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TRADERS FINANCE CORPORATION LIMITED

TWENTY-FIFTH ANNUAL REPORT



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YEAR ENDING DECEMBER 31st
1945

TRADERS FINANCE CORPORATION LIMITED

TWENTY-FIFTH ANNUAL REPORT



YEAR ENDING DECEMBER 31st
1945

TRADERS FINANCE CORPORATION LIMITED

HEAD OFFICE
320 Bay St., Toronto

BRANCH OFFICES

SYDNEY - HALIFAX - CHARLOTTETOWN - SAINT JOHN
RIMOUSKI - QUEBEC - MONTREAL - SHERBROOKE
OTTAWA - BELLEVILLE - TORONTO - 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
H. R. MILNER, K.C. A. E. NAYLOR
J. R. CROFT GEO. D. PERRY
W. B. HAVARD D. E. STEWART
D. H. ROSS

Executive Officers

THE RT. HON. ARTHUR MEIGHEN, K.C., P.C. - - - *Chairman of the Board*
A. E. NAYLOR - - - - - *President and General Manager*
J. R. CROFT - - - - - *Vice-President and Assistant General Manager*
D. E. STEWART - - - - - *Treasurer*
MISS E. M. STRAIN - - - - - *Secretary*

Auditor

A. D. DOWNIE, C.A. - TORONTO

TRADERS FINANCE CORPORATION LIMITED

ANNUAL REPORT — 1945

TO THE SHAREHOLDERS:

Your directors submit herewith the annual report of your Company for the year ended December 31, 1945, together with the balance sheet and profit and loss and surplus accounts as certified by your auditor.

This year, for the first time, these accounts are submitted in consolidated form which means that they reflect not only the results of Traders Finance Corporation Limited but also its proportionate share in the operations of its subsidiary companies.

Consolidated net profit for the year, before provision for income and excess profits taxes, amounted to \$581,782. Taxes required \$137,412, leaving a net profit after taxes of \$444,370, of which the minority interest share is \$51,737. After charging dividends on the preference shares \$140,479, interest on the income funding rights \$19,718, and appropriations to subsidiary companies' reserves \$45,540, the earnings available for Traders' common shares were \$186,896, equivalent to \$3.24 per share.

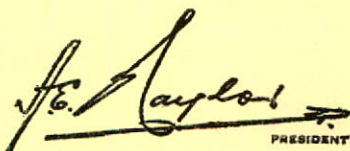
As of January 2, 1946, all of the remaining issued series "A" 6% cumulative redeemable preference shares, amounting to 23,402 shares, were redeemed at the redemption price of \$110 per share and cancelled and replaced by an issue of 25,000, 4½% cumulative redeemable preferred shares of the par value of \$100 each. The entire expense incurred by these changes in the capital structure of the company, including the premium of \$10.00 per share in the redemption price of the 23,402 shares cancelled, amounting in all to \$292,438, has been written off to surplus, and this is given effect to in the accounts submitted herewith.

Although conditions in the automotive industry continue to be seriously disturbed, the volume of business done in 1945 showed an increase of 21% over the previous year. The demand for consumer goods waiting to be satisfied will assure a substantial increase in the volume of business available when reconversion plans of manufacturers become fully effective.

The earnings of Canadian General Insurance Company and Toronto General Insurance Company, subsidiary companies of Canadian Insurance Shares Limited, together with the earnings of your other subsidiaries have been satisfactorily maintained.

These results have been achieved only through the loyal co-operation of the Companies' officers and employees, to each of whom we desire to express our appreciation and thanks.

Respectfully submitted,



J.C. Taylor
PRESIDENT

April 12th, 1946
320 Bay Street, Toronto, Ont.

TRADERS FINANCE CO AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

After giving effect to the redemption of 23,402 Series "A"
and the issue of 25,000 4½% cumulative redeemable preferred shares

ASSETS

Cash on hand and in banks		\$1,186,456.01
Investments in bonds and stocks	\$4,591,283.56	
(Market value \$4,908,100.00.)		
Interest accrued	28,133.06	
		4,619,416.62
Notes receivable, secured, after full provision for doubtful accounts		2,995,848.02
Loans, mortgages, advances and accounts receivable, after full provision for doubtful accounts		650,194.70
Sundry assets		150,920.37
(Including inventories of subsidiary companies \$60,881.81, valued at the lower of cost or market.)		
Post-war refund under the Excess Profits Tax Act		12,733.87
Land, buildings and equipment, cost	\$ 87,765.40	
Less reserve for depreciation	30,331.60	
		57,433.80

Approved on behalf of the Board,

ARTHUR MEIGHEN	}	Directors.
A. E. NAYLOR		

\$9,673,003.39

NOTES: 1. There are outstanding 13,655 Series "A" and 6,171 Series "B" income funding rights with a total of the net profits of each fiscal year or to the extent that such profits are available before payment of dividends on 4½% cumulative redeemable preferred shares but in priority to the Class "A" and Class "B" common stock.

2. During the year ended December 31, 1945, there were purchased and cancelled 4 Series "A" income funding rights. The foregoing is the balance sheet referred to in my accompanying report dated April 5, 1946.

ORPORATION LIMITED
Y COMPANIES

SHEET - DECEMBER 31, 1945

6 cumulative redeemable preference shares of \$100 par value
shares of the par value of \$100 each as of January 2, 1946.

LIABILITIES

Accounts payable and accrued charges	\$ 269,833.00	
Dealers' credit balances	265,329.24	
Dividends payable to shareholders	2,985.90	
Reserve for income tax and excess profits tax	108,042.84	
		\$ 646,190.98
Mortgages on land and buildings		8,200.00
Reserve for unearned income		1,594,322.27
Special reserve for guarantee bonds		49,773.16
Reserve for unpaid insurance claims, including \$30,000 reserve for unreported claims		980,582.47
Contingent reinsurance reserve		200,000.00
Reserve for investments		84,386.76
Three and one-half per cent serial debentures:		
Authorized and issued	\$ 700,000.00	
Less: Redeemed	500,000.00	
		200,000.00
(Secured by common shares of no par value of Canadian Insurance Shares Limited and maturing in annual instalments of \$100,000 on January 1, 1947 and 1948.)		
Minority interest of shareholders in the capital and surplus of sub- sidiary companies		452,111.46
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	
1,200 Shares held by subsidiary companies	120,000.00	
		23,800
		\$2,380,000.00
27,543 Class "A" common shares of no par value.....	27,543.00	
30,000 Class "B" common shares of no par value.....	30,000.00	
		\$2,437,543.00
Surplus (including \$270,831.48 distributable surplus) ..	3,019,893.29	
Total capital and surplus		5,457,436.29
		<u>\$9,673,003.39</u>

Aggregate face value of \$507,335.50. Non-cumulative interest at the rate of \$1.00 per annum per right is payable out
4½% cumulative redeemable preferred shares. In the event of liquidation the income funding rights rank after the
rights and 95 Series "B" income funding rights.

A. DOUGLAS DOWNIE,
Chartered Accountant.

TRADERS FINANCE CORPORATION LIMITED
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1945

Income from operations	\$1,181,272.07	
Income from interest and dividends	211,487.18	
Profit realized on securities sold	125,358.93	
	\$1,518,118.18	
Interest paid	\$ 13,764.70	
General and administrative expense	833,477.19	
Directors' and executive officers' salaries	71,967.75	
Directors' fees	6,275.00	
Legal fees	2,326.41	
Equipment purchased	8,524.78	
	936,335.83	
Profit for year before provision for income and excess profits taxes	\$ 581,782.35	
Provision for Dominion income and excess profits taxes	137,412.02	
	\$ 444,370.33	
Less provision for minority interest	51,737.10	
Net profit for year	\$ 392,633.23	

CONSOLIDATED EARNED SURPLUS ACCOUNT
DECEMBER 31, 1945

(After providing for minority interest)

BALANCE, JANUARY 1, 1945	\$2,418,609.42
<i>Add: Re subsidiary companies —</i>	
Overprovision for excess profits taxes following determination of standard profits by the Gov- ernment Board of Referees	\$ 123,205.45
Amount of dividends paid in 1945 and prior years now transferred to Distributable Surplus Account	291,583.87
Transferred from reserve for investments, amounts previously appropriated and now reversed being no longer required	3,079.09
Other sundry items	2,727.83
	\$ 420,596.24
<i>Deduct:</i>	
Premium on redemption of 23,402 Series "A" 6% cumulative re- deemable preference shares	\$ 234,020.00
Underwriting expenses	58,417.93
	\$ 292,437.93
Less charged to capital surplus account	15,398.20
	277,039.73
	143,556.51
	\$2,562,165.93
<i>Add: Net profit for year</i>	<i>\$ 392,633.23</i>
<i>Less:</i>	
Interest on income funding rights to December 31, 1945	\$ 19,718.00
Dividends on Series "A" 6% cumu- lative redeemable preference shares	140,479.50
Increase in special reserve for guar- antee bonds	4,751.23
Transferred to contingent reinsurance reserve	40,788.62
	205,737.35
	186,895.88
BALANCE, DECEMBER 31, 1945	\$2,749,061.81

