A N N U A L R E P O R T

Nineteen Hundred and forty-nine

Silver Anniversary

Industrial Acceptance Corporation Limited

Annual Report 1949

A NATIONAL SERVICE

I·A·C

A CANADIAN COMPANY

INDUSTRIAL ACCEPTANCE CORPORATION LIMITED

Sixty Branches from Coast to Coast

Head Office TORONTO ONTARIO

Executive Offices MONTREAL QUEBEC

The Way we work

In our work we deal with money and with people. We require a full understanding of each—so that our dealings may be made with the wisdom and integrity which provide the greatest benefits to all.

There can be no doubt about the usefulness of our organization. The fact that in the past we have been of service to more than a million customers is ample evidence of the manner in which we contribute directly and indirectly to the employment, the well-being and economic progress of Canada and Canadians. Instalment buying, facilitated by such organizations as ours, fills an economic need in Canada. Abused, it can be dangerous. Intelligently directed, it stimulates business, makes mass buying and mass production possible and leads to reduced prices. In general, it contributes substantially to higher standards of living. On this principle we have built our business.*

**Excerpt from the introduction to* "You and I.A.C.", *a booklet for employees.*

Officers and Directors

Directors

RUSSELL D. BELL

Hon. WILFRID GAGNON

JOHN W. McCOLL

ARTHUR J. MORRIS

ARTHUR A. SCHMON

PAUL F. SISE

JOHN P. A. SMYTH

GRANT E. WEMP

Officers

RUSSELL D. BELL
Chairman of the Board

JOHN P. A. SMYTH
President

GRANT E. WEMP
Vice-President and General Manager

J. H. RANAHAN
Vice-President and Assistant General Manager

J. P. PENNEFATHER
Comptroller

L. E. CUTHBERTSON
Secretary-Treasurer

J. H. L. ROSS
Assistant Vice-President and General Sales Manager

W. J. MacEWEN
Assistant Vice-President and General Credit Manager

Transfer Agent: Montreal Trust Company, Toronto, Ont., and Montreal, Que.

Registrar: Chartered Trust Company, Toronto, Ont., and Montreal, Que.

Stock Listing: Montreal Stock Exchange - Toronto Stock Exchange

Annual Report

OF THE BOARD OF DIRECTORS

THE total earned income of your Company and its subsidiaries for the year 1949 amounted to $11,103,870. After deducting interest charges on Demand and Term Secured Notes, as well as insurance claims paid under policies written by your Company's subsidiary, Progressive Insurance Company of Canada, there remained a balance of $7,033,382. This balance of earned income exceeded the comparative total for the previous year by 55% and established a new high mark in income.

General and administrative expenses, including depreciation of office equipment and automobiles in company use, amounted to $3,755,206, which represented an increase of 50.8% over operating expenses of the previous year. After deducting such items, net earnings available for debenture interest, income taxes and dividends amounted to $3,278,176, against $2,071,111 for 1948.

The first charge against net earnings, namely interest on the Company's 3½ and 4% 20 year debentures, was covered in the ratio of 18.5 times to 1. After providing for income taxes and preferred dividends, the latter having been covered 11.4 times, there remained $1,790,032, representing earnings of $6.49 per share on the equivalent of 275,656 paid up common shares outstanding at the year-end. Comparative results for 1948 were earnings of $1,018,288. or $4.05 per share on the equivalent of 251,133 shares.

While all of the diversified activities of your Company contributed to the earnings described above and to the substantial growth in its assets, the most important factor was the volume of automobile paper purchased which came to 70% of the total retail receivables, as against 63% the previous year. In regard to the remaining 30%, approximately two-thirds related to domestic appliances and installations, while the remainder applied largely to instalment sales of commercial and industrial equipment.

The year under review represented the first full year's operations for your Company's subsidiary, Progressive Insurance Company of Canada. The large volume of motor vehicle financing handled by the parent company contributed to a flow of insurance premiums through this subsidiary, which materially helped to produce its satisfactory operating results.

Further supplementing the services offered to the Company's customers generally, Interprovincial Insurance Claims Limited, a new subsidiary, went into operation on the 1st of February, 1949. The functions of this company are described under "National Services" on Pages 14 and 15 of this report.

The development of Niagara Finance Company Limited, which is licensed under the Small Loans Act, 1939, is showing steady progress and the potential volume of business and the resultant earnings of this subsidiary are expected to be important factors in the future of your Company's diversified interests.

Following the practice inaugurated last year, your Company's Consolidated Balance Sheet, Profit and Loss and Earned Income Accounts for the year under review also carry the 1948 figures, for comparative purposes. As additional information in this Annual Report you will find that detailed explanations are offered immediately following the Balance Sheet on all asset and liability items.

In March of last year your Company issued an additional \$5,000,000. 3½% Secured Term Notes as Series "E" (Referred to in the 1948 Annual Report) under the same Deed of Trust which covers previous issues of a similar nature.

To increase your equity capital in relation to the increase which has taken place in the amount of business handled by your Company, 80,000 shares of \$25. par value 5% Convertible Preferred Stock were sold in August. Since the date of this Balance Sheet an additional 60,000 shares of \$32. par value 5% Convertible Preferred Stock have been sold. Details of Secured Term Notes, Debentures, Preferred and Common Stocks authorized and issued appear on Page 10 of this report.

Continuing high levels of employment and individual earnings should justify reasonable optimism for business throughout 1950. Sales of durable consumer goods, such as motor vehicles and domestic appliances, will probably be well maintained although it is quite possible that considerably more sales effort will be required on the part of sellers to hold to the record established during 1949. An interesting observation is that the percentage of time sales to total sales of motor vehicles, while somewhat higher in 1949 than during the preceding post-war years, is still considerably below the ratio established in the pre-war period. If similar statistics were available covering the sales of other durable consumer goods they would probably disclose the same trend.

During the year, as authorized by By-Law "T" of your Company, past services benefits provided by the staff pension plan were increased from 30% to 40% of the salaries earned by employees at the date of inception of the plan. The additional cost to your Company, amounting to \$115,908 payable in ten annual instalments, accounts for the increase in Contributions to Staff Pension Plan as recorded on the comparative balance sheet. The unpaid portion is included in Accounts Payable.

There is a similarity of pattern in the services offered by most sales finance companies, principally in that they use the same kind of dollars in the conduct of their businesses. Therefore, the only way in which one institution can excel others is by rendering a better service. A better service can, in turn, only be rendered by better personnel. It has been your Company's constant aim, insofar as possible, to bring in at the bottom of the organization, the young men and women who, with proper training and experience, will rise through the organization accumulating as they go a knowledge and sensitivity of customer relations and efficiency which will reflect itself in service of the first quality. However able the members of your staff may be individually, they cannot constitute a fine institution unless they have been welded into a team and all made to feel their importance to that team. That the personnel of your Company and its subsidiaries are of high calibre and co-operate as a team is attested to by the Balance Sheet and Operating Statements presented to you, and it is with deep appreciation that we render thanks to them on behalf of the Shareholders and Directors.

On behalf of the Board,

Russell D. Bell — *Chairman*

President

February 23rd, 1950.

INDUSTRIAL ACCEPTANCE CORPORATION LIMITED
AND SUBSIDIARY COMPANIES

ASSETS

	1949		1948	
Current Assets:				
Cash		$3,472,726		*$1,452,507*
Notes and accounts receivable—				
Consumer instalment obligations	70,844,648		*49,196,606*	
Dealers' acceptances on motor vehicles and appliances	16,999,089		*14,292,481*	
Direct secured instalment loans	3,654,507		*2,793,557*	
Repossessions in companies' possession at approximate market values	81,753		*43,559*	
Other instalment obligations secured or guaranteed	644,433		*663,501*	
Sundry receivables	356,618	92,581,048	*296,052*	*67,285,756*
Marketable securities—Dominion and Provincial guaranteed bonds—at cost (quoted market value $1,281,500)		1,273,625		*401,312*
		97,327,399		*69,139,575*
Other Assets:				
Prepaid expenses	165,815		*200,235*	
Contributions to staff pension plan, less amounts written off	145,099		*44,799*	
Office equipment and automobiles (at cost, less reserves for depreciation of $206,921)	393,775		*263,949*	
Discount on debentures, less amounts written off	99,362		*105,265*	
Goodwill	1	804,052	*1*	*614,249*
		$98,131,451		*$69,753,824*

Approved on behalf of the Board,

J. W. McColl
Wilfrid Gagnon } Directors.

CONSOLIDATED BALANCE SHEET

as at 31st December, 1949 and 1948

LIABILITIES

		1949		*1948*
Current Liabilities:				
Secured demand notes		$40,465,000		*$26,750,000*
Bank loans of subsidiary companies		2,560,000		*1,950,000*
Accounts payable		410,117		*168,292*
Accrued interest on term notes and debentures		184,796		*120,021*
Reserve for claims payable by insurance subsidiary		356,141		*40,097*
Income taxes		678,433		*474,247*
Dealers' credit balances		4,357,207		*3,041,090*
		49,011,694		*32,543,747*
Deferred Income and Reserves:				
Deferred income (to be taken into earned income proportionately over the life of related receivables and policies)				
Unearned service charges	4,242,642		*2,683,423*	
Unearned premiums of insurance subsidiary	1,659,803		*225,040*	
Reserve for losses	1,866,348	7,768,793	*1,179,381*	*4,087,844*
Secured Term Notes		25,000,000		*20,000,000*
Debentures		4,650,000		*4,775,000*
Minority Interest in Capital Stock and Surplus of Insurance Subsidiary		—		*31,760*
Capital Stock and Surplus:				
Preferred stock	4,543,125		*3,000,000*	
Common stock	2,629,773		*2,090,115*	
	7,172,898		*5,090,115*	
Earned surplus	4,528,066	11,700,964	*3,225,358*	*8,315,473*
		$98,131,451		*$69,753,824*

Note: For details of secured term notes, debentures and capital stock see page 10.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the books and accounts of Industrial Acceptance Corporation Limited and its subsidiary companies for the year ended 31st December, 1949 and we have obtained all the information and explanations which we have required.

We report that, in our opinion, the above consolidated balance sheet and the accompanying consolidated statements of profit and loss and of earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the combined companies' affairs as at 31st December, 1949 and the results of the operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the companies.

McDONALD, CURRIE & CO.
Chartered Accountants.

Montreal, 20th February, 1950.

About our Assets

CURRENT ASSETS:

Cash	Money in banks.

NOTES AND ACCOUNTS RECEIVABLE:

Consumer Instalment Obligations	Unpaid balances on contracts and notes owing by approximately 180,000 buyers who have made retail instalment purchases from over 7,000 dealers in motor vehicles, domestic appliances, industrial and commercial equipment, etc., throughout Canada. In addition to the covenant of the buyer and title to the merchandise, your Company is nearly always protected by the endorsement and guarantee of the dealer.
Dealers' Acceptances on Motor Vehicles, etc.	Largely balances owing by over 2,000 dealers in all parts of Canada on wholesale shipments of aforementioned types of merchandise by manufacturers and distributors for inventory and display purposes. Title is held by your Company.
Direct Secured Instalment Loans	Receivables of your subsidiary company, Niagara Finance Company Limited, which is licensed under The Small Loans Act, 1939. These accounts are the balances of loans made to over 11,000 borrowers, mostly private individuals, throughout Canada but include some loans to small businesses. In the great majority of cases there is collateral security usually by way of chattel mortgage on motor vehicles, domestic and other types of equipment.
Repossessions in Companies' possession at approximate market values	Articles taken into your Companies' possession usually as the result of default in payment by the purchaser and/or selling dealer.
	NOTE: Merchandise to which your Company holds title under its receivables is covered, with minor exceptions, against damage or loss by primary or secondary insurance. In addition, Group Life Insurance is carried on a majority of the individual purchasers and borrowers.
Other Instalment Obligations Secured or Guaranteed	Capital loans to assist clients of your Company acquire and organize automobile agencies, and secured in various ways in a manner deemed adequate by the management.
Sundry Receivables	Accrued wholesale interest charges and other unsecured miscellaneous items owing by dealers, as well as wholesale and retail documents in transit between branches and Head Office.
Marketable Securities	Investments of reserves and surplus funds of Progressive Insurance Company of Canada in accordance with statutory regulations.

OTHER ASSETS:

Prepaid Expenses	Largely inventory of stationery, supplies, prepaid insurance premiums and alterations to premises of Executive and branch offices which are being amortized over the unexpired terms of the relating leases.
Contribution to Staff Pension Plan	Balance of your Company's contribution to the Staff Pension Plan, originally established December 31st, 1943 which, under arrangement with government authorities, is being amortized over a 10 year period.
Office Equipment and Automobiles	Balance of investment in equipment required for conduct of your Company's business after deducting accrued annual depreciation.
Discount on Debentures	Balance of the cost of issue and sale of debentures being amortized over the life thereof.
Goodwill	Arbitrary value for established connections with customers and others, including 7,000 dealers throughout Canada.

Concerning our Liabilities

CURRENT LIABILITIES:

Secured Demand Notes	Loans payable by your Company to banks on demand, secured by pledge of receivables in a pool with The Montreal Trust Company under a Trust Deed for the benefit of all holders of these, as well as Term Secured Notes described below.
Bank Loans of Subsidiary Companies	Unsecured bank borrowings of Niagara Finance Company Limited.
Accounts Payable	Includes amount due Dominion and Provincial governments by Insurance Subsidiary for taxes on premiums, also Participation Plan Fund, Staff Pension Plan contributions and sundry current items.
Accrued Interest on Term Notes and Debentures	Monthly accrual of interest which is payable semi-annually by the Company on its outstanding term notes and debentures.
Reserve for Claims Payable by Insurance Subsidiary	Provision for full estimated amount of all insurance loss claims reported to and unpaid by Progressive Insurance Company of Canada.
Income Taxes	Unpaid balance of estimated Dominion and Provincial income taxes.
Dealers' Credit Balances	Largely amounts withheld from the face value of the customers' notes purchased from dealers and subject to release only against the satisfactory performance of the dealers' contingent and direct liabilities. In effect, these balances represent reserves for credit losses against any particular dealer's paper before resorting to your Company's reserves for losses.

DEFERRED INCOME AND RESERVES:

Unearned Service Charges	Balance of unearned income on outstanding receivables which is taken into monthly income pro rata over the life of such receivables.
Unearned Premiums of Insurance Subsidiary	Reserves established by Progressive Insurance Company of Canada on the basis of 80% of the unearned portion of insurance premiums in accordance with statutory requirements.
Reserves for Losses	Amount accumulated as reserves through monthly appropriation from gross service charges. Losses as they occur are written off against this account.
Secured Term Notes	Loans payable by your Company at certain specified maturities and secured by the same pool of collateral under the Trust Deed covering Demand Notes described above.
Debentures	Unsecured loans, in the form of debentures payable November 1st, 1966, held by investors. They rank equally with other unsecured creditors and prior to the shareholders.

CAPITAL STOCK AND SURPLUS:

Preferred Stock	Proprietory investment having certain preferences as to dividends and assets over common stock shareholders, and owned by 1,189 investors.
Common Stock	Proprietory investment entitled to dividends after all other liabilities have been provided for, represented by 278,275 shares, and owned by 1,114 investors.
Earned Surplus	The undistributed earnings of the Company which have neither been set aside in special reserves nor paid out to shareholders.

INDUSTRIAL ACCEPTANCE CORPORATION LIMITED
AND SUBSIDIARY COMPANIES

Details of Secured Term Notes, Debentures and Capital Stock as at 31st December, 1949 and 1948

	1949	1949	1948	1948
SECURED TERM NOTES:				
Series "A" 2¼% due 1st October, 1950....		$3,000,000		*$3,000,000*
Series "B" 2½% due 1st October, 1952....		4,500,000		*4,500,000*
Series "C" 2¾% due 1st October, 1954....		2,500,000		*2,500,000*
Series "D" 3½% due 1st June, 1960.......		10,000,000		*10,000,000*
Series "E" 3½% due 15th February, 1964..		5,000,000		—
		$25,000,000		*$20,000,000*
DEBENTURES:				
Authorized.............................		$5,000,000		*$5,000,000*
Issued—sinking fund debentures due 1st November, 1966—				
Series "A"—3½%.....................	2,000,000		*2,000,000*	
Less: Purchased and cancelled.........	150,000	1,850,000	*100,000*	*1,900,000*
Series "B"—3½%.....................	2,000,000		*2,000,000*	
Less: Purchased and cancelled.........	150,000	1,850,000	*100,000*	*1,900,000*
Series "C"—4%.......................	1,000,000		*1,000,000*	
Less: Purchased and cancelled.........	50,000	950,000	*25,000*	*975,000*
		$4,650,000		*$4,775,000*
PREFERRED STOCK:				
Authorized and issued—				
80,000 5% cumulative redeemable convertible shares of $25 each......	2,000,000		—	
18,275 shares converted into common stock	456,875		—	
61,725 shares.........................		1,543,125		—
15,000 5% cumulative redeemable shares of $100 each.................		1,500,000		*1,500,000*
15,000 4¼% cumulative redeemable shares of $100 each.................		1,500,000		*1,500,000*
		$4,543,125		*$3,000,000*
COMMON STOCK:				
As at 31st December, 1949—				
Authorized—500,000 shares without nominal or par value				
Issued—278,275 shares.................		2,664,475		
Less: Amounts not yet called on 2,910 shares.........................		34,702		
As at 31st December, 1948—				
Authorized—300,000 shares without nominal or par value				
Issued—260,000 shares.................				*2,207,600*
Less: Amounts not yet called on 9,852 shares.........................				*117,485*
		$2,629,773		*$2,090,115*

Since 31st December, 1949, the authorized and issued capital of the company has been increased by $1,920,000 representing 60,000 5% cumulative redeemable convertible preferred shares of $32 each.

CONSOLIDATED PROFIT AND LOSS

for the Years Ended 31st December, 1949 and 1948

		1949			1948	
Earned Income			$11,103,870			$6,532,526
Interest on current borrowings including secured notes		2,307,189			1,921,416	
Losses paid by insurance subsidiary and provision for outstanding claims		1,763,299	4,070,488		74,656	1,996,072
			7,033,382			4,536,454
General and administrative expenses		3,622,378			2,441,671	
including—						
Taxes other than taxes on income	120,786			41,754		
Executive officers' salaries and bonuses	208,802			152,931		
Legal fees	32,028			30,307		
Directors' fees and salary	13,128			10,895		
Provision for depreciation of office equipment and automobiles		132,828	3,755,206		48,672	2,490,343
			3,278,176			2,046,111
Dividends received from affiliated company			—			25,000
			3,278,176			2,071,111
Interest on debentures and amortization of discount		176,838			164,564	
Provision for income taxes		1,140,437			749,509	
Preferred dividends		170,869	1,488,144		138,750	1,052,823
			1,790,032			1,018,288
Dividends on common shares			425,866			312,958
Balance for the year, transferred to consolidated earned surplus			$1,364,166			$705,330

Consolidated Earned Surplus for the Years Ended 31st December, 1949 and 1948

	1949		1948	
Balance at beginning of year		$3,225,358		$2,270,028
Balance for the year from consolidated profit and loss	1,364,166		705,330	
Transfer from reserve for contingencies	59,542	1,423,708	250,000	955,330
		4,649,066		3,225,358
Cost of issue of 5% convertible preferred shares	100,000			
Amount in excess of issue price paid on purchase of shares of insurance subsidiary from minority shareholders	21,000	121,000		
Balance at end of year		$4,528,066		$3,225,358

A Quarter Century of Progress

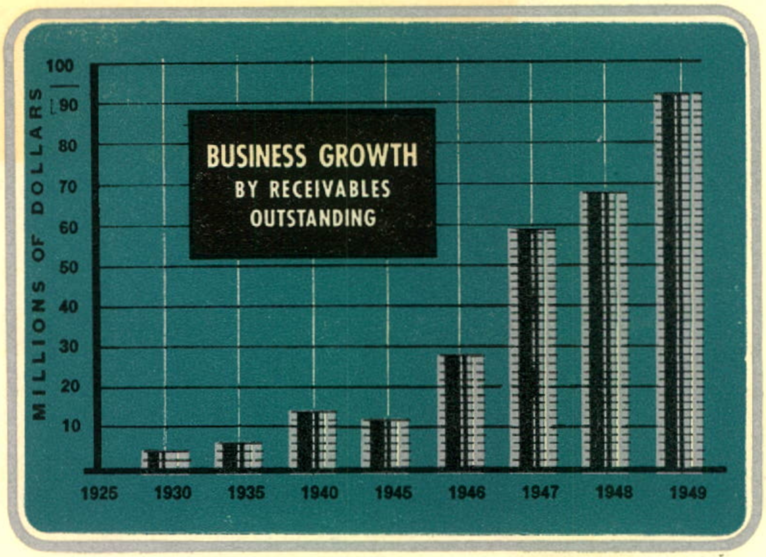
This year your Company is celebrating its Silver Anniversary. During the 25 years of its history it has grown from a single branch office of a U.S. firm to the largest instalment sales finance company in the country—operating under a Canadian charter, financed and controlled by Canadians and wholly dependent upon the support of Canadian citizens for its business.

During that period of transition, it has advanced from one office with three employees in Walkerville (now Windsor), Ontario, to a nation-wide finance organization with 60 branch offices across Canada and a staff of nearly 800.

At its inception, your Company confined itself to the financing of the products of a single automobile manufacturer. Soon, however, it turned to larger interest, and endeavours, laying the foundations upon which today's widespread operations in the field of general financing have been built. In a natural sequence of developments it extended its facilities to the financing of all makes of motor vehicles, and then to the broad realm of domestic, commercial and industrial financing.

It was in 1930 that I.A.C. emerged as an all-Canadian company and began to expand its operations during a time of uncertainty when other finance companies were closing branches. The effect of such a policy on dealers was noticeable. In a difficult collection situation, aggravated by rising unemployment and sagging incomes, the fact that your Company was able to maintain a staff of experienced collection men helped many dealers to survive the economic storm.

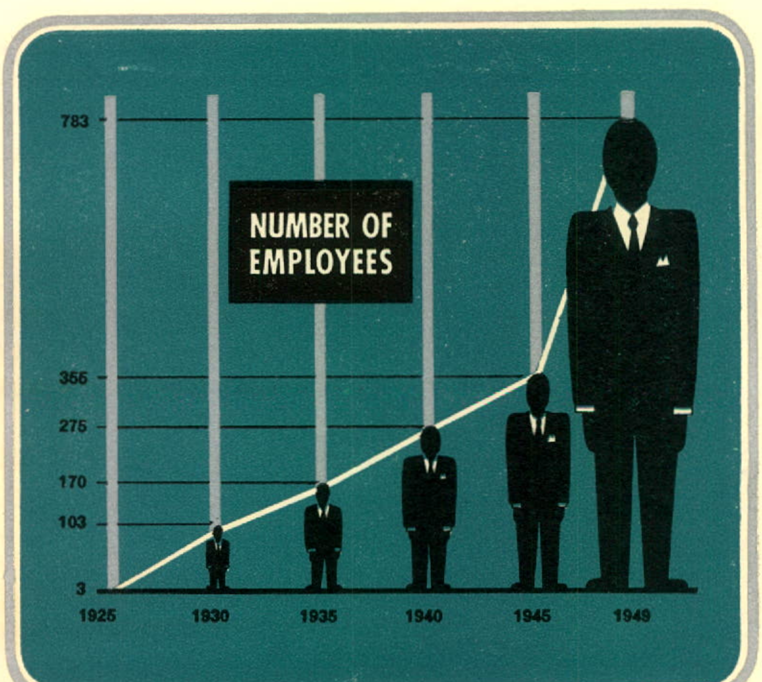
The policy of diversification also stood both I.A.C. and its dealers in good stead during the depression period. When automobile sales dropped to a small percentage of normal, I.A.C. was able to develop business in several lines so that overall volume was reasonably maintained and service could be supplied at a comparatively satisfactory level.



As business generally revived following the worst of the depression, your Company took advantage of the opportunity for further expansion by opening branches in a number of centres which had previously been generally considered too small to warrant the establishment of a local branch. The immediately available local service, offered dealers in place of the spasmodic attention of travelling representatives, drew new dealer support to the growing organization.

With the advent of war in 1939, it became evident that the production of durable goods for civilian use would be drastically curtailed. In this situation, your Company chose to utilize its resources in other constructive channels rather than close branches and contract its services to customers.

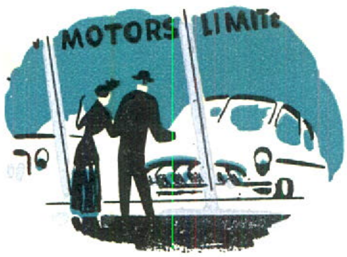
A three-fold programme was established. I.A.C. purchased a small loans company, whose business helped established I.A.C. branches to continue uninterrupted service. It also purchased a number of smaller finance companies whose experienced personnel, not eligible for military service, helped replace the large number of our own male personnel who had enlisted. Most important, your Company extended its facilities into wartime financing, putting many millions of dollars into channels which had a direct bearing on essential production. The three-way combination of this new endeavour enabled I.A.C. to contribute helpfully to wartime requirements while continuing to extend its service to dealers who ordinarily represented its main source of business.



Following the war your Company entered what was considered a normal expansion programme and opened a number of additional offices within the intervening years.

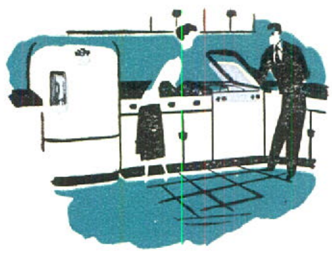
National Services OFFERED BY

INDUSTRIAL ACCEPTANCE CORPORATION LIMITED



One of the best indications of the value of a business enterprise to a community is the contribution that enterprise makes to the community's progress and well being. Viewed in this light, I.A.C. is not only a useful citizen of Canada, but a necessary one as well.

The facilities of your Company provide a broad credit service for dealers in and purchasers of a wide range of durable goods such as motor vehicles, refrigerators, heating equipment, domestic appliances, revenue producing machinery and commercial equipment. The organization being National—60 branch offices from coast to coast—the services provided are patterned to meet an extensive range of credit requirements.



The financing of many dealers, which is handled by way of wholesale acceptances, commences with the shipment of the merchandise from the manufacturers or distributors and is known as wholesale or Inventory Plan financing. This type of financing provides that your Company pays the manufacturer for the merchandise shipped to distributors and dealers, which merchandise is financed while the goods are in inventory, subject to certain limitations and conditions established for the protection of the Company's interests.

As the merchandise moves from the retailer into the hands of the consumer, a percentage of it is sold on credit terms under so-called Instalment, Time-Payment or Budget Plans—designated by your Company as the I.A.C. Merit Plan. Paper thus created by dealers is then purchased by your Company after careful scrutiny of the credit risk—this being known as Retail financing.

Your Company has provided Retail financing for more than a million Canadian purchasers to buy durable goods they need. For these individuals it has made possible the immediate enjoyment of articles of necessity or convenience that might never have been acquired if some means of payment out of income had not been available. The net result has been to widen markets, to lower manufacturing costs and to increase employment.

A policy always followed by your Company is that of wide diversification. The Wholesale and Retail financing of motor vehicles forms the largest single classification of business and usually this has been followed in volume by Domestic, Commercial and Industrial business.

Supporting I.A.C. in its self-imposed task of providing the greatest and most diversified financing service possible to individual purchasers, dealers and other business organizations from one side of Canada to the other is a group of subsidiary companies. Major units in the I.A.C. group of subsidiaries providing additional services are as follows:—

PROGRESSIVE INSURANCE COMPANY OF CANADA: This subsidiary company was acquired primarily for the purpose of providing a firm market for insurance arising out of the normal motor vehicle financing business handled by your Company. Beyond that, the activities of Progressive Insurance extend into the general fire and casualty fields, and in these fields its progress has been satisfactory.

INTERPROVINCIAL INSURANCE CLAIMS LIMITED: As its name implies, this company operates in the insurance claims adjustment field. Its primary purpose is to adjust insurance claims arising out of the business placed by I.A.C. In addition, Interprovincial is now building up its trained staff as quickly as possible in order to meet the demand upon its services in the general adjusting business. A policy of diversification along these lines is considered sound, enabling the management to retain a full staff of competent adjusters, even in smaller centres where I.A.C. business alone might not be of sufficient volume to occupy an adjuster full time.

NIAGARA FINANCE COMPANY LIMITED: This company is licensed under The Small Loans Act, 1939 and was purchased since the war for reasons similar to those successfully tested by ownership of another small loans company during the war years. Niagara enables I.A.C. to provide its customers with an additional financing service without which, on occasion, the customer would have to seek money from other sources. Of even more importance to I.A.C., however, is the fact that Niagara's growing volume of small loans business enables I.A.C. to maintain branches in many smaller centres where I.A.C. revenue alone would be barely sufficient to justify existence of a branch.

Branch Offices

ALBERTA

CALGARY
EDMONTON
LETHBRIDGE
RED DEER

BRITISH COLUMBIA

KELOWNA
NELSON
VANCOUVER
VICTORIA

MANITOBA

BRANDON
WINNIPEG

NEWFOUNDLAND

CORNER BROOK
SAINT JOHN'S

NOVA SCOTIA

HALIFAX
SYDNEY
TRURO

SASKATCHEWAN

MOOSE JAW
REGINA
SASKATOON

QUEBEC

CHICOUTIMI
DRUMMONDVILLE
MONTREAL . . . (3)
QUEBEC CITY
RIMOUSKI
RIVIERE DU LOUP
ROUYN
SHERBROOKE
THREE RIVERS
VAL D'OR

NEW BRUNSWICK

EDMUNDSTON
FREDERICTON
MONCTON
SAINT JOHN

ONTARIO

BARRIE
BELLEVILLE
BRANTFORD
BROCKVILLE
CHATHAM
CORNWALL
GUELPH
HAMILTON
KINGSTON
KIRKLAND LAKE
KITCHENER
LONDON
NIAGARA FALLS
NORTH BAY
OTTAWA
PETERBORO
PORT ARTHUR
ST. CATHARINES
SARNIA
SAULT STE. MARIE
STRATFORD
SUDBURY
TIMMINS
TORONTO
WELLAND
WINDSOR

A NATIONAL SERVICE
I·A·C
A CANADIAN COMPANY

It has been a pleasure for the Executive Officers of your Company to give you, within the limits reasonably possible in this Annual Report, an explanation of the nature and conduct of your Company's business. We would, however, welcome a personal visit or a letter from you at any time, thereby giving us an opportunity to go into greater detail with you. We would also like and respectfully urge you to attend the shareholders' meetings whenever convenient.

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