

Crédit Foncier  
Franco-Canadien

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annual  
report  
1969

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# Highlights

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	1969	1968
Assets	<b>\$231 075 000</b>	\$221 245 000
Mortgages	<b>194 544 000</b>	186 182 000
Capital and reserves	<b>43 706 000</b>	42 996 000
Net profit	<b>2 776 000</b>	2 659 000
Net profit per share	<b>3.25</b>	3.11

## Dividend

Crédit Foncier Franco-Canadien has paid regularly a dividend on its capital stock every year since 1882.

Head office:  
612 St. James St.  
Montreal, Quebec

# The Corporation

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Crédit Foncier Franco-Canadien was incorporated in 1880 by Special Act of the Legislature of the Province of Quebec.

The Corporation's main business is the making of first mortgage loans.

The Corporation's head office is at 612 St. James Street, Montreal and it has branches in Quebec, Ottawa, Toronto, Winnipeg, Regina, Saskatoon, Calgary, Edmonton and Vancouver.

Until 1940 the Corporation's first mortgage loans were concentrated in the fields of private residences and rural properties. Since 1945, it has continued to make first mortgage loans on private residences but increased emphasis has been placed on loaning money secured with mortgages on well located apartment houses, commercial and industrial establishments in the larger Canadian cities.

Under the terms of its Charter, the Corporation may invest in bonds and stock of other corporations but the total value of such shares in other companies, excluding real estate or mortgage loan companies, must not exceed 10% of the total assets of the Corporation.

The Corporation cannot borrow, under the terms of its Charter, in excess of the total value of its portfolio of mortgages and bonds.

Crédit Foncier Franco-Canadien has three subsidiaries: Francana Real Estate Limited, a wholly-owned real estate company incorporated in 1954.

Francana Development Corporation Ltd., a holding company operating mainly in the field of natural resources. This company was incorporated in 1966 and its capital stock is sixty percent owned by Crédit Foncier Franco-Canadien, and

Yorkshire Financial Corporation Limited, a holding company incorporated in 1965 and operating mainly in the field of trust companies, real estate development, insurances and trade in real estate. Crédit Foncier Franco-Canadien owns 62% of its capital stock.

## Board of Directors

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Emmanuel Monick	President	Marcel Faribault
Bernard Lechartier	Vice-President	Hon. Léon Mercier Gouin, Q.C.
Paul Bienvenu		Hubert Guérin
François Bloch-Lainé		Roger Labat
Armand Chevalier		Herbert H. Lank
Henri Derooy		Ithier de Roquemaurel

## Censors

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Henry Camerlynck  
Jules Dubourdieu  
Major General E. de B. Panet, C.M.G., D.S.O.

## Officers

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Bernard Lechartier	General Manager	Pierre de Feydeau	Inspector General
Raymond Lavoie	Associate General Manager	Gérard Rose, C.A.	Controller
Emile Desorcy	Assistant General Manager	L. R. McLean	Internal Auditor
André Dambrine	Assistant General Manager	Hubert Angliviel	
Jean Debray	Assistant General Manager	de la Beaumelle	Assistant Treasurer
W. H. Ramsay	Assistant General Manager	Laurent D. Gingras, C.A.	Chief Accountant
Bernard Leclerc	General Secretary	Claude Richard,	Chief Accountant of
M. B. Harding	Vice-President of		Subsidiaries
	Francana Development	Adrien Lamarre	Assistant Inspector General
	Corporation Ltd.		

## Branch Managers

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P. de Feydeau, Montreal, 612 St. James Street  
J. G. Garneau, Quebec, 1135 Chemin St-Louis  
R. F. Ogletree, Toronto, 199 Bay Street  
W. E. C. Burnet, Winnipeg, 286 Smith Street

G. R. Cooper, Regina, 2184 - 12th Avenue  
R. E. Farvolden, Edmonton, 10275 Jasper Avenue  
W. H. Ramsay, Vancouver, 850 West Hastings St.

# Report of the Board of Directors

General Meeting of Shareholders  
April 7, 1970

Ladies and Gentlemen,

The year 1969 was one of continued expansion for the Canadian economy in spite of anti-inflationary steps taken in increasing measure by the Government. The gross national product is estimated to be \$78 000 000 000 as compared with \$71 454 000 000 for 1968, which represents an increase of 9.2%. Prices increased by 4.5% during the year.

During the first few months of the year economic activity in general was at a high level but it slowed down during the second half of 1969 mainly because of a restraint on credit, a decrease in consumer spending and strikes in the steel and mining industries.

As in 1968 industrial production grew by 5%. At the same time total employment increased by about 3%, but, because the total workforce increased at a slightly higher rate, unemployment reached the level of 5% at year end.

After showing a moderate increase for two years, investments were intensified in 1969. On the basis of the last surveys, it is felt that their growth has been in line with that of the gross national product.

The automobile industry produced a total of 1 300 000 vehicles as compared to 1 200 000 in 1968. In other manufacturing industries there was also an increase in production, particularly in the synthetic textiles, machine tools, industrial equipment and home appliance industries.

The construction industry, after starting the year at a satisfactory level of activity, suffered a slow down because of the tightness of mortgage funds. The number of housing starts reached 210 000 as compared to 197 000 in 1968 and the completed houses totalled 196 000 compared to 171 000 in the previous year.

In the sector of the basic industries a notable point was the growth that occurred in the production and sale of wood pulp and paper which had been virtually without growth during the previous two years.

In the extractive industries, the production of copper and nickel declined as a result of strikes in the steel industry and in the mines. In contrast new record levels of production were reached for aluminum, asbestos and oil and gas.

The recent increases in the productive capacity of

sulphur and potash resulted in increases of inventory levels of these items during the year.

The expansion of the service industries continued as a result of the increase in population and of the trend towards urbanization. In particular the production of electricity increased through the completion of large hydro-electric projects in Quebec and British Columbia.

Merchandise exports reached \$15 000 000 000 in 1969 which is an increase of 10% over the previous year. Sales to the United States were higher by 16%; exports to Japan also increased as a result of the growth in that country's economy. The same thing held true for exports to the European Common Market. In contrast the austerity program in force in Great Britain resulted in a decrease of the purchases made by that country from Canada.

The wheat crop totalled 650 000 000 bushels as compared to 600 000 000 for the preceding year. Exports of wheat and flour decreased for the third consecutive year; this situation reflects the increase in domestic production by countries that are normally importers of Canadian wheat.

The federal government's program to control inflation had a strong influence on its budgetary policy. For the current fiscal year the actual surplus in the budget should be higher than the official forecast of \$250 000 000 as compared to the two previous fiscal years when the deficits were \$566 000 000 and \$795 000 000 respectively. A Commission on Prices and Incomes was established with a view to coordinating the various programs aimed at controlling inflation.

The federal government published a "white paper" outlining its ideas on tax reform. This paper has given rise to a number of strong reactions from financial and industrial circles. It must be hoped that the changes that are finally implemented in the tax system will not result in discouraging foreign investments which are so necessary for the growth of the country.

During the period December 1968 to July 1969, the Bank of Canada raised its discount rate four times bringing it to its present level of 8%.

The bond market continued to deteriorate and rates reached record levels. From March 1969 to the end of January 1970 the yield on three month Government of

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Canada Treasury Bills went from 6.58% to 7.78% and during the same period the yield on 4½% Government Bonds of 1983 moved from 7.38% to 8.36%.

Industrial corporations are now selling 20 year bonds at rates of 9½% and higher, usually with an option of redemption at par after 5 years in favor of the holder. Medium term promissory notes and debentures are being issued at rates of 8¾%-9% higher. The rate for first grade mortgage loans lies between 10½% and 11%.

#### **Activities of Crédit Foncier Franco-Canadien in 1969**

At the end of its eighty-ninth year ended 31 December 1969 Crédit Foncier Franco-Canadien had total assets of \$231 million as compared to \$221 million for the preceding year.

Loans and mortgages increased by \$9 million as a result of new loans and advances of \$28 million and repayments of \$19 million.

Your Company has continued to receive a large number of requests for new loans but its growth has been hampered by the shortage of funds. The usual purchasers of long term bonds and debentures are tending to place their money on a shorter and shorter basis. Faced by this trend your Company has pursued its policy of selling debentures of 1 to 5 year maturity directly to the public and it has also resorted increasingly to the short term market. But in both these areas the Company has to face increasing competition.

However it has been able to secure on a short and medium term basis the funds required on one hand to provide for the continued development of its mortgage portfolio and on the other hand to redeem the debentures that matured in 1969, namely an issue of \$6 million of 1964 at 5½% and one of \$4 million of 1955 at 4¼%.

Your Company's mortgage portfolio represents on the average 47% of the appraised value of the mortgaged properties. In most cases the loans are secured by real estate situated in the larger cities of Canada. The make-up of the mortgage portfolio in regards to the type, the size and the geographical distribution of the mortgages remains virtually unchanged from the figures given in last year's report.

The increasing property taxes that must be paid by

landlords reduce the margin between income and maintenance expenses. If this trend towards higher real estate taxes continues, it could result either in higher rents or in loss of interest by the public in real estate holdings.

The Company's investment in its subsidiaries increased by a net amount of \$500 000, the reduction in its advances being more than compensated by the acquisition in December 1969 of more than 60% of the shares of Yorkshire Financial Corporation Limited.

This latter Company has several wholly-owned subsidiaries the most important of which are a trust company, an insurance brokerage business and a large real estate sales organization. All these companies operate in British Columbia, chiefly in Vancouver which is the third largest city in Canada. The "Yorkshire group" is also engaged in the design, construction and sale of condominium apartments. The Company has total consolidated assets of about \$24 million and those under administration amount approximately to \$150 million. The members of management of the Yorkshire Financial Corporation Limited own between them the major portion of the shares of the Company not owned by Crédit Foncier Franco-Canadien.

In 1969, your Company received from its subsidiaries other than the "Yorkshire group" dividends totalling \$570 000 as compared to \$540 000 in the previous year. The balance sheets of these subsidiaries are attached.

The operation of the Company's office buildings produced a lower net revenue than in 1968 as a result of an increase in real estate taxes and in the cost of maintenance.

For the same reasons, and also because of a drop in its farm revenue, the net income for the Company's real estate holdings were also lower.

The appeal against the decision of the Department of Internal Revenue concerning the tax assessment of \$355 000 which was referred to in the last annual report was heard by the Regional Appeal Board of the Income Tax Department towards the end of 1969; its decision should be forthcoming in 1970.

#### **Profit and distribution**

The net profit of your Company was \$116 836 higher than in the previous year; it amounted to \$2 775 596 as compared to \$2 658 760 in 1968.

In accordance with Article 109 of the Charter, we propose to appropriate from a net profit of	\$ 2 775 596
an allocation to Reserves of	<u>\$ 500 000</u>
with \$100 000 going to the Statutory Reserve and \$400 000 to the Provident Fund.	
The balance of	\$ 2 275 596
increased by the amount carried forward from the previous years of	<u>\$ 732 336</u>
makes a total of	\$ 3 007 932
from which it is proposed to appropriate an amount of	<u>\$ 2 181 850</u>
to be distributed as follows in accordance with Article 110 of the Charter:	
94% to the shareholders	\$ 2 050 939
6% to the directors	\$ 130 911
The balance carried forward will thus amount to	<u>\$ 826 082</u>

If these proposals are approved, a dividend of \$2.40 per share compared with a dividend of \$2.30 for last year will be paid, subject to deductions of appropriate taxes, through the usual agencies of the Company in Paris and Montreal on a date to be determined by the Board of Directors.

Your Board of Directors has decided to make the following nominations:

Messrs. W. H. Ramsay, previously Manager of British Columbia Branch, Assistant General Manager, British Columbia Division

Gérard Rose, C.A., previously Chief Accountant, Controller

Laurent D. Gingras, C.A., Chief Accountant

Claude Richard, B.Comm., Chief Accountant of subsidiaries

H. A. de la Beaumelle, Assistant Treasurer

Adrien Lamarre, Assistant Inspector General

In December 1969, Mr. Olivier Moreau-Néret indicated that he wished to resign as a Director of Crédit Foncier

Franco-Canadien. We could do nothing other than comply with his decision and accept his resignation.

No one is more worthy than he to receive our thanks for his twenty three years of service during which time the Company has benefitted from his complete devotion, his valuable experience and his wise counsel. The soundness of his judgment, the scope of his outlook were the best proofs of his ever youthful spirit. We are sure that you will all wish to join with us in expressing to Mr. Moreau-Néret the deep feeling of friendship and gratitude that we have towards him.

To replace Mr. Moreau-Néret on the Board of Directors, we have chosen Mr. François Bloch-Lainé, who succeeded him as President of Crédit Lyonnais, and we ask you to kindly ratify our choice.

You will have to replace the following members of the Board whose mandate expires:

Messrs. Emmanuel Monick, director  
Bernard Lechartier, director  
Pau Bienvenu, director  
Hubert Guérin, director

We would call to your attention that they are all eligible for re-election.

Mr. Henry Camerlynck, Censor since 1964, has asked that his name not be put forward for re-election. We can but comply with his decision. To replace him, the two other Censors propose to you Mr. Bernard Leclerc who has been an employee of your Company for 32 years, holding the office of General Secretary since 1956 and who is retiring this year.

To conclude this report we ask you to join with the Board in expressing to the members of management and to all the Company's employees our thanks for their devotion to the interests of your Company.

# Resolutions

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## **First resolution**

The General Meeting approves, in its entirety the report and the financial statements for the year ended December 31, 1969 as submitted by the Board of Directors and authorizes the Board to make the following appropriations from net profit:

- 1° an amount of \$100 000 to be transferred to Statutory Reserve,
- 2° an amount of \$400 000 to be transferred to the Provident Fund.

The General Meeting declares a dividend of \$2.40 per share for the year 1969. This dividend will be paid upon presentation of coupon N° 17 of the outstanding shares, on a date to be determined by the Board of Directors. This payment is subject to applicable taxes.

## **Second resolution**

The General Meeting confirms the appointment as a director made on a provisional basis in conformity with Article 25 of the Charter, of Mr. François Bloch-Lainé to replace Mr. Olivier Moreau-Néret who resigned and whose mandate would have expired at the next annual meeting.

## **Third resolution**

The General Meeting re-elects as directors for a three year term:

Messrs. Emmanuel Monick  
Bernard Lechartier  
Paul Bienvenu  
Hubert Guérin

## **Fourth resolution**

The General Meeting elects for a three year term Mr. Bernard Leclerc as Censor.

## **Fifth resolution**

In conformity with the Quebec Companies Act, the General Meeting appoints Messrs. Samson, Bélair, Côté, Lacroix et Associés, auditors of Crédit Foncier Franco-Canadien for the financial year ending December 31, 1970 and until the General Meeting has appointed one or several substitutes and authorizes the Board of Directors to fix their remuneration.

# Censors' report

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Ladies and Gentlemen,

We respectfully submit our annual report.

We verified the operations of the Corporation and are satisfied that they have been carried out in conformity with the Charter and the By-Laws.

We have examined the balance sheet as at December 31, 1969, the statements of revenue and expenditure and of profit and loss for the year. After having given consideration to the auditors' certificate concerning the accounting records of the Company we have confirmed the accuracy of the figures for 1969. The latter are also in conformity with cash on hand and credit balances of the Corporation in the banks.

After provision for current and deferred taxes of \$2 100 000, the net profit for the year is \$2 775 596. This amount, plus the retained earnings brought forward, namely \$732 336, gives as at December 31, 1969 a balance available for distribution of \$3 507 932.

The distribution of \$2.40 per share added to the allocations of \$100 000 to the Statutory Reserve and of \$400 000 to the Provident Fund which the Board recommends to you, plus the distribution to the Directors amount to \$2 681 850.

We recommend your approval of the balance sheet, of the revenue and expenditure and of profit and loss statements and of the allotments as suggested to you.

Mr. Henry Camerlynck whose mandate expires, has decided not to stand for re-election and the two other Censors have selected Mr. Bernard Leclerc. They propose that you elect him to replace Mr. Camerlynck.

E. de B. Panet  
Jules Dubourdieu  
Henry Camerlynck

# Auditors' report

to the Shareholders of Crédit Foncier Franco-Canadien:

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We have examined the balance sheet of Crédit Foncier Franco-Canadien as at December 31, 1969 and the statements of revenue and expenditure and of retained earnings for the year then ended. We have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, according to the best of our information and the explanations given to us and as shown by the books of the Company, these financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Company as at December 31, 1969 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Samson, Bélair, Côté, Lacroix et Associés,  
Chartered Accountants.

Montreal, February 13, 1970.

# Statement of revenue and expenditure

for the year ended December 31, 1969

	1969	1968
<b>Revenue</b>		
Interest on mortgages and agreements for sale	\$ 15 390 993	\$ 14 301 099
Interest on bonds and deposits	614 530	451 423
Profit on sale of real estate and on purchase of mortgages and agreements	107 281	80 288
Net revenue from real estate and office premises	661 363	858 994
Dividends (note 2)	741 871	707 686
All other income	196 997	245 101
	<b>\$ 17 713 035</b>	<b>\$ 16 644 591</b>
<b>Expenditure</b>		
Interest on debentures, notes and bank loans	\$ 10 815 216	\$ 9 658 509
Operating and other expenses	2 011 286	1 879 911
Provision for contingent losses	10 937	353 411
	<b>\$ 12 837 439</b>	<b>\$ 11 891 831</b>
Profit before income taxes	\$ 4 875 596	\$ 4 752 760
Provision for income taxes	2 100 000	2 094 000
<b>Net profit for the year</b>	<b>\$ 2 775 596</b>	<b>\$ 2 658 760</b>

# Statement of reserves

for the year ended December 31, 1969

	1969	1968
<b>Statutory reserve</b>		
Balance as at January 1	\$ 3 422 846	\$ 3 322 846
Add:		
Transfer from "Retained earnings"	100 000	100 000
Balance as at December 31	\$ 3 522 846	\$ 3 422 846
<b>Provident fund</b>		
Balance as at January 1	\$ 6 460 000	\$ 6 060 000
Add:		
Transfer from "Retained earnings"	400 000	400 000
Balance as at December 31	\$ 6 860 000	\$ 6 460 000
<b>General reserve</b>		
Balance as at January 1	\$ 22 607 637	\$ 22 581 646
Add:		
Profit on foreign exchange	50 538	25 991
Net gain on disposal of assets	131 839	—
	\$ 182 377	\$ 25 991
Balance as at December 31	\$ 22 790 014	\$ 22 607 637
<b>Total reserves</b>	<b>\$ 33 172 860</b>	<b>\$ 32 490 483</b>

# Balance sheet

## as at december 31, 1969

<b>Assets</b>	<b>1969</b>	<b>1968</b>
Office premises, at cost	\$ 9 830 190	\$ 9 817 599
less accumulated depreciation	1 858 707	1 654 876
	<b>\$ 7 971 483</b>	<b>\$ 8 162 723</b>
Real estate, at cost	\$ 1 071 900	\$ 1 012 887
less accumulated depreciation	207 514	207 514
	<b>\$ 864 386</b>	<b>\$ 805 373</b>
Mortgages and agreements for sale	\$198 424 214	\$190 061 569
less provision for contingent losses	3 880 000	3 880 000
	<b>\$194 544 214</b>	<b>\$186 181 569</b>
Shares of Canadian companies, at cost (note 1)	4 059 106	4 288 321
Investment in subsidiary companies (note 2)	18 004 872	17 490 308
Bonds and debentures, at market value	76 585	88 418
Demand or short term deposits	3 706 584	1 831 814
Cash	324 489	937 648
Unamortized discount on debentures	497 186	567 645
Other assets	1 026 566	891 381
	<b>\$231 075 471</b>	<b>\$221 245 200</b>

Montreal, February 13, 1970.

<b>Liabilities</b>	<b>1969</b>	<b>1968</b>
Debentures and notes (notes 3 and 4)	<b>\$175 301 406</b>	\$167 750 254
Bank loans	<b>3 702 127</b>	1 500 277
Deferred mortgage loans (note 5)	<b>2 149 144</b>	2 486 439
Provision for income taxes	<b>326 485</b>	683 377
Other liabilities	<b>330 946</b>	438 939
Deferred income	<b>746 902</b>	741 699
Accumulated tax reductions applicable to future years (note 6)	<b>1 305 000</b>	1 326 000
Shareholders' equity		
Paid-in capital (note 7)	<b>\$ 10 532 669</b>	\$ 10 505 888
Reserves	<b>33 172 860</b>	32 490 483
Retained earnings	<b>3 507 932</b>	3 321 844
	<b>\$ 47 213 461</b>	\$ 46 318 215
	<b>\$231 075 471</b>	\$221 245 200

B. Lechartier  
Vice-President and General Manager

L. M. Gouin  
Director

G. Rose, C.A.  
Controller

Certified Correct

E. de B. Panet  
J. Dubourdieu  
H. Camerlynck  
Censors

# Statement of retained earnings

for the year ended December 31, 1969

	1969	1968
Balance as at January 1	\$ 3 321 844	\$ 3 157 611
Deduct:		
Transfer to reserves	500 000	500 000
Dividend	1 964 138	1 874 855
Distribution to the Directors	125 370	119 672
	<b>\$ 2 589 508</b>	<b>\$ 2 494 527</b>
Balance carried forward	\$ 732 336	\$ 663 084
Add:		
Net profit for the year	2 775 596	2 658 760
Balance as at December 31	<b>\$ 3 507 932</b>	<b>\$ 3 321 844</b>

# Ten year summary of earnings

	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
<b>Revenue</b>										
Interest on mortgages and agreements for sale	15 391	14 301	13 489	13 108	11 942	10 128	8 702	7 249	6 249	5 599
Interest on bonds and deposits	615	452	429	315	354	302	211	169	308	337
Profit on sale of real estate and on purchase of mortgages and agreements	107	80	121	190	154	226	154	209	313	408
Net revenue from real estate and office premises	661	859	806	698	666	357	427	364	170	295
Dividends	742	708	641	526	614	578	507	394	348	336
All other income	197	245	167	149	204	197	140	124	100	120
<b>Total revenue</b>	<b>17 713</b>	<b>16 645</b>	<b>15 653</b>	<b>14 986</b>	<b>13 934</b>	<b>11 788</b>	<b>10 141</b>	<b>8 509</b>	<b>7 488</b>	<b>7 095</b>
<b>Expenditure</b>										
Operating and other expenses	2 011	1 880	1 955	1 752	2 011	1 912	1 761	1 421	1 321	1 286
Balance	15 702	14 765	13 698	13 234	11 923	9 876	8 380	7 088	6 167	5 809
Deduct:										
Provision for contingent losses	11	353	466	550	608	371	313	274	229	200
Balance	15 691	14 412	13 232	12 684	11 315	9 505	8 067	6 814	5 938	5 609
Deduct:										
Interest on debentures, notes and bank loans	10 815	9 659	9 059	8 739	7 488	5 982	4 750	3 642	3 007	2 589
Provision for current income taxes	2 040	1 850	1 435	1 300	1 230	1 300	1 215	1 240	1 175	1 350
Balance	2 836	2 903	2 738	2 645	2 597	2 223	2 102	1 932	1 756	1 670
Deduct:										
Provision for future income taxes (note 6)	60	244	307	275	280	68	72	37	43	—
<b>Net profit for the year</b>	<b>2 776</b>	<b>2 659</b>	<b>2 431</b>	<b>2 370</b>	<b>2 317</b>	<b>2 155</b>	<b>2 030</b>	<b>1 895</b>	<b>1 713</b>	<b>1 670</b>

Thousands of Dollars

# Notes

to financial statements for the year 1969

## 1 Shares of Canadian companies

The market value of these shares as at December 31, 1969 was \$4 288 005.

## 2 Investment in subsidiary companies

The Company's share in the aggregate net income of its subsidiaries for the year ended December 31, 1969 amounts to \$845 122, of which an amount of \$570 000 has been paid to the Company in the form of dividends.

As at December 31, 1969 the Company's share in the retained earnings of its subsidiaries since their acquisition amounts to \$1 853 316.

## 3 Debentures and notes

### A) Debentures

payable in Canadian Dollars:

4½ %	due April 15, 1970	\$	4 349 000
6¼ % - 8¾ %	" in 1970		8 555 250
6 %	" November 15, 1971		6 996 000
6½ % - 8¾ %	" in 1971		6 710 750
5¼ %	" June 15, 1972		2 984 000
5½ %	" June 15, 1972		5 993 000
6½ % - 8¾ %	" in 1972		1 597 700
5½ %	" February 15, 1973		1 598 000
5 %	" July 2, 1973		1 991 500
6¾ % - 8¾ %	" in 1973		3 196 800
6¾ % - 8¾ %	" in 1974		6 053 150
5½ %	" December 1, 1974		4 000 000
6 %	" November 15, 1975		2 228 000
5¾ %	" October 15, 1976		4 950 000
5¾ %	" June 1, 1977		4 120 000
5¾ %	" October 15, 1977		3 000 000
5¾ %	" December 16, 1978		7 000 000
6 %	" November 15, 1980		2 750 000
5½ %	" August 15, 1981		4 400 000
5¼ %	" June 15, 1982		3 500 000
5½ %	" June 15, 1983		6 000 000
5¾ %	" July 2, 1984		9 000 000
5½ %	" December 15, 1984		7 000 000
5¾ %	" June 15, 1985		6 000 000
6¾ %	" May 15, 1987		5 000 000

Carried forward: \$118 973 150

Brought forward: \$118 973 150

payable in Swiss Francs:

4½ % due Oct. 15, 1970	S.F.	1 700 000	\$	422 450
4½ % " " " 1971		1 700 000		422 450
4½ % " " " 1972		1 700 000		422 450
4½ % " " " 1973		1 700 000		422 450
4½ % " " " 1974		1 700 000		422 450
4½ % " " " 1975		16 500 000		4 100 250
	S.F.	25 000 000	\$	6 212 500

### B) Notes

payable in Canadian Dollars:

6¼ % - 9.85% due in 1970		\$	21 738 900
6¾ % - 8.80% " " 1971			439 000
8½ % - 9¼ % " " 1972			965 000
7½ % " " 1973			1 369 000
8% - 8½ % " " 1974			245 000
			\$ 24 756 900

payable in U.S. Dollars:

6½ % - 10% due in 1970	U.S. \$	12 800 000	\$	13 772 193
9½ % " " 1971		400 000		429 125
	U.S. \$	13 200 000	\$	14 201 318

payable in Swiss Francs:

7¼ % - 9⅞ % due in 1970	S.F.	37 000 000	\$	9 194 500
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### C) Accrued interest on Debentures and Notes

		\$	1 963 038
			\$175 301 406

## 4 Rate of exchange

With the exception of U.S. \$12 800 000 notes the Canadian dollar equivalent of which is determined by forward exchange contracts, all debt payable in foreign currencies is expressed in Canadian dollars at the rate of exchange prevailing at the date of the Balance Sheet.

## 5 Deferred mortgage loans

This item represents the amount still to be paid out on partially disbursed loans.

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## 6 Accumulated tax reductions applicable to future years

For income tax purposes, the Company has claimed maximum depreciation on office premises and provision for contingent losses which are in excess of the amounts recorded in the books. The resulting deferred taxes are provided for on the balance sheet as "Accumulated tax reductions applicable to future years". These taxes will become payable in years when the depreciation on office premises and the provision for contingent losses recorded in the books are in excess of the maximum allowed for income tax purposes.

## 7 Paid-in capital

	Number of shares	Amount
Authorized (no par value)	<u>1 272 000</u>	
Issued and fully paid as at January 1, 1969	853 973	\$ 10 505 888
Issued during the year under Employees' Share Purchase Plan*	585	26 781
Issued and fully paid as at December 31, 1969	<u>854 558</u>	<u>\$ 10 532 669</u>

\* By virtue of a resolution of the General Meeting held March 12, 1963, 33 920 shares were reserved for subscription by the personnel under a decennial share purchase plan. As of December 31, 1969, 6 558 shares had been issued leaving 27 362 shares still reserved until 1972.

# Francana Real Estate Limited and its subsidiaries

Francana Real Estate Limited is a wholly-owned subsidiary of Crédit Foncier Franco-Canadien that was incorporated in 1954. Its purpose is to make long term investments in real estate. Through subsidiaries of which all or the majority of the outstanding shares are held, it invests on a smaller scale in short term projects in the real estate field.

The consolidated balance sheet of Francana Real Estate Limited and of its subsidiaries as at December 31, 1969 shows total assets of \$20 403 475 compared to \$18 512 209 as at December 31, 1968. Loans and mortgages dropped from \$3 352 217 to \$1 442 008 and real estate, after provision for depreciation, increased from \$14 802 562 to \$18 566 032. This increase resulted to the extent of \$3 316 701 from an agreement made with a debtor by which he voluntarily assigned his pledged real estate holdings to us, on the understanding that he would have an option to re-purchase the properties under certain conditions.

A new subsidiary, "Treberg Investments Ltd." located in Kenora, Ontario of which the Company owns 94% of the outstanding shares, was incorporated to build and own a building costing \$800 000 rented on a long term basis to the Government of Ontario.

Gross revenue of Francana Real Estate Limited and of its subsidiaries totalled \$3 118 624 for 1969 compared to \$2 856 871 in 1968. Expenditures amounted to \$2 184 244 leaving a profit before depreciation and taxes of \$934 380 compared to \$997 718 for the preceding year.

The net profit was \$267 608 excluding profits of \$240 559 that resulted from the sale of certain assets. After deduction of a dividend of \$300 000 paid to Crédit Foncier Franco-Canadien, the balance of retained earnings increased from \$756 368 as at December 31, 1968 to \$964 535 as at December 31, 1969.

Crédit Foncier Franco-Canadien's investment in this group of subsidiaries as at December 31, 1969 amounted to \$10 598 603 excluding \$2 045 505 representing the balance of three mortgage loans from Crédit Foncier Franco-Canadien to Francana Real Estate Limited.

## **Auditors' report to the Shareholders of Francana Real Estate Limited**

We have examined the consolidated balance sheet of Francana Real Estate Limited and its subsidiaries as at December 31, 1969 and the consolidated statements of revenue and expenditure and retained earnings for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company and its subsidiaries as at December 31, 1969 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Samson, Bélair, Côté, Lacroix et Associés,  
Chartered Accountants.

Montreal, February 13, 1970.

# Consolidated balance sheet as at december 31, 1969

	1969	1968
<b>Assets</b>		
Cash	\$ 84 162	\$ 111 527
Accounts receivable	287 467	220 875
Mortgages and agreements for sale	1 442 008	3 352 217
Real estate, at cost	\$ 21 385 952	\$ 16 940 565
less accumulated depreciation	2 819 920	2 138 003
	\$ 18 566 032	\$ 14 802 562
Miscellaneous	23 806	25 028
	<b>\$ 20 403 475</b>	<b>\$ 18 512 209</b>
<b>Liabilities</b>		
Accounts payable	\$ 308 569	\$ 214 193
Provision for income taxes	16 108	82 350
Rents collected in advance and deposits	58 032	91 334
Notes payable	310 284	372 692
Bank loan	2 000 000	—
Advances due to Crédit Foncier Franco-Canadien	5 598 603	6 490 308
Mortgages payable	4 834 113	4 366 212
Deferred income	549 049	443 673
Accumulated tax reductions applicable to future years	764 182	695 079
Shareholders' equity		
Capital stock		
Authorized: 650 000 common shares of a par value of \$10 each		
Issued and fully paid: 500 000 shares	5 000 000	5 000 000
Retained earnings	964 535	756 368
	<b>\$ 5 964 535</b>	<b>\$ 5 756 368</b>
	<b>\$ 20 403 475</b>	<b>\$ 18 512 209</b>

Montreal, February 13, 1970.

## Consolidated statement of revenue and expenditure

for the year ended December 31, 1969

	1969	1968
Revenue	\$ 3 118 624	\$ 2 856 871
Expenditure	2 184 244	1 859 153
Net profit before depreciation and income taxes	\$ 934 380	\$ 997 718
Depreciation	\$ 318 672	\$ 319 099
Provision for income taxes	348 100	319 276
	\$ 666 772	\$ 638 375
Net profit carried to retained earnings	\$ 267 608	\$ 359 343

## Consolidated statement of retained earnings

for the year ended December 31, 1969

	1969	1968
Balance as at January 1	\$ 756 368	\$ 631 059
add:		
Net profit for the year	267 608	359 343
Capital gain on sale of assets	240 559	65 966
Balance carried forward	\$ 1 264 535	\$ 1 056 368
deduct:		
Dividends	300 000	300 000
Balance as at December 31	\$ 964 535	\$ 756 368

# Francana Development Corporation Ltd. and its subsidiaries

Francana Development Corporation Ltd. is a holding Company with investments mainly in the natural resources field. It was incorporated in 1966. Crédit Foncier Franco-Canadien owns 60% of its capital-stock and Anmercosa Investments Ltd., a subsidiary of Anglo American Corporation of Canada Limited, owns the balance of 40%.

Francana Development Corporation Ltd. has three subsidiaries: Frandevcor Investments Ltd., created in 1967 with the aim of investing the Company's cash resources on a medium term basis; Frandevcor Explorations Ltd., created in November 1968 to invest in the fields of mining and oil and gas and Frandevcor Ventures Ltd., created in December 1968 to make investments in areas other than that of natural resources.

The consolidated balance sheet of Francana Development Corporation Ltd. and of its subsidiaries as at December 31, 1969 shows total assets of \$14 640 280 compared to \$13 734 371 in 1968.

Trading securities decreased from \$2 388 987 to \$1 829 205; their market value at year end was \$1 606 600 and the provision created last year has been adjusted accordingly. The cost of quoted investments remained unchanged at \$7 780 030 and their market value as at December 31, 1969 was \$12 312 000. Investments in unquoted securities, which represent participations in a number of different enterprises, decreased from \$2 220 485 to \$1 960 561. This change resulted, on one hand, from the disposal of holdings in Hudcana Development Corporation Ltd. and Francana Minerals Ltd. and, on the other hand, from an investment of \$1 400 000, which was made in a well established Canadian bulk trucking company. Several minority investments were made in 1969 including two in oil and gas exploration companies. The Company's 40% holding in Francana Oil & Gas Ltd. was reduced in January 1970 to 34.3% as a result of the sale of Francana Oil and Gas Ltd. treasury shares to the public.

The gross revenue of Francana Development Corporation Ltd. and of its subsidiaries for 1969 totalled \$1 279 945 compared to \$1 099 156 in 1968. Expenses totalled \$85 591 for the year which left a profit before reserves and provisions for taxes of \$1 194 354 compared to \$1 034 074 for the preceding year.

The net profit for 1969 was \$962 524, excluding a gain of \$287 896 that was realized on certain assets. After deducting dividends of \$450 000, that were paid during

the year, of which \$270 000 (60%) was paid to Crédit Foncier Franco-Canadien, the balance of retained earnings which totalled \$682 071 as at December 31, 1968, rose to \$1 481 301 as at December 31, 1969.

Crédit Foncier Franco-Canadien's investment in this group of subsidiaries amounted to \$6 000 000 as at December 31, 1969.

## **Auditors' report to the shareholders of Francana Development Corporation Ltd.**

We have examined the consolidated balance sheet of Francana Development Corporation Ltd. and its subsidiaries as at December 31, 1969 and the consolidated statements of their revenue and expenditure and retained earnings for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated statements present fairly the financial position of the company and its subsidiaries as at December 31, 1969 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Samson, Bélair, Côté, Lacroix et Associés,  
Chartered Accountants.

Montreal, February 13, 1970

## **Notes to the financial statements for the year 1969**

- 1** In the accompanying consolidated financial statements, the accounts of Francana Development Corporation Ltd. have been consolidated with those of the following subsidiary companies, all of which are wholly-owned: Frandevcor Investments Ltd., Frandevcor Explorations Ltd., Frandevcor Ventures Ltd.
- 2 Trading securities.** The market value of trading securities was \$1 606 600 as at December 31, 1969 and \$2 598 030 as at December 31, 1968.
- 3 Quoted investments.** The market value of these shares was \$12 312 000 as at December 31, 1969, and \$11 248 000 as at December 31, 1968.
- 4 Provision** for writing down value of trading securities. A provision of \$255 236 has been taken to write down to market those securities whose market price was lower than cost as at December 31, 1969.

# Consolidated balance sheet as at december 31, 1969

Note 1

	1969	1968
<b>Assets</b>		
Current		
Cash	\$ 177 033	\$ 27 333
Accounts receivable	24 117	22 992
Income taxes recoverable	22 269	—
Demand or short term deposits	1 700 000	1 142 000
Trading securities, at cost (note 2)	1 829 205	2 388 987
	\$ 3 752 624	\$ 3 581 312
Loans receivable	\$ 1 143 790	—
Advances to Hudcana Development Corporation Ltd.	—	\$ 150 000
Investments at cost		
Quoted (note 3)	\$ 7 780 030	\$ 7 780 030
Unquoted	1 960 561	2 220 485
	\$ 9 740 591	\$ 10 000 515
Miscellaneous	\$ 3 275	\$ 2 544
	\$ 14 640 280	\$ 13 734 371
<b>Liabilities</b>		
Current		
Accounts payable	\$ 103 743	\$ 46 583
Provision for income taxes	—	142 798
	\$ 103 743	\$ 189 381
Provision for writing down value of trading securities (note 4)	\$ 255 236	\$ 62 919
Shareholders' equity		
Capital stock		
Authorized: 2 000 000 common shares without nominal value		
Issued and fully paid: 1 000 000 shares	\$ 12 800 000	\$ 12 800 000
Retained earnings	1 481 301	682 071
	\$ 14 281 301	\$ 13 482 071
	\$ 14 640 280	\$ 13 734 371

Montreal, February 13, 1970.

# Consolidated statement of revenue and expenditure

for the year ended December 31, 1969

	1969	1968
Revenue	\$ 1 279 945	\$ 1 099 156
Expenditure	85 591	65 082
Net profit before provision for writing down value of trading securities and income taxes	\$ 1 194 354	\$ 1 034 074
Provision for writing down value of trading securities	\$ 192 317	\$ 62 919
Provision for income taxes	39 513	151 922
	\$ 231 830	\$ 214 841
Net profit carried to retained earnings	\$ 962 524	\$ 819 233

# Consolidated statement of retained earnings

for the year ended December 31, 1969

	1969	1968
Balance as at January 1	\$ 682 071	\$ 263 838
add:		
Net profit for the year	962 524	819 233
Gain on realization of investments	287 896	—
Balance carried forward	\$ 1 932 491	\$ 1 083 071
deduct:		
Dividends	\$ 450 000	\$ 400 000
Incorporation expenses	1 190	1 000
	\$ 451 190	\$ 401 000
Balance as at December 31	\$ 1 481 301	\$ 682 071

# Debentures

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The debentures of Crédit Foncier Franco-Canadien are eligible for the investment of trustee funds in the Provinces of Newfoundland, Prince Edward Island, Nova Scotia, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia and also of Quebec by authority of Article 981 o, as amended, of the Civil Code relating to “the investment of monies belonging to other persons”.

They are also investments in which the Canadian and British Insurance Companies Act states that companies registered under Part III thereof may, without availing themselves of the provisions of subsection 4 of Section 63 of the said Act, invest their funds.



