

dale-ross  
holdings  
limited



# Dale and Company Limited

(PRINCIPAL SUBSIDIARY)



Complete Insurance Services throughout Canada  
with International Connections

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# dale-ross holdings limited

## Year in Brief

	1970	1969
Commissions and fees . . . . .	\$5,517,416	\$4,915,821
Net operating income . . . . .	819,995	617,651
Income taxes . . . . .	447,405	362,675
Net income excluding extraordinary items . . . . .	372,590	254,976
Dividends—preferred . . . . .	107,346	107,346
—common . . . . .	138,007	120,006
Current assets . . . . .	7,719,228	7,343,970
Current liabilities . . . . .	7,224,821	6,968,700
Working capital . . . . .	494,407	375,270
Common Shareholders' Equity . . . . .	1,839,700	1,512,713
per common share . . . . .	\$ 3.07	\$ 2.52



## Directors

Ian Alexander Ballantyne  
Montreal, Quebec

John Gardner  
Montreal, Quebec

Donald Arthur Jewitt  
Oakville, Ontario

Kenneth Marshall  
Toronto, Ontario

David McArthur Miller  
Winnipeg, Manitoba

Robert Carson Rolston  
Vancouver, British Columbia

Sidney Melville Ross  
Montreal, Quebec

### Head Office

1155 Dorchester Blvd. W.  
Montreal, Quebec

### Transfer Agent and Registrar

The Royal Trust Company

### Auditors

Winspear, Higgins, Stevenson and Doane

## Officers

Sidney Melville Ross  
Chairman of the Board

John Gardner  
President

Kenneth Marshall  
Vice-President

Ian Alexander Ballantyne  
Secretary-Treasurer



## Directors' Report to the Shareholders

### Financial Results

Commissions and fees from the operations of all subsidiaries across Canada amounted to \$5,517,416, an increase of approximately 12% over the previous year. The net income before extraordinary items was \$372,590 compared with \$254,976 for the previous year. This represents earnings per common share of 44 cents compared with 25 cents for the year 1969. The extraordinary items, covered in the notes to the financial statements, added earnings of 33 cents in 1970 and 6 cents in 1969. These figures take into account the three for one stock split authorized during the year and the reclassification of expenses totalling \$35,100 included in the 1969 retained earnings.

Dividends of 23 cents were paid during the year on the outstanding common shares, an increase of 3 cents per share over the previous year. The regular quarterly dividends of 15 cents per share on the preferred shares were paid during 1970. Dividends of 6 cents and 15 cents for the first quarter of 1971 have already been paid on common and preferred shares respectively.

The greater net operating income in 1970 resulted from a general increase in all offices of Dale and Company Limited with the exception of British Columbia where the general economic picture in 1970 was not conducive to growth. Other subsidiaries, notably Boyd, Phillips & Co. Limited, Average Adjusters, had a very successful year.

This year's balance sheet reflects an improvement in the Company's financial position. The Company has had relatively heavy commitments over the past few years in connection with the purchase of portfolios of

insurance agencies. The net income from such purchases is not always forthcoming immediately, because additional attention and planning are required. However acquisitions are made to ensure future growth and the year 1970 reflects this to some degree. The changes in the Company's balance sheet from the year 1969 are shown in the Statement of Source and Application of Funds resulting in an increase in working capital of \$119,137.

### Operations

There were no significant changes in the Company's operation in 1970. However arrangements were made during the year by Dale and Company Limited to dispose of that Company's general agency portfolio in Halifax to become effective on the 1st January 1972. These arrangements were secured by a payment of \$200,000 received in 1970. The financial statements reflect this amount as an extraordinary item. Through another operating subsidiary, the Company purchased a direct writing insurance portfolio in Halifax so as to build a more profitable organization for the future. Other areas of the Company's operations are continually being examined by your directors with the view to obtaining maximum profitability.

### Corporate

You will recall that two Special General Meetings were held during the year:—

- (1) To sanction and confirm Special By-law B authorizing (a) a three for one split in the Common shares of the Company (whether issued or unissued) (b) an increase in the

number of authorized Common N.P.V. shares from 900,000 to 1,500,000 and (c) a reduction of 7,400 Preferred shares which had been purchased for cancellation and the restoration of an amount of \$74,000 to the Retained Earnings of the Company.

- (2) To sanction and confirm By-law Three A increasing the number of directors from five to seven and amending Article 1 of By-law Three to accord with such increase.

These matters were approved by the Shareholders and in the case of the latter, Messrs. D. M. Miller of Winnipeg and R. C. Rolston of Vancouver were appointed directors of the Company in July 1970.

### Outlook

Based on the encouraging results for the year 1970 and indications of increased economic activity during 1971, your directors are confident that the operating results for 1971 will continue to show a growth pattern. Although the first quarter results for 1971 are as yet unavailable, the prospects so far are encouraging.

We wish to thank all members of our organization for their loyalty and co-operation which has contributed so substantially to the results of the year 1970.

On behalf of the Board

JOHN GARDNER  
*President*

Montreal, Quebec  
23rd March, 1971.



# Consolidated Balance Sheet

31st December 1970

(with comparative figures for the previous year)

	Assets	1970	1969
<i>CURRENT</i>			
Cash (including trust funds of \$106,984) . . . . .		\$ 913,839	\$ 770,672
Short term deposits . . . . .		540,013	716,133
Marketable securities—at cost (quoted market value 1970—\$181,214; 1969—\$232,703) . . . . .		153,293	201,857
Accounts receivable—trade . . . . .		6,112,083	5,655,308
		<u>7,719,228</u>	<u>7,343,970</u>
<i>FIXED</i>			
Furniture and fixtures and automobiles—at cost (Note 1) . . . . .		819,269	771,351
Less accumulated depreciation . . . . .		523,828	472,547
		<u>295,441</u>	<u>298,804</u>
<i>OTHER</i>			
Office alterations—at cost less amortization . . . . .		83,761	70,471
Cost of portfolios of insurance agencies, less amortization (Note 2) . . . . .		1,455,840	1,432,477
Organization expenses—at cost less amortization . . . . .		83,834	104,792
Goodwill, including the excess cost of investment in subsidiary companies over book value at date of acquisition . . . . .		1,461,847	1,461,847
		<u>3,085,282</u>	<u>3,069,587</u>
<i>SIGNED ON BEHALF OF THE BOARD:</i>			
S. M. Ross, Director		<u>                    </u>	<u>                    </u>
John Gardner, Director		<u>\$11,099,951</u>	<u>\$10,712,361</u>

The accompanying notes form



# dale-ross holdings limited

and Subsidiary Companies

	Liabilities	1970	1969
<i>CURRENT</i>			
Accounts payable (including trust funds of \$106,984) . . . . .		\$ 7,140,101	\$ 6,913,795
Income taxes payable . . . . .		<u>84,720</u>	<u>54,905</u>
		7,224,821	6,968,700
<i>AMOUNT DUE ON PURCHASE PRICE OF PORTFOLIOS OF INSURANCE AGENCIES</i>		206,421	412,131
<i>UNEARNED COMMISSIONS</i> . . . . .		39,909	29,717
<i>SHAREHOLDERS' EQUITY</i>			
Capital Stock (Note 3)			
Authorized			
478,910 Preferred Shares of the par value of \$10 each, issuable in series . . . . .	\$4,789,100		
1,500,000 Common Shares without nominal or par value			
Issued and outstanding			
178,910 6% Cumulative Redeemable Preferred Shares Series A . . . . .		1,789,100	1,863,100
Less 7,400 shares redeemed . . . . .		<u></u>	<u>74,000</u>
		1,789,100	1,789,100
600,030 Common Shares . . . . .		<u>1,000,050</u>	<u>1,000,050</u>
		2,789,150	2,789,150
Retained Earnings . . . . .		<u>839,650</u>	<u>512,663</u>
		3,628,800	3,301,813
		<u>\$11,099,951</u>	<u>\$10,712,361</u>

these consolidated statements.



## Consolidated Statement of Income and Retained Earnings

Year ended 31st December 1970

(with comparative figures for the previous year)

	1970	1969
<b>REVENUE</b>		
Commissions and fees . . . . .	\$5,517,416	\$4,915,821
Revenue from investments . . . . .	98,760	103,315
	<u>5,616,176</u>	<u>5,019,136</u>
<b>EXPENSES</b>		
Operating expenses, exclusive of the following items . . . . .	4,609,170	4,234,982
Allowance for depreciation . . . . .	86,472	84,585
Amortization of cost of portfolios of insurance agencies (Note 2) . . . . .	79,581	60,960
Amortization of organization expenses . . . . .	20,958	20,958
	<u>4,796,181</u>	<u>4,401,485</u>
Net operating income, before income taxes . . . . .	819,995	617,651
Income taxes . . . . .	447,405	362,675
Net income before extraordinary items . . . . .	372,590	254,976
Extraordinary items (Note 4) . . . . .	199,750	33,631
Net income . . . . .	572,340	288,607
Retained earnings at beginning of year . . . . .	512,663	451,408
	<u>1,085,003</u>	<u>740,015</u>
Deduct		
Dividends—preferred . . . . .	107,346	107,346
common . . . . .	138,007	120,006
	<u>245,353</u>	<u>227,352</u>
Retained earnings at end of year (Note 5) . . . . .	<u>\$ 839,650</u>	<u>\$ 512,663</u>
<b>Earnings per common share</b>		
Net income before extraordinary items . . . . .	44¢	25¢
Extraordinary items . . . . .	33¢	6¢



# dale-ross holdings limited

and Subsidiary Companies

## Consolidated Statement of Source and Application of Funds

Year ended 31st December 1970

(with comparative figures for the previous year)

<i>SOURCE</i>	1970	1969
Net income . . . . .	\$572,340	\$288,607
Items not affecting cash—		
Allowance for depreciation . . . . .	86,472	84,585
Amortization of office alterations . . . . .	20,216	14,834
Amortization of cost of portfolios of insurance agencies (includes extraordinary item of \$9,000 for 1969) . . . . .	79,581	69,960
Amortization of organization expenses . . . . .	20,958	20,958
Adjustment of unearned commission . . . . .	10,192	(5,100)
	<u>789,759</u>	<u>473,844</u>
Special refundable tax . . . . .		12,316
	<u>789,759</u>	<u>486,160</u>
<i>APPLICATION</i>		
Amounts expended on account of the purchase price of insurance portfolios . . . . .	308,654	246,340
Dividends paid . . . . .	245,353	227,352
Net cost of additions to fixed assets . . . . .	83,109	102,760
Cost of office alterations . . . . .	33,506	12,335
Preferred shares purchased for cancellation . . . . .		5,000
	<u>670,622</u>	<u>593,787</u>
Increased or (Decrease) in working capital . . . . .	119,137	(107,627)
Working capital at beginning of year . . . . .	<u>375,270</u>	<u>482,897</u>
Working capital at end of year . . . . .	<u>\$494,407</u>	<u>\$375,270</u>



## Notes to Consolidated Financial Statements

Year ended 31st December 1970

1. Furniture and fixtures are included at cost less proceeds of disposals.
2. The cost of portfolios of insurance agencies includes the excess of cost over the book value at date of acquisition of subsidiary companies acquired subsequent to the date of incorporation of the holding company.  
  
The cost of portfolios of insurance agencies is being amortized at the rate of 5% per annum based on original cost.
3. During the year Supplementary Letters Patent dated 27th May 1970 were granted, providing for —
  - (a) the subdivision of each of the 300,000 Common Shares without nominal or par value (whether issued or unissued) into 3 Common Shares without nominal or par value;
  - (b) an increase in the capital of the Company by the creation of 600,000 Common Shares without nominal or par value;
  - (c) a reduction in the capital of the Company by the cancellation of 7,400 6% Cumulative Redeemable Preferred Shares Series A of the par value of \$10 each heretofore issued and subsequently purchased by the Company for cancellation and restoring to retained earnings the sum of \$74,000 being the amount designated as capital surplus resulting from the purchase for cancellation of the said 7,400 6% Cumulative Redeemable Preferred Shares Series A.
4. Extraordinary Items
 

	<u>1970</u>	<u>1969</u>
Disposal of general agency portfolio . . .	\$199,750	
Net profit on sale of investments . .		\$38,376
Adjustment of prior year's operating expenses and income taxes . . . . .		(4,745)
	<u>\$199,750</u>	<u>\$33,631</u>
5. The balance of retained earnings of \$512,663 as at 31st December 1969 includes \$74,000 which was restricted in accordance with Section 61 of the Canada Corporations Act.
6. Aggregate remuneration paid to the directors and officers of the Company by the Company and its Subsidiaries —
 

Number of directors . . . . .	7
Remuneration as directors . . .	\$6,200
Number of officers . . . . .	4
Remuneration as officers (including an officer who retired during the year) . . . . .	\$149,173

All officers are directors of the Company.
7. The comparative figures have been reclassified to conform to the current year's presentation.

## Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Dale-Ross Holdings Limited and subsidiary companies as at 31st December, 1970 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended. Our examination of the financial statements of Dale-Ross Holdings Limited and those subsidiary companies and branches of subsidiary companies of which

we are the auditors, 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. We have relied on the reports of the auditors who have examined the accounts of a subsidiary company and of certain branches of subsidiary companies.

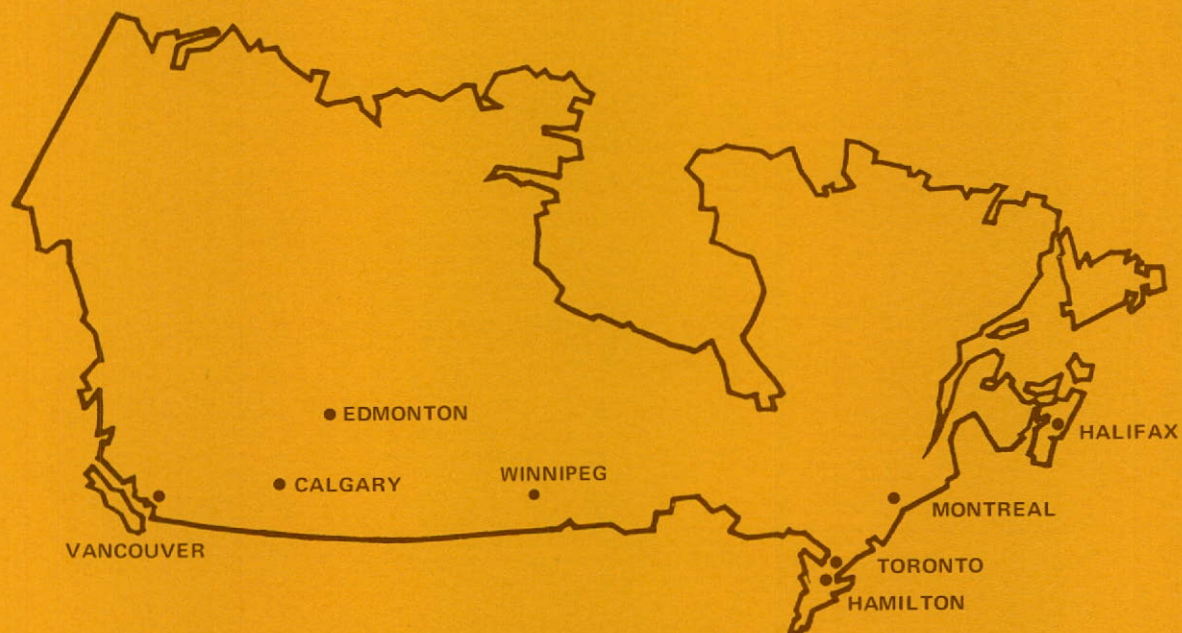
In our opinion, these financial statements present fairly the financial position of the companies as at 31st December, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, Que.  
23rd March, 1971.

Winspear, Higgins, Stevenson and Doane  
*Chartered Accountants.*



## Insurance Services Across Canada



### Subsidiaries:

DALE AND COMPANY LIMITED

HALL ORMSTON & COMPANY LIMITED

PAYNE & HARDY LIMITED

BOYD, PHILLIPS & CO. LIMITED

LYON & HARVEY, DREW-BROOK  
& DUNBAR LIMITED

H. E. HUNT & CO. LTD.

ROBERT HOWARD AND COMPANY LIMITED



