

DALE-ROSS
HOLDINGS
LIMITED

MANAGEMENT
LIBRARY

AUG 14 1973

MCGILL UNIVERSITY

SECOND ANNUAL REPORT | 1965

DALE-ROSS HOLDINGS LIMITED

Directors

Wilfred McClelland Adams
Montreal, Quebec

William Boaden Burns
Toronto, Ontario

John Gardner
Montreal, Quebec

Donald Arthur Jewitt
Port Credit, Ontario

Sidney Melville Ross
Montreal, Quebec

Head Office

1155 Dorchester Blvd. W.
Montreal

Transfer Agent and Registrar

The Royal Trust Company

Auditors

Winspear, Higgins, Stevenson and Doane

Officers

Sidney Melville Ross
President

William Boaden Burns
Vice-President

John Gardner
Vice-President

Ian Alexander Ballantyne
Secretary-Treasurer

Albert Gordon Dowd
Assistant Secretary-Treasurer

DALE-ROSS HOLDINGS LIMITED

Report of The President

I take pleasure in submitting to you, on behalf of the Board of Directors, the 1965 report on the affairs of the Company.

As you are all aware 1965 was the Company's first complete year of operation and I feel we are able to look back on this year with a great deal of satisfaction. We have been able to broaden the scope of our business through the acquisition of insurance agencies and by offering a diversification of services to our clients. For comparative purposes only the Consolidated Statement of Profit and Loss includes the 1964 results of Dale and Company (Limited) and Subsidiary Companies.

During the year we outgrew the building which had been purchased some years ago in Winnipeg, Manitoba. Instead of incurring costly additions, your directors deemed it advisable to sell the building and in so doing received a price considerably above cost. The Winnipeg office, in June of 1965, was moved to up to date rented premises.

The Consolidated Balance Sheet of Dale-Ross Holdings Limited and its

Subsidiary Companies as at 31st December 1965 presents a healthy financial position. The Company's working capital stands at \$1,192,874., an increase of some \$127,000. over the working capital position as at 31st December 1964.

This year Fixed Assets do not include Winnipeg land and buildings. As mentioned previously this property was sold and the profit on sale of \$49,103. is included in the accounts for 1965.

The Company adopted a policy of amortizing Organization Expenses incurred at its inception. The Surplus account reflects this amortization and also provides for the write-off of an insurance agency purchased in 1963.

The item of Unearned Commissions represents the deferred earnings on business written for a period of more than one year. Your directors have not attempted to defer earnings on all such business but rather have done so only in the case of items which materially affect the results of any one year.

The Consolidated Statement of Earned Surplus reflects the net profit for the year and also the Company's com-

mitments as regards dividends and the amortization of Other Assets, which assets represent a fairly substantial figure. In 1965 your directors embarked on a policy with regard to the payment of common dividends. A dividend of .25 cents per share was paid for the year 1965 and a quarterly dividend of .10 cents per share for the year 1966 was announced. Although the insurance companies have taken steps in an effort to produce a more stable atmosphere in the industry, certain problems which have an effect on your Company still exist. This, together with the Company's commitments, led your directors to feel that any dividend policy should be one that enables the Company, in its early stages, to build a strong financial foundation.

The net profit for the year after providing for income taxes amounted to \$410,052. This compared to the net profit for the year ended 31st December 1964 of Dale and Company (Limited) and its Subsidiaries which totalled \$303,051. These profit figures reflect earnings on the common shares of the Company, after providing for preferred dividends, of \$1.44 per share in 1965 and .92 cents per share in 1964. It should be remem-

bered that of the 1965 profits, earnings of approximately .20 cents per share are represented by the non-recurring profit on the sale of the Winnipeg building. It is pleasing to be able to present these favourable results and I believe we can hope for a continuation of this trend. Your directors are constantly reviewing business practices with a view to economy of operation and are continually seeking opportunities to add to the growth of the Company.

Once again it is my pleasure on behalf of the Board to thank all our employees across the Country for the contribution they have made in the past year which has resulted in the Company's successful operation.

S. M. Ross,
President

Montreal, Quebec
21st March 1966.

Consolidated Balance Sheet

as at 31st December 1965

(with comparative figures for the previous period)

Assets		
Current Assets	1965	1964
Cash (including trust funds of \$63,790)	\$ 935,684	\$1,078,567
Short term deposits	1,132,554	425,000
Marketable securities—at cost (quoted market value \$836,878)	774,186	921,149
Accounts receivable—Trade, less allowance for doubtful accounts	4,882,819	4,552,165
	<u>7,725,243</u>	<u>6,976,881</u>
Fixed Assets		
Furniture and fixtures and automobiles—		
at cost (Note 1)	459,460	457,616
Less accumulated depreciation	267,768	284,677
	<u>191,692</u>	<u>172,939</u>
Other Assets		
Deferred charges—at cost less amounts amortized	68,173	52,675
Note receivable (Note 2)	15,000	15,000
Purchase price of insurance agencies (Note 3)	110,500	49,000
Organization expenses, less amounts amortized	188,626	209,585
Goodwill, including the excess of cost of investment in subsidiary companies over book value at date of acquisition	1,461,847	1,461,847
	<u>1,844,146</u>	<u>1,788,107</u>
	<u>\$9,761,081</u>	<u>\$8,937,927</u>

Signed on behalf of the board:

S. M. ROSS, Director.

W. M. ADAMS, Director.

DALE-ROSS HOLDINGS LIMITED

AND SUBSIDIARY COMPANIES

Liabilities

Current Liabilities	1965	1964
Accounts payable (including trust funds of \$63,790)	\$6,308,583	\$5,603,412
Income taxes payable	203,785	308,530
Dividends payable	20,001	
	<u>6,532,369</u>	<u>5,911,942</u>
Unearned commissions	37,374	7,737
 Shareholders' Equity		
CAPITAL STOCK		
Authorized		
500,000 Preferred Shares of the par value of \$10 each, issuable in series	<u>\$5,000,000</u>	
300,000 Common Shares without nominal or par value		
Issued and fully paid		
200,000 6% Cumulative Redeemable Preferred Shares Series A	2,000,000	2,000,000
200,010 Common Shares	1,000,050	1,000,050
	<u>3,000,050</u>	<u>3,000,050</u>
EARNED SURPLUS		
As per attached statement	191,288	18,198
	<u>3,191,338</u>	<u>3,018,248</u>
	<u>\$9,761,081</u>	<u>\$8,937,927</u>

Notes:

1. Furniture and fixtures of \$316,715 are included at cost less proceeds of disposals.
2. The note receivable of \$15,000 bears interest at 3½% per annum and is due on or before 23rd August 1969.
3. The company has adopted the practice of writing off the purchase price of insurance agencies in the third year following acquisition.

DALE-ROSS HOLDINGS LIMITED

AND SUBSIDIARY COMPANIES

Consolidated Statement of Earned Surplus

For the Year Ended 31st December 1965
(with comparative figures for the previous period)

	1965	1964
Balance at beginning of year	\$ 18,198	
<i>Add</i>		
Net profit for the year	410,052	\$18,198
	<u>428,250</u>	<u>18,198</u>
<i>Deduct</i>		
Dividends—Preferred	122,000	
Common	70,004	
Amortization of organization expenses	20,958	
Write off of cost of insurance agencies	24,000	
	<u>236,962</u>	
Balance at end of year	<u>\$191,288</u>	<u>\$18,198</u>

Auditors' Report

To the shareholders of

DALE-ROSS HOLDINGS LIMITED

We have examined the consolidated balance sheet of Dale-Ross Holdings Limited and subsidiary companies as at 31st December 1965 and the consolidated statements of profit and loss and earned surplus for the year then ended. Our examination of the financial statements of Dale-Ross Holdings Limited and the subsidiary companies, with the exception of certain branches of subsidiaries of which we are not 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 certain branches of the subsidiary companies.

In our opinion the accompanying consolidated balance sheet and consolidated statements of profit and loss and earned surplus together with the notes thereto present fairly the financial position of the companies as at 31st December 1965 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 prior period.

Montreal, Quebec
21st March 1966

WINSPEAR, HIGGINS, STEVENSON AND DOANE,
Chartered Accountants

DALE-ROSS HOLDINGS LIMITED

AND SUBSIDIARY COMPANIES

Consolidated Statement of Profit and Loss

For the Year Ended 31st December 1965

(with comparative figures of Dale and Company (Limited)
and subsidiary companies for the previous year)

	1965	1964
Commissions and fees.....	\$3,743,516	\$3,351,529
Less operating expenses.....	<u>2,568,113</u>	<u>2,371,468</u>
Net operating profit before providing for the under- noted items.....	1,175,403	980,061
<i>Add</i>		
Revenue from investments.....	67,076	42,532
Profit on sales of investments.....	3,502	2,366
Profit on sale of Winnipeg building.....	<u>49,103</u>	
	<u>1,295,084</u>	<u>1,024,959</u>
<i>Deduct</i>		
Directors' remuneration.....	422,708	376,848
Allowance for depreciation.....	57,012	47,592
Amortization of acquisition cost of insurance agencies.....		<u>511</u>
	<u>479,720</u>	<u>424,951</u>
Net profit before provision for income taxes.....	815,364	600,008
Provision for income taxes.....	<u>405,312</u>	<u>296,957</u>
Net profit for the year— transferred to earned surplus.....	<u>\$ 410,052</u>	<u>\$ 303,051</u>

DALE-ROSS HOLDINGS LIMITED

AND SUBSIDIARY COMPANIES

Insurance Services Across Canada

- HALIFAX
- MONTREAL
- TORONTO
- HAMILTON
- WINNIPEG
- EDMONTON
- CALGARY
- VANCOUVER





