

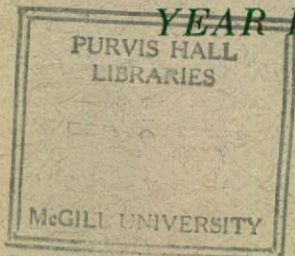
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TRADERS FINANCE CORPORATION LIMITED

TWENTY-SIXTH
ANNUAL REPORT



YEAR ENDING DECEMBER 31st
1946



TRADERS FINANCE CORPORATION

LIMITED

TWENTY-SIXTH
ANNUAL REPORT



YEAR ENDING DECEMBER 31st
1946

TRADERS FINANCE CORPORATION LIMITED

HEAD OFFICE
320 Bay St., Toronto

BRANCH OFFICES

SYDNEY - HALIFAX - CHARLOTTETOWN - SAINT JOHN - RIMOUSKI
QUEBEC - MONTREAL - SHERBROOKE - OTTAWA
BELLEVILLE - TORONTO - KITCHENER - OWEN SOUND
WINDSOR - LONDON - PORT ARTHUR - WINNIPEG
BRANDON - REGINA - MOOSE JAW
SASKATOON - PRINCE ALBERT
LETHBRIDGE - CALGARY
EDMONTON - PENTICTON
VANCOUVER

The Oldest All-Canadian National Finance Company

TRADERS FINANCE CORPORATION LIMITED

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.

COL. HUGH CLARK

LT.-COL. T. R. O. MEIGHEN, K.C.

H. R. MILNER, K.C.

A. E. NAYLOR, O.B.E.

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

GEO. D. PERRY

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

D. E. STEWART

D. H. ROSS

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 - - - - - Treasurer

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

Auditor

A. DOUGLAS DOWNIE, C.A. - TORONTO

TRADERS FINANCE CORPORATION LIMITED

ANNUAL REPORT — 1946

TO THE SHAREHOLDERS:

Your directors ^{have pleasure in} submit herewith the annual report of your Company for the year ended December 31, 1946, together with the consolidated balance sheet and consolidated statements of profit and loss and surplus as certified by your auditor.

The results of the year's operations may be summarized as follows:

Consolidated net profit for the year before provision for income and excess profits taxes amounted to	\$692,383.	1,150,134
Income and excess profits taxes were estimated at	147,775.	369,923
		<hr/>
Consolidated net profit for the year	\$544,608.	780,209
The minority interest in this net profit amounted to	61,136.	70,498
		<hr/>
Leaving net profit available for interest and dividends of	\$483,472.	709,711
Dividends on Traders preferred shares required	\$112,498.	143,967
Interest on income funding rights amounted to	19,716.	19,716
		<hr/>
	132,214.	163,683
		<hr/>
The earnings available for Traders common shares were	\$351,258.	546,028

This is equivalent to ^{6.13} \$6.10 per common share and compares with ^{3.24} \$3.24 per common share earned in 1945. The upward trend in volume of business has accelerated during the first quarter of 1947.

Dividends on the common shares amount to 21,929
being to be accrued to supply 774,099

During the war and the early post-war period, your Company's operations suffered severe contraction due to the restricted manufacture of motor vehicles. This condition is now being alleviated and improvement is reflected in the business of the year under review.

As of May 1, 1946, the balance of \$200,000 3½% serial debentures then outstanding were redeemed and \$2,500,000 new serial debentures were authorized and issued. These serial debentures carry interest rates varying from 2% per annum to 3% per annum and mature in annual instalments as indicated in balance sheet note No. 2.

Your directors desire to express their appreciation and thanks for the loyal co-operation of the Company's officers and employees throughout the year.

Respectfully submitted,

J. E. Laylor
PRESIDENT

320 Bay Street, Toronto, Ontario,
April 8, 1947.

As of April 1, 1947, an additional 100,000
4½% cum. pref. shares were issued, increasing
the number of the same to 350,000.
On Sep. 29, 1947, the \$2,300,000 2½ to 3½%
serial debentures remaining outstanding were
redeemed and replaced by \$10,000,000
2½% Convertible Trust Securities Series A.
Working capital was again increased
on Jan. 1, 1948 by the sale of \$4,000,000 3½% serial
debentures Series A.
All of these changes are reflected in the annual
report filed herewith.

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TRADERS FINANCE C
AND SUBSIDIA

CONSOLIDATED BALANCE

ASSETS

Cash on hand and in banks	\$ 1,681,133.07
Investments in bonds and stocks	\$ 4,121,871.23
(Market value \$4,342,678.00.)	
Interest accrued	26,156.65
	<u>4,148,027.88</u>
Notes receivable, secured, after full provision for doubtful accounts ..	11,848,520.26
Loans, mortgages, advances and accounts receivable, after full provision for doubtful accounts	1,055,115.43
Inventories (valued at the lower of cost or market)	166,582.00
Deferred charges	43,717.30
Post-war refund under the Excess Profits Tax Act	13,647.26
Land, buildings and equipment	\$ 146,878.21
Less reserve for depreciation	47,612.31
	<u>99,265.90</u>

Approved on behalf of the Board,

ARTHUR MEIGHEN }
A. E. NAYLOR } Directors.

\$19,056,009.10

This is the balance sheet referred to in my

Toronto, Ontario,
April 3, 1947.

INCORPORATION LIMITED
 SUBSIDIARY COMPANIES

STATEMENT - DECEMBER 31, 1946

LIABILITIES

Bank loan (secured)		\$ 6,000,000.00
Accounts payable and accrued charges	\$ 330,450.15	
Dealers' credit balances	318,391.48	
Interest and dividends payable	50,365.44	
Reserve for income and excess profits taxes	149,131.93	
		<u>848,339.00</u>
Reserve for unearned income		2,069,819.13
Special reserve for guarantee bonds		64,674.23
Reserve for unpaid insurance claims, including \$40,000 reserve for unreported claims		1,094,819.51
Contingent reinsurance reserve		200,000.00
Reserve for investments		84,441.76
Mortgage on land and building		4,100.00
Minority interest of shareholders in the capital and surplus of subsidiary companies		494,898.49
Serial debentures, 2% to 3% due May 1, 1947 to 1956	\$ 2,500,000.00	
Interest accrued	10,583.30	
		<u>2,510,583.30</u>
Capital:		
Authorized —		
35,000 4½% cumulative redeemable preferred shares of the par value of \$100 each, callable at \$104.		
170,000 Class "A" common shares of no par value.		
30,000 Class "B" common shares of no par value.		
Issued and outstanding —		
25,000 4½% cumulative redeemable preferred shares	\$ 2,500,000.00	
2,239 Shares held by subsidiary companies	223,900.00	
		<u>\$ 2,276,100.00</u>
27,543 Class "A" common shares	27,543.00	
30,000 Class "B" common shares	30,000.00	
		<u>\$ 2,333,643.00</u>
Surplus (including \$216,159.48 distributable surplus)	3,350,690.68	
		<u>5,684,333.68</u>
		<u><u>\$19,056,009.10</u></u>

Report to the shareholders dated April 3, 1947.

A. DOUGLAS DOWNIE,
 Chartered Accountant.

TRADERS FINANCE CORPORATION LIMITED
AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED PROFIT AND LOSS
FOR THE YEAR ENDED DECEMBER 31, 1946

Income from operations	\$1,833,977.07	
Income from interest and dividends	189,150.74	
Profit realized on securities sold	155,097.10	
	\$2,178,224.91	
Interest on loans and serial debentures	\$ 125,578.15	
General and administrative expense	1,192,865.88	
Directors' and executive officers' salaries	83,040.17	
Directors' fees	6,125.00	
Legal fees	1,940.02	
Equipment purchased	51,391.32	
Increase in reserve for unreported claims	10,000.00	
Increase in reserve for special guarantee bonds ..	14,901.07	
	1,485,841.61	
Profit for year before provision for income and excess profits taxes	\$ 692,383.30	
Provision for Dominion income and excess profits taxes	147,775.46	
	\$ 544,607.84	
Less provision for minority interest	61,136.22	
Net profit for year	\$ 483,471.62	

**TRADERS FINANCE CORPORATION LIMITED
AND SUBSIDIARY COMPANIES**

CONSOLIDATED EARNED SURPLUS

DECEMBER 31, 1946

(After providing for minority interest)

BALANCE, JANUARY 1, 1946		\$2,749,061.81
Add: Dividend paid by subsidiary company in 1946 charged to Consolidated Distributable Surplus		54,672.00
		\$2,803,733.81
<i>Deduct:</i>		
Premium on redemption of \$200,000 2½% serial debentures	\$ 2,334.25	
Underwriting expenses	16,634.82	
Incorporation expense of subsidiary company	332.59	
Adjustment arising from purchases during the year of shares and income funding rights of companies in this consolidation	1,158.79	
		20,460.45
		\$2,783,273.36
Add: Net profit for year	\$ 483,471.62	
<i>Less:</i>		
Interest on income funding rights to December 31, 1946	\$ 19,716.00	
Dividends on 4½% cumulative redeemable preferred shares	112,497.78	
		132,213.78
		351,257.84
BALANCE, DECEMBER 31, 1946		\$3,134,531.20

CONSOLIDATED DISTRIBUTABLE SURPLUS

DECEMBER 31, 1946

(After providing for minority interest)

BALANCE, JANUARY 1, 1946		\$ 270,831.48
Deduct: Dividend paid by subsidiary company in 1946		54,672.00
BALANCE, DECEMBER 31, 1946		\$ 216,159.48

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

DECEMBER 31, 1946

1. During the year ended December 31, 1946, there were purchased and cancelled 2 Series "A" income funding rights. There are now 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 stock.

2. As of May 1, 1946, the \$200,000 3½% serial debentures remaining outstanding were redeemed for \$200,000 plus a premium of \$2,334.25. At the same time there were issued \$2,500,000 serial debentures with interest at rates varying from 2% to 3% per annum and maturing in annual amounts of \$200,000 as follows:

<i>Principal Amount</i>	<i>Rate of Interest</i>	<i>Maturity Date</i>
\$200,000	2% per annum	May 1, 1947
200,000	2% per annum	May 1, 1948
200,000	2¼% per annum	May 1, 1949
200,000	2¼% per annum	May 1, 1950
200,000	2¼% per annum	May 1, 1951
200,000	2½% per annum	May 1, 1952
200,000	2½% per annum	May 1, 1953
200,000	2¾% per annum	May 1, 1954
200,000	2¾% per annum	May 1, 1955
700,000	3% per annum	May 1, 1956

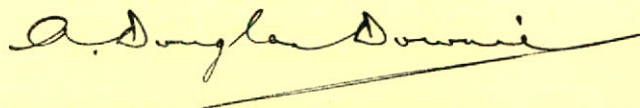
These serial debentures are secured by common shares of no par value of Canadian Insurance Shares Limited.

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 (with the exception of one subsidiary company, for which I accepted the accounts as certified by its auditor), for the year ended December 31, 1946, 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 accompanying consolidated balance sheet of Traders Finance Corporation Limited and subsidiary companies 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, 1946, according to the best of my information and the explanations given to me and as shown by the books.

A handwritten signature in cursive script, reading "A. Douglas Downie", is written over a horizontal line.

Chartered Accountant.

Toronto, Ontario,
April 3, 1947.

