,266.34
Depreciation on buildings and equipment	-	-	-	-	-	-	-	-	-	100,873.05
Increase in reserve for guarantee bonds (subsidiary companies)	-	-	-	-	-	-	-	-	-	9,601.62
										<u>4,433,579.77</u>
Profit for year before provision for income taxes	-	-	-	-	-	-	-	-	-	3,027,832.60
Provision for Dominion and Provincial taxes on income	-	-	-	-	-	-	-	-	-	1,039,950.00
										<u>1,987,882.60</u>
Less: Provision for minority interest	-	-	-	-	-	-	-	-	-	96,553.75
Net profit for year	-	-	-	-	-	-	-	-	-	<u><u>\$1,891,328.85</u></u>

**CONSOLIDATED DISTRIBUTABLE SURPLUS**

DECEMBER 31, 1949  
(after providing for minority interest)

Balance, January 1, 1949	-	-	-	-	-	-	-	-	-	-	\$52,541.31
Deduct: Portion of dividend paid by subsidiary company in 1949	-	-	-	-	-	-	-	-	-	-	52,541.31
Balance, December 31, 1949	-	-	-	-	-	-	-	-	-	-	<u><u>NIL</u></u>







# CORPORATION LIMITED

Y COMPANIES

HEET—DECEMBER 31, 1949

## LIABILITIES

Bank borrowings represented by collateral trust notes, Series "C"—secured	- - - - -	\$11,250,000.00
Accounts payable and accrued charges	- - - - -	\$ 803,175.61
Interest accrued on funded debt	- - - - -	290,476.13
Interest and dividends payable	- - - - -	166,236.86
Reserve for income taxes	- - - - -	814,272.77
Dealers' credit balances	- - - - -	1,827,031.02
		<u>3,901,192.39</u>
Reserve for unpaid insurance claims, (including \$40,000.00 reserve for unreported claims)	- - - - -	1,485,153.64
Reserve for unearned income	- - - - -	\$4,426,409.00
Special reserve for guarantee bonds	- - - - -	92,579.73
Contingent reinsurance reserve	- - - - -	200,000.00
Reserve for investments	- - - - -	80,000.00
		<u>4,798,988.73</u>
Collateral trust notes—secured	- - - - -	31,250,000.00
Sinking fund debentures	- - - - -	4,841,500.00
Minority interest of shareholders in the capital and surplus of subsidiary companies	- - - - -	603,302.55
Capital		
<i>Authorized:</i>		
35,000 4½% cumulative redeemable preferred shares —par value \$100 each, callable at \$104.		
225,086 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	- - - - -	\$3,500,000.00
5,522 shares held by subsidiary companies	- - - - -	552,200.00
<u>29,478</u>		<u>2,947,800.00</u>
160,597 Class "A" common shares	- - - - -	1,449,188.00
120,000 Class "B" common shares	- - - - -	480,000.00
		<u>4,876,988.00</u>
Earned surplus	- - - - -	5,773,552.48
Total capital and surplus	- - - - -	10,650,540.48
		<u>\$68,780,677.79</u>

dated March 3, 1950.



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, 1949, and have obtained all the information and explanations I have required.

In carrying out the examination, substantial tests were made of the correctness of the accounts at the head office and branch offices of the companies and the accounting methods were reviewed, but I did not make a detailed audit of all the transactions.

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, 1949, according to the best of my information and the explanations given to me and as shown by the books.



*Chartered Accountant.*

Toronto, Ontario,  
March 3, 1950.

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

**DECEMBER 31, 1949**

**1. Collateral trust notes.**

Series "A" 3¼ % due Feb. 1, 1954	-	-	-	-	-	-	-	\$ 5,000,000.00
Series "B" 2½ % due Sept. 1, 1950	-	-	-	-	-	-	\$3,300,000.00	
" Sept. 1, 1951	-	-	-	-	-	-	<u>6,700,000.00</u>	10,000,000.00
Series "D" 3½ % due Apr. 1, 1959	-	-	-	-	-	-	-	7,500,000.00
Series "E" 2½ % due Nov. 15, 1950	-	-	-	-	-	-	\$1,000,000.00	
2⅝ % " May 15, 1951	-	-	-	-	-	-	1,000,000.00	
2¾ % " Nov. 15, 1951	-	-	-	-	-	-	<u>1,000,000.00</u>	3,000,000.00
Series "F" 3½ % due Dec. 15, 1964	-	-	-	-	-	-	6,500,000.00	
Less: Sold January 3, 1950	-	-	-	-	-	-	<u>750,000.00</u>	<u>5,750,000.00</u>
Per balance sheet	-	-	-	-	-	-	-	<u>\$31,250,000.00</u>

As of April 1, 1949, \$10,000,000.00 principal amount of Series "A" 2½ % Serial notes outstanding at December 31, 1948 were exchanged for \$10,000,000.00 principal amount of Series "B" 2½ % notes.

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: \$4,000,000.00

    Issued

Series "A" 3¼ % due Jan. 2, 1958	-	-	\$2,000,000.00	
Less: Purchased and cancelled	-	-	<u>100,000.00</u>	\$1,900,000.00
Series "B" 4 % due May 1, 1963	-	-	2,000,000.00	
Less: Purchased and cancelled	-	-	<u>50,000.00</u>	1,950,000.00

4 % Convertible due Apr. 1, 1964

    Issued - - - - - 2,000,000.00

    Less: Converted into Class "A"  
         common shares - - - - - 1,008,500.00 991,500.00

Per balance sheet - - - - - \$4,841,500.00

As of January 15, 1950, there were issued \$4,000,000.00 principal amount 4 % convertible debentures, due January 15, 1965.

NOTES TO THE CONSOLIDATED BALANCE SHEET OF

**TRADERS FINANCE CORPORATION LIMITED**  
AND SUBSIDIARY COMPANIES

3. Capital stock.	Class "A"		Class "B"	
	Shares	Amount	Shares	Amount
Issued and outstanding January 1, 1949	82,629	\$ 27,543.00	90,000	\$ 30,000.00
Issued for rights - - - -	27,543	413,145.00	30,000	450,000.00
Conversion of 4% sinking fund debentures due April 1, 1964 - -	50,425	1,008,500.00		
Issued and outstanding Dec. 31, 1949 -	160,597	\$1,449,188.00	120,000	\$480,000.00

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. 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

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## BOARD OF DIRECTORS

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

HENRY BORDEN, C.M.G., K.C.	*PROF. M. A. MACKENZIE, LL.D.
LT.-COL. HUGH CLARK	COL. M. C. G. MEIGHEN, O.B.E.
H. R. MILNER, K.C.	LT.-COL. T. R. O. MEIGHEN, K.C.
J. R. CROFT, O.B.E.	A. E. NAYLOR, O.B.E.
HON. RAY LAWSON, O.B.E., LL.D.	D. H. ROSS

D. E. STEWART

\*Died July 5, 1949

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## 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. H. ROSS	- - - - -	Vice-President
D. E. STEWART	- - - - -	Treasurer
MISS E. M. STRAIN	- - - - -	Secretary
R. M. WILLMOTT	- - - - -	Assistant-Treasurer

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## AUDITOR

A. DOUGLAS DOWNIE, C.A. - TORONTO

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TRANSFER AGENT AND REGISTRAR  
CANADIAN GENERAL SECURITIES LIMITED - TORONTO

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TRUSTEE—COLLATERAL TRUST NOTES  
THE ROYAL TRUST COMPANY - TORONTO

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TRUSTEE—SINKING FUND DEBENTURES  
THE CANADA TRUST COMPANY - TORONTO

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# TRADERS FINANCE CORPORATION LIMITED

HEAD OFFICE—50 KING STREET WEST—TORONTO

## BRANCH OFFICES

### MARITIME PROVINCES

•  
SYDNEY  
HALIFAX  
NEW GLASGOW  
CHARLOTTETOWN  
SAINT JOHN  
MONCTON  
CAMPBELLTON

### QUEBEC

•  
RIMOUSKI  
QUEBEC  
CHICOUTIMI  
THREE RIVERS  
MONTREAL  
GRANBY  
SHERBROOKE

### ONTARIO

•  
OTTAWA  
CORNWALL  
BELLEVILLE  
TORONTO  
KITCHENER  
HAMILTON  
OWEN SOUND  
LONDON  
WINDSOR  
KIRKLAND LAKE—*Loc. Rep.*  
TIMMINS  
PORT ARTHUR

### PRAIRIE PROVINCES

•  
WINNIPEG  
BRANDON  
REGINA  
MOOSE JAW  
SASKATOON  
PRINCE ALBERT  
CALGARY  
LETHBRIDGE  
RED DEER  
EDMONTON

### BRITISH COLUMBIA

•  
PENTICTON  
VICTORIA  
VANCOUVER

THE OLDEST ALL-CANADIAN NATIONAL FINANCE COMPANY



