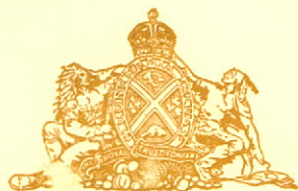


THE
R O Y A L T R U S T

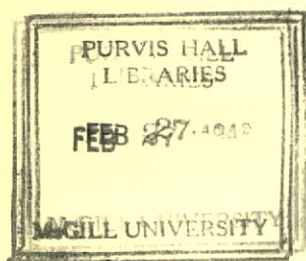


C O M P A N Y

48th ANNUAL REPORT

F O R T H E Y E A R E N D E D 31st D E C E M B E R

1947



THE ROYAL TRUST COMPANY
48th ANNUAL REPORT



ESTABLISHED 1899

OFFICES ACROSS CANADA FROM COAST TO COAST

HALIFAX	OTTAWA	CALGARY
SAINT JOHN	TORONTO	EDMONTON
QUEBEC	HAMILTON	VANCOUVER
MONTREAL	WINNIPEG	VICTORIA

Offices outside Canada

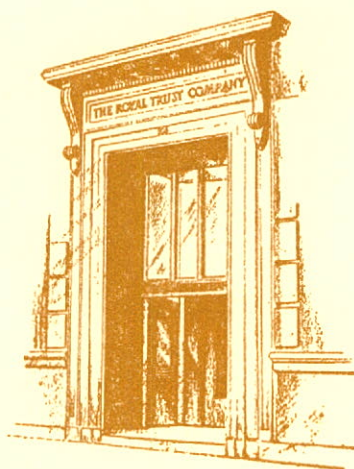
ST. JOHN'S, NEWFOUNDLAND
LONDON, ENGLAND

CAPITAL, RESERVE AND SURPLUS

\$8,210,000

ASSETS UNDER ADMINISTRATION

\$945,000,000



The Forty-eighth Annual General Meeting

OF SHAREHOLDERS WAS HELD AT THE HEAD OFFICE, MONTREAL
ON TUESDAY, THE TENTH OF FEBRUARY, NINETEEN FORTY-EIGHT

THE ROYAL TRUST COMPANY

Head Office

105 ST. JAMES STREET WEST
MONTREAL

Tribute to

GEORGE W. SPINNEY, C.M.G.

BEFORE proceeding with the business of the meeting I wish, on behalf of myself and the Directors, to pay tribute to the memory of George W. Spinney, C.M.G., Vice-President of our Company, and a member of the Executive Committee of its Board of Directors.

Numerous and eloquent eulogies of his life, character and devotion to public and corporate duties, by men prominent in Canadian affairs, appeared in the press following his death on the Sunday morning before last, and we join in commemorating his high personal qualities, and the ability and energy which enabled him to serve so notably his country and its institutions.

Mr. Spinney was elected a Director of our Company in December 1942, was named a Vice-President in February of the next year, and became a member of the Executive Committee in November 1944. He gave earnest attention to the affairs of the Company, and contributed greatly to the discussions and deliberations upon all matters brought before him. He had not only marked ability and acumen coupled with broad business experience, but also a true sense of the duties and responsibilities of trusteeship, and a consciousness of the human interests at stake in the decisions to be arrived at.

Our Company gained much through Mr. Spinney's association with it and we mourn his loss.

THE PRESIDENT'S REMARKS

higher costs

THE result of our forty-eighth year of operations again reveals the great and continuing rise in the cost of doing business. While our volume grows with expanding public interest and confidence in Trust services, the proportionately higher profit that might reasonably be expected from such expansion does not materialize because of rising costs with no corresponding increase in the scale of our remuneration for services rendered.

profits steady

The net profit for the year at \$452,000 was up only \$12,000, although our gross earnings increased by over \$285,000. The General Manager will give you further details of the year's figures.

valuation of shares

In conformity with our By-laws, it is necessary to establish at this Meeting the value of the shares of the Company for the ensuing year, and an appropriate resolution will be submitted to you for that purpose. In view of the restriction which increased operating costs place on earnings, and the uncertainty of what remedial measures may be possible in the immediate future, the Directors consider that the value of the shares of the Capital Stock of the Company should remain at \$90 a share. At the present dividend rate of \$3.20, disregarding the bonus of 60c. paid on the 2nd February, which should not be considered as regular, the shares at the price of \$90 yield 3.56%, and with the bonus 4.22%.

new directors

I am pleased to announce the recent appointment of Frederic E. Bronson of Ottawa to our Board of Directors. Mr. Bronson has served as a member of our Ottawa Branch Advisory Board since 1938, and will continue to do so.

B. C. Gardner, M.C., President of the Bank of Montreal, has been added to the list of those whose names will be presented to you at this meeting for election as directors during the ensuing year. We believe that his advice and counsel will be valuable to us.

advisory board changes

The following changes have taken place in Branch Advisory Boards: at Halifax, W. Stewart replaced, as Chairman, T. R. Gilbert, who moved to Saint John, N.B.; at Hamilton, James Garrow retired after serving on that Board for eight years; at Ottawa, C. H. Butterworth, T. Franklin Ahearn and Charles G. Cowan were

added to the Board, and Mr. Butterworth was appointed Chairman. C. Jackson Booth, a member of the Ottawa Board since 1926, died during the year. His passing is a great loss to the Company. At Saint John, N.B., Thomas R. Gilbert was added to the Board and appointed Chairman. At St. John's, Nfld., D. MacGregor succeeded, as Chairman, C. H. Butterworth, who moved to Ottawa, and, at Vancouver, A. E. Dal Grauer resigned from that Board.

officers and staff

While the Directors, the Executive Committee and the Branch Advisory Board members deserve much credit for the overall direction of its affairs, the Company could not function successfully and conduct its day-to-day business without the loyal and efficient services of its Officers and Staff. As an operating entity, the Company is, in fact, simply a group, a "company" of people, each individual with a vital part to play in the operation of the business. I commend them for their fine work throughout the year.

national economy — free exchanges

Turning to the national economy, one must be concerned with the effects on business and on the life of the people of the drastic measures which the Government took to endeavour to cure our exchange position *vis-a-vis* the United States. It is yet too early to forecast the sufficiency of these measures and, if sufficient, how long they will have to remain in force, and in what direction and to what extent they will be lessened as our situation gradually improves.

While officers of Trust Companies need not qualify as economists and their opinions can hardly have a marked effect on the thinking of those in control of the financial policies of the country, it is perhaps permissible for me to express a personal view on the broad question of money and currencies.

In listening to discussions on what Canada's policy should be in the direction of curtailment of imports, encouragement of exports, subsidizing production, etc., it always strikes me that we are too much inclined to argue from the situation to which we have become accustomed during the abnormal financial conditions of the war years, and their aftermath, including government controls and all sorts of artificial methods of attempting to mould business and finance into some desired form.

In consequence of this we fail to realize that our thinking could be simplified if we went down to what I believe to be the basic fact that there can be no lasting cure for international financial difficulties without a return to free convertibility of national currencies at realistic exchange rates. Such a step might be premature at this juncture while the export capacity of war-torn nations is still far below normal,

but ultimately it is going to be necessary to face up to the fact that maintenance of exchange rates above their intrinsic values can only be accomplished at the cost of controls that restrict rather than expand the volume of trade.

A return to free exchanges will always involve risk but I believe it is a risk well worth taking at the earliest opportunity. Undoubtedly some currencies would drop too low in the first instance and cause grave difficulties in certain directions, but they would gradually right themselves as the internal conditions in the various countries, and their ability to trade abroad, improved, and approached the normal of years prior to the first great war.

To narrow our considerations to Canada, I believe that while we should encourage close and friendly relations with the United States, and other countries, we should always be on our guard against any arrangements that might tend to decrease our national independence and integrity. We have the territory, the resources, the population, and the ability, to establish our finances at home and abroad on a satisfactory basis.

The disturbing factor at the moment is that our prosperity has been built upon a system which requires that we should export at least one-third of our production. Moreover, under present conditions, much of our exports outside the United States dollar area are being financed by Canadian Government credit and are not bringing us back any goods in return.

We must do our share toward world recovery in which we have such a vital interest, but at the same time I think we must realize that any apparent immediate prosperity brought about by producing, manufacturing, and finishing, goods in Canada for export and to be paid for by gifts or loans from Canada is unreal, and represents taking money from all the taxpayers and distributing it to those who benefit from a subsidized export.

In the investment field we should be more conservative than ever, in spite of the high earnings and increased dividends paid by Canadian companies, and the relatively low price of their shares in the market compared to their earnings, until such time as this fundamental matter of world money exchanges becomes more settled.

the inflation problem

Probably our greatest immediate problem is that of inflation. Until this is solved, neither Canadian business nor Canadian citizens can know any real stability or security.

Yet the solution is becoming increasingly clear, though there continues to be a certain failure (or perhaps a certain refusal) to face and accept it. It is production,

and production alone, that in the end will provide inflation with its sufficient answer. Only when the amount of goods is brought more nearly up to the demand will prices find their proper and reasonable level.

There is no other way. And there can be only anxiety over the continuing popular tendency to look to some method or plan, some control or regulation, which may adjust prices without increased production and without the greater effort that increased production requires. The reimposition of regulations or controls, so far from providing an effective solution to inflation, would more likely only delay or discourage the higher productivity which is so urgently needed.

austerity or work

A great deal is being said at the present time about "austerity." It is being said in this country, as elsewhere, that we must learn to accept restrictions and to "do without." Austerity, in short, is generally conceived and presented as a form of self-denial.

Yet however necessary some degree of "doing without" may be, it would still seem that austerity should also find other and more constructive forms. Lord Woolton has very wisely said that austerity "is demoralizing to all except the saints." And it was of the austerity of "doing without" that Lord Woolton was speaking.

The more constructive form of austerity is the readiness to put in more hours of work and to work harder in those hours. The advantage of this kind of austerity—the austerity of greater production—is that it is free of the cramping and negative feeling of the austerity of simply doing without. After all, if we are ever to get out of our inflationary troubles, we shall have to work our way out. We cannot sit our way out. Our ultimate deliverance will not come about by "doing without" so much as by "doing more."

But the question then arises as to how we can best induce people to do more. Here we arrive at the matter of incentives. And it is a very important matter.

taxes vs. incentives

Some economists in this country, as in other lands, have recommended that inflation be counteracted by high taxes. Some indeed, even go so far as to suggest that taxes should be increased until inflation is mastered.

Surely this is a fundamentally mistaken approach. For high taxes, more perhaps than anything else, depress incentives; and if production is to be stimulated, the extra effort must receive the extra reward. To expect people to work harder, and

THE PRESIDENT'S REMARKS

to be practically penalized for doing so, is not to deal in the realities of human nature in a free society.

For this reason, it would seem more realistic, and therefore more effective, if taxation upon earnings were lowered, so that the greater impetus might be given to the added effort. Since we are dealing with human nature in a free society, it must be remembered that extra effort is not easy. "Overtime" in the widest sense of the word, and in all types of work, is not the line of least resistance but of greatest resistance. If high taxation diminishes to negligible proportions the reward for each degree of extra effort, the pleasures of idleness and of recreation and of "taking it easy" will be found to compete very effectively with the will to work. It was the old saying that it was well to scorn delights and live laborious days. But a policy of high taxation lends its encouragement to seeking delights and scorning laborious days.

saving discouraged

One of the incentives for earning extra income is not only to have money to spend but to have money to save. But the incentive to save is also being discouraged in several ways.

In the first place, the rates of interest have been so lowered by the government's easy money policy that the possibility of providing a sizeable income from savings (which was quite feasible some years ago) is now beyond the power of most people. It would appear from the action taken on 5th January, 1948, in allowing Dominion Government bonds to fall somewhat in market price, that the Government is pursuing less rigorously its low interest policy. I sincerely hope that this is so and will be continued.

The value of savings, and therefore the incentive to save, is still more seriously lowered by succession duties. The theory advanced to justify succession duties is questionable. It holds that a certain person or persons, as legatees of an estate, are about to come, by a fortuitous event, into possession of the principal or income of assets which they did not create. Consequently, it is argued that it is no great hardship for them if the government claims part of the estate by the imposition of succession duties.

But it is often hard for the family of a man which was dependent upon him for support, and which because of age, health, educational needs or other reasons is dependent upon his estate after his death, to regard themselves as merely inheriting a windfall, of which the government may fittingly claim a large portion. More often than not when a man dies and can no longer support his dependants, his wife and children have to change their way of living and usually have a more or

less hard time getting along on such investments and life insurance as may have been left to them. There is reason to believe that this form of taxation is favoured by governments, not because it is particularly just, but because it happens to be particularly easy to collect.

double taxation

In considering succession duties there are important considerations for further questioning their fairness. For actually they are a form of double taxation. Estates created during the last 30 years are in most cases the result of savings from part of the income left after income taxes have been paid. That is to say, estates are built up out of tax-paid money. In claiming succession duties, the government is not entering a new field of taxation, but is in fact taxing the same money twice.

Now that the Dominion Government has introduced a bill to rewrite the Income Tax Act, it is opportune to suggest that the effect of heavy taxation upon all extra effort and productiveness should be seriously reconsidered. As for succession duties, the most obvious means of reducing this burden is for the Dominion Government to retire from this field of taxation. The Dominion Government inaugurated its tax on estates only some seven years ago (in 1941), many years after the provinces had enacted succession duty legislation. In the year ending March 31, 1946, the Dominion Government collected twenty-one and a half million dollars in succession duties. Though this is a large sum to be taken from heirs in addition to what has already been paid in income taxes and in provincial succession duties, it is a comparatively small sum in the total revenue of over three billion dollars raised by the Dominion Government in the same year. If the Dominion Government were to retire from the field of succession duties, it would not suffer a serious loss of revenue, but the relief that would be granted thereby would give new incentive to the earning citizen and a new security to those dependent upon him.

encourage prosperity

What I have said illustrates the need to tax in the most intelligent way, with a view to giving personal effort and thrift and the accompanying productiveness, every reasonable encouragement. It must always be remembered that the wealth of any nation is not something lying about in its possession or in that of its citizens. A nation's wealth is in its production. The accumulated capital of the wealthiest nations in the world is equal only to about four times their annual output.

The only way to increase national wealth or to control inflation is by increasing the industry of the citizens. The only true prosperity is in production, and the best encouragement of production is the rewards won by the citizens in freedom.

BOARD OF DIRECTORS

* HUNTLY R. DRUMMOND

Honorary President

* ROBERT P. JELLETT

President

* ROSS CLARKSON

Vice-President

THE HON. C. C. BALLANTYNE, P.C.

LAMONTE J. BELNAP

FREDERIC E. BRONSON

GEORGE A. CAMPBELL, K.C.

D'ALTON C. COLEMAN, C.M.G.

NORMAN J. DAWES

THE HON. CHARLES A. DUNNING, P.C.

* JAMES A. ECCLES

B. C. GARDNER, M.C.

GEORGE W. HUGGETT

RICHARD G. IVEY, K.C.

JOSEPH A. KILPATRICK

ROSS H. McMASTER

THE HON. S. C. MEWBURN, K.C.

HERBERT W. MOLSON

THE HON. ALPHONSE RAYMOND, LL.D., M.L.C.

HENRY E. SELLERS, C.B.E.

CHARLES F. SISE

WALTER M. STEWART

THE HON. L. A. TASCHEREAU, K.C., LL.D.

AUSTIN C. TAYLOR, C.B.E.

**Members of Executive Committee*

THE DIRECTORS' REPORT

To the Shareholders of

THE ROYAL TRUST COMPANY:

The directors have pleasure in submitting the forty-eighth annual report of the Company showing the results of its operations for the year ended 31st December, 1947, accompanied by the General Financial Statement, in which is incorporated the Balance Sheet of the Company as at that date.

Profit for year ended 31st December, 1947, after deducting management and all other expenses and providing for all contingencies	\$ 728,051.84
Less—Provision for taxes	275,676.86
Net Profit	\$ 452,374.98
Less—Special Contribution to Staff Pension Fund	\$ 25,000.00
Reserve for Bonus to Shareholders	60,000.00
Dividends	320,000.00
	405,000.00
Surplus	\$ 47,374.98
Balance at credit of Profit and Loss Account, 31st December, 1946 .	1,163,008.28
Balance carried forward	\$1,210,383.26

Under the charter and by-laws of the Company the real value of the Company's shares is to be estimated and established by resolution at each annual general meeting of the shareholders, and your directors recommend that the value of the shares, which have a par value of \$20.00 each, should be established at \$90.00 per share, which is the same as the valuation placed on the shares a year ago.

Respectfully submitted,

ROBERT P. JELLETT,
President.

MONTREAL, 10th February, 1948.

THE ROYAL TR

BALANCE SHEET AS A

ASSETS

READILY REALIZABLE ASSETS (less Reserves)	1947	1946
Bonds—Dominion and Provincial.....	\$16,042,871.91	\$13,421,121.95
Other Bonds.....	2,915,991.95	1,846,903.01
Stocks.....	865,678.65	701,580.99
(Not exceeding market values)		
	<u>\$19,824,542.51</u>	<u>\$15,969,605.95</u>
Cash.....	220,956.11	9,349.29
Loans.....	3,829,393.55	4,113,351.90
Sundry Accounts.....	68,257.48	18,256.52
Readily realizable assets.....	<u>\$23,943,149.65</u>	<u>\$20,110,563.66</u>
OTHER ASSETS (less Reserves)		
Mortgages.....	1,458,386.38	976,076.44
Stocks of Subsidiary Companies.....	190,003.00	190,003.00
Premises.....	844,001.90	885,852.91
Real Estate held for sale.....	1.00	1.00
Total Assets.....	<u>\$26,435,541.93</u>	<u>\$22,162,497.01</u>

On behalf of the Board:

(Signed) HUNTLEY R. DRUMMOND }
(Signed) ROBERT P. JELLETT } Directors.

MONTREAL, 20th January, 1948.

Verified as per our report of this date.

(Signed) JOHN PATERSON, C.A. }
(Signed) C. GORDON WALLACE, C.A. } Auditors.

ASSETS UNDER ADMINISTRATION

At 31st December	1947	1946
Funds and Investments of Estates, Trusts and Agency Accounts under administration—at nominal values.....	\$918,543,736.48	\$878,821,190.97
Company's Own and Guaranteed Account Assets.....	26,435,541.93	22,162,497.01
Security held against Contingent Liability.....	35,332.52	35,682.52
	<u>\$945,014,610.93</u>	<u>\$901,019,370.50</u>

A copy of the Balance Sheet, in more detail, may be obtained upon request.

UST COMPANY

31st DECEMBER, 1947

LIABILITIES AND CAPITAL

LIABILITIES	1947	1946
Accounts due and accrued	\$ 175,985.17	\$ 195,426.05
Reserve for Bonus to Shareholders	60,000.00	60,000.00
Bank Loans—secured by pledge of securities	6,477,689.73	6,540,330.00
Funds for Guaranteed Investment	11,511,483.77	7,203,732.68
Liabilities	<u>\$18,225,158.67</u>	<u>\$13,999,488.73</u>
 CAPITAL		
Capital Stock—100,000 Shares fully paid—\$20.00 par value	2,000,000.00	2,000,000.00
Reserve	5,000,000.00	5,000,000.00
Undivided Profits	1,210,383.26	1,163,008.28
	<u>8,210,383.26</u>	<u>8,163,008.28</u>
Total Liabilities and Capital	<u><u>\$26,435,541.93</u></u>	<u><u>\$22,162,497.01</u></u>

PROFIT AND LOSS ACCOUNT

For Year ended 31st December, 1947

		Comparative figures for previous year
Profit for year ended 31st December, 1947, after deducting management and all other expenses and providing for all contingencies	\$ 728,051.84	\$ 733,489.80
Less—Provision for taxes	275,676.86	293,928.80
Net Profit	\$ 452,374.98	\$ 439,561.00
Less—Special Contribution to Staff Pension Fund	25,000.00	33,750.00
Reserve for Bonus to Shareholders	60,000.00	60,000.00
Dividends	320,000.00	320,000.00
Surplus	\$ 47,374.98	\$ 25,811.00
Balance at credit of Profit and Loss Account, 31st December, 1946	1,163,008.28	1,137,197.28
Balance carried forward	<u><u>\$ 1,210,383.26</u></u>	<u><u>\$ 1,163,008.28</u></u>

AUDITORS' REPORT

We have audited the books and accounts of The Royal Trust Company for the year ended 31st December, 1947. In connection therewith, we have accepted the audited accounts for the same period, certified by independent auditors of the Company's Branches at Quebec, Saint John, N.B., Halifax, St. John's, Nfld., and London, England.

We have obtained all the information and explanations we have required and we report that all transactions of the Company that have come within our notice have been within the powers of the Company.

Cash, bank balances, and securities held by the Company for Guaranteed and Trust Accounts and in any other capacity are kept separate from the Company's own funds and securities and are so earmarked on the books of the Company as to show the accounts to which they belong. All cash, bank balances, and securities have been verified.

In our opinion, the foregoing Balance Sheet as at 31st December, 1947, verified by us, is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

(Signed) JOHN PATERSON, C.A. }
(Signed) C. GORDON WALLACE, C.A. } *Auditors.*

MONTREAL, 20th January, 1948.

THE GENERAL MANAGER'S REMARKS

earnings and balance sheet

IN reviewing the Balance Sheet and Profit and Loss Statement, which accompanies the Directors' Report, read by the President, I should like first to give you some figures that are not in the Statement, but which form the basis of the results announced.

Gross Earnings amounted to the record sum of \$3,737,000, an increase of \$285,000, and Expenses, before Taxes, exceeded, for the first time, the three million dollar mark at \$3,009,000, up \$291,000 from the previous year. The increase in our Expenses, therefore, exceeded by \$6,000 the increase in our Earnings.

The Profit and Loss Account shows this decline in Gross Profit, at \$728,000, but as Taxes were down \$18,000 at \$276,000, the Net Profit of \$452,000 showed an improvement of \$12,000.

The special contribution of \$25,000 to the Staff Pension Fund is, of course, in addition to the regular monthly contributions made to the Fund by the Company, and which are included in operating expenses.

A Reserve of \$60,000 for the payment of a 3% Bonus to Shareholders on the 2nd of February, 1948, and the \$320,000 paid in Dividends, are unchanged from the previous year.

Surplus at \$47,000 was higher by \$21,000, and the balance of Profit and Loss Account carried forward was \$1,210,000.

The condensed form of Balance Sheet, which we have now adopted as standard, shows the combined assets of the Company's Own and Guaranteed Accounts at \$26,435,000, being up \$4,273,000, and being \$8,210,000 in excess of liabilities.

Assets under Administration, which consist primarily of funds and investments of Estates, Trusts and Agency Accounts, include also the Company's Own and Guaranteed Account assets, and amount in all, at conservative valuations, to \$945,000,000, being an increase of \$44,000,000 over the previous year's total.

Our Reserve, on the Liabilities side, is unchanged at \$5,000,000.

A more detailed form of Balance Sheet has been prepared, and copies are available to those who would like them.

staff

The President's words of praise for the Officers and Staff are much appreciated, and I know how deeply concerned he is at all times for their well-being. In these

THE GENERAL MANAGER'S REMARKS

days of spiralling living costs, we are constantly striving to keep their remuneration in line with the times, but there is a limit to how far we can increase our operating expenses.

Unsettled conditions are not helping to stabilize the staff situation, and competition for desirable personnel makes it difficult sometimes to fill our requirements. There are signs, however, that staff turnover is lessening as salaries are increased, and our aim is to make employment in the Company continually more attractive as to both remuneration and working conditions. Our staff now numbers roughly one thousand, of whom about half are at Montreal, and the other half spread among our thirteen Branches.

Trust Company business has become almost a profession. A high calibre of employee is required, and places are available for men and women with university education, particularly in law and commerce. The work of administering estates and trusts is intricate and exacting, and calls for qualities of human understanding and patience, but there is great satisfaction in its performance and in seeing so many clients and families well served and their assets safeguarded.

officers appointed

A number of appointments of Officers were made during the year. J. Pembroke and W. E. Bickley were named Assistant General Managers, extending the scope of their work and supervision as the business grows apace. G. G. W. Goodwin, Supervisor of Staff, became also Manager of Montreal Branch, succeeding, in that office, C. W. Ismay, who has retired after long and outstanding service, and E. D. Parker was named Superintendent of Branches. Other important appointments were made at Montreal and at several of the Branches, to meet the needs of our organization.

employees' pension fund

We are rather proud of the Pension Fund which was established in 1936 for the benefit of our employees, and we like to keep the Shareholders of the Company informed of its progress. As you may remember, the Fund is operated on what is known as a contributory basis, the Company and the employees making equal monthly contributions, but the Company has, from time to time, made special contributions, to speed the day when the Fund will be sufficient to discharge, in full, the obligations which it was designed to meet. Last year the Company's regular and special contributions to the Pension Fund amounted to \$93,450, while other payments made towards pensions increased the figure to \$138,000. Alto-

gether the Company has paid \$1,350,000 into the Pension Fund. The value of the assets of the Fund at the end of the year amounted to the substantial sum of \$2,277,000, which is \$150,000 more than a year ago, but, even with this seemingly rapid growth, the Fund is a long way from being self-sufficient.

Given time to grow, and a reasonable return on its investments, it is expected that the Fund will eventually provide all retiring employees with fair annuities. The plan embodies qualities of soundness and flexibility which are, we believe, unique, and might well be of interest to other corporations who are considering the establishment of pension plans for their employees.

estates and trusts

The principal business of the Company, that of administering estates and trusts, again shows marked expansion, and the rate at which new Wills are being filed with us has been accelerated by the wider services which we are providing to assist people in analysing their estates and in planning their Wills prior to having them drawn by their lawyers or notaries.

The duties of an Executor and Trustee continue to grow more complex and onerous with high taxation, heavy succession duties, numerous governmental returns, and low rates of interest on investments, but our basic charges or the fees allowed by the Courts for administrative work and responsibility have not been adjusted for many years. The cost of our services to clients is, therefore, relatively less than ever before, and we believe an appreciation of this, by the public, is manifest in the growth of our business.

management and safe-custody

The management and safe-custody of investments is a service which offers particular appeal in these times of unsettled exchanges and security markets. The task of keeping in close touch with day-to-day developments and trends is more than most people with invested capital can cope with, and our Management Service is designed to relieve them of this task and to assist them in reaching decisions in regard to their investments. The number of new accounts opened during the year is an indication that this service is becoming increasingly important and holds promise of steady expansion.

Exchange regulations are, we believe, now keeping considerable Foreign capital out of Canada that would come to us for investment and management, and we trust it may not be long before these restrictions are eased or entirely removed.

THE GENERAL MANAGER'S REMARKS

I am pleased to report that the amount of funds and investments held by us as Trustee for Pension Plans of other corporations shows substantial increase, and the outlook for further business of this kind is encouraging.

real estate and mortgages

The Real Estate market was firm throughout the year with shortages in most classes of accommodation and high building costs. Our money volume of sales and the number of properties sold were again substantial, but both listings and offers appear to be diminishing slightly, while prices remain steady. With the expected lifting of commercial rent controls in March, and the housing situation still acute, we look forward to continued activity in the real estate market for some months.

As money is plentiful, the demand for new mortgages is not as great as we would like, this form of investment being desirable for many of our clients. There was, however, some increase in both the number and amount of mortgage loans made. Borrowers, it may be said, are meeting their principal, interest, and tax obligations in a satisfactory manner.

corporate trusts

The volume of business handled by the Bond Trusteeships and Stock Transfer Departments continued at a high level, and a number of new appointments were received, indicating some further revival of corporate financing through both private and public channels.

Dividend payments increased considerably, and more companies employed us to issue and send out their dividend cheques, which we are well equipped to do, at small cost. Other companies extended the transfer facilities for their shares by opening additional Transfer Agencies at our Branches in various provinces, as a convenience and protection to their shareholders. This is one advantage of employing as Transfer Agent or Registrar, a Trust Company with adequate branch facilities across the country, as it simplifies the making of such arrangements.

income tax act

The Trust Companies Associations of Ontario and Quebec have submitted to the Minister of Finance, a joint memorandum respecting the proposed revision of the Income Tax Act, as contained in Bill No. 454, which the Government made available for study, and invited suggestions for improvement. Among their recommendations, the Trust Companies submit that the 4% Surtax on Investment

Income is unjustifiable and discriminatory, and that it should be discontinued, or, failing this, that the amount of the exemption should be substantially increased.

The Trust Companies stress the serious situation in which many people dependent upon investment income find themselves, as a result of the squeeze between low interest rates and the reduced purchasing power of the dollar.

investments

The slight firming of interest rates which has been noticeable in recent months is a welcome development, and one which is of direct benefit to our clients. This change is overdue and, as a matter of justice to investors, we hope that the pressure on interest rates will be eased somewhat further.

organization and service

I would like to mention some of the advantages of dealing with a large, well organized and fully departmentalized Trust Company such as ours with Branches across the country, and in England and Newfoundland.

We are big enough and have sufficient financial resources to maintain highly qualified officers at the head of each department of our work. These men are specialists in their respective fields, and can therefore advise and assist clients in matters which come under their supervision more expertly than one who attempts to deal with all phases of estate administration. The staff of each department is also specially trained for their particular work, and so can render more efficient service than if they were required to perform more diversified duties.

In every business and profession the tendency towards specialization is steadily increasing, and it is our constant aim to train and develop sufficient officers and staff to enable us to render service to our clients that is, first of all, personal and understanding, and, secondly, expert in each of the various fields of trust company work. The Executive Officers of the Company, the Managers, Assistant Managers and Secretaries of our Branch offices, our Department Heads and their experienced assistants are always available for consultation and are ready and willing to help clients in every way possible.

The size of our organization and the extent of our business enables us to give the greatest value in services rendered for the remuneration received. Our experience and record are assurance that the affairs of those who put their trust in us will be handled with a high degree of efficiency, and, of course, in strictest confidence at all times.

EXECUTIVE OFFICERS

ROBERT P. JELLETT
President

ROSS CLARKSON
Vice-President and General Manager

J. F. WILKES
Assistant General Manager

J. PEMBROKE
Assistant General Manager

W. E. BICKLEY
*Assistant General Manager
and Secretary*

G. G. W. GOODWIN
*Supervisor of Staff and
Manager, Montreal Branch*

E. D. PARKER
Superintendent of Branches

J. A. SUTHERLAND
Supervisor of Real Estate

J. M. WELLS
Supervisor of Investments

H. GILBERT
*Chief Accountant and
Assistant Secretary*

J. E. PETERS
*Assistant Superintendent
of Branches*

BRANCH ADVISORY BOARDS AND MANAGERS

CALGARY

C. G. DUNNING, *Chairman*

SIDNEY KIDD

ALICK C. NEWTON

FRED. E. OSBORNE

FREDERICK STAPELLS

A. R. DINGMAN, *Manager*

EDMONTON

THOMAS DICKSON, *Chairman*

CLAUDE GALLINGER

E. N. KENNEDY

C. F. NEWELL, K.C.

S. H. SMITH

R. STEELE, *Manager*

HALIFAX

W. STEWART, *Chairman*

G. MACGREGOR MITCHELL

ALBAN M. MURPHY

A. HANDFIELD WHITMAN

W. ARCHER, *Manager*

HAMILTON

G. B. HOWARD, *Chairman*

W. D. BLACK

H. H. CHAMP

H. T. MALCOLMSON THE HON. S. C. MEWBURN, K.C.

A. G. O. BAHR, *Manager*

TORONTO

W. T. A. MACFADYEN, *Chairman*

G. F. PEARSON

GORDON F. PERRY

R. L. CROMBIE, *Manager*

VANCOUVER

JOHN MACRAE, *Chairman*

A. M. J. ENGLISH

M. E. NICHOLS

CHRIS. SPENCER

AUSTIN C. TAYLOR

GEORGE O. VALE, *Manager*

VICTORIA

JAMES N. TAYLOR, *Chairman*

THE HON. GEORGE H. BARNARD, K.C.

W. C. MAINWARING

R. W. MAYHEW, M.P.

W. HOBART MOLSON

NORMAN A. YARROW

F. E. WINSLOW, *Manager*

WINNIPEG

ANGUS MACPHERSON, *Chairman*

S. W. CAMPBELL

JOSEPH HARRIS

N. L. LEACH

W. A. MATHER

H. E. SELLERS

R. K. BERRY, *Manager*

THE FUNCTIONS OF THE COMPANY

We offer our services as

Executor, Administrator, Trustee, under Wills
and Deeds of Trust.

Agent or Attorney for Executors.

Curator to Property.

Custodian of Securities and Manager of Investments.

Agent for Individuals and Corporations for the
Investment of Moneys and Collection of
Dividends, Interest, Rent, and the
Principal of Mortgages,
Bonds and Stocks.

Agent to Buy, Sell and Manage Real Estate.

Agent for the Management of Estates.

Agent for Preparation of Income Tax Returns.

Transfer Agent and Registrar for shares of other
Companies and Dividend Disbursing Agent.

Trustee for Bondholders and Registrar for Bonds.

Standing-by Attorney.

Trustee or Custodian of Pension Funds
and in other Fiduciary Capacities.

SERVICE PUBLICATIONS

gladly sent upon request

"What We Can Do for You"

"Some Remarks on Wills"

"Why a Will?"

"Practical Hints on Making Your Will"

"Standing By"

"Management Service"

"Safe-Custody of Securities"

"Succession Duties"

and others

THE ROYAL TRUST COMPANY

BALANCE SHEET

31st December, 1947

(In detail)

Head Office
MONTREAL

CALGARY
LONDON, ENG.
ST. JOHN'S, NFLD.

CHARLOTTETOWN
MONTREAL
TORONTO

EDMONTON
OTTAWA
VANCOUVER

HALIFAX
QUEBEC
VICTORIA

HAMILTON
SAINT JOHN, N.B.
WINNIPEG

THE ROYAL TR

Balance Sheet as at 31

(In dollars)

ASSETS OWNED BY THE COMPANY

	1947	1946
Office Premises, less Depreciation: Freeholds at Calgary, Edmonton, Halifax, Ottawa, Vancouver, Victoria and Winnipeg.....	\$ 589,001.90	\$ 605,852.91
Interest in Royal Trust Building, Montreal.....	255,000.00	280,000.00
	\$ 844,001.90	885,852.91
Real Estate held for sale.....	1.00	1.00
Mortgages and Agreements for Sale: Principal, less Reserves.....	\$ 1,447,203.61	967,236.06
Interest due and accrued.....	11,182.77	8,840.38
	1,458,386.38	976,076.44
Bonds and Stocks, less Reserves: Dominion and Provincial Govern- ment Bonds.....	\$ 5,197,962.75	7,185,648.17
Municipal and School Bonds.....	179,928.53	66,578.53
Other Bonds and Debentures.....	2,202,852.00	966,563.83
Stocks.....	865,678.65	701,580.99
Stocks of Subsidiary Companies.....	190,003.00	190,003.00
Interest accrued.....	85,577.96	68,475.24
	8,722,002.89	9,178,849.76
Loans, less Reserves: Secured by Bonds, Stocks, etc....	\$ 2,201,439.35	2,462,483.23
Interest due and accrued.....	1,383.39	1,150.39
Advances to Estates and Trusts under Administration.....	1,626,570.81	1,429,123.15
	3,829,393.55	3,892,756.77
Balances in Sundry Accounts, less Reserves.....	68,257.48	18,256.52
Cash on hand.....	2,014.96	6,970.93
	14,924,058.16	14,958,764.33

GUARANTEED ACCOUNT

Dominion and Provincial Govern- ment Bonds.....	\$10,743,661.00	6,150,689.40
Municipal and School Bonds.....	350,688.50	435,229.10
Other Bonds and Debentures.....	140,282.90	348,983.51
Interest accrued.....	57,910.22	45,857.18
	11,292,542.62	6,980,759.19
Loans on Bonds, Stocks, etc.....		219,878.47
Interest due and accrued.....		716.66
		220,595.13
Cash in Bank.....	218,941.15	2,378.36
Security against Indemnity, Surety and Guarantee Bonds.....	35,332.52	35,682.52
	11,546,816.29	7,239,415.20

ESTATES, TRUSTS AND AGENCY ACCOUNTS

Investments, Cash in Chartered Banks and Mis- cellaneous Assets of Estates, Trusts and Agency Accounts.....	918,543,736.48	878,821,190.97
	\$945,014,610.93	\$901,019,370.50

UST COMPANY

1st December, 1947

(tail)

CAPITAL AND LIABILITIES OF THE COMPANY

	1947	1946
Capital Stock Authorized.....	<u>\$5,000,000.00</u>	
Capital Stock paid up, 100,000 Shares of \$20.00 each...	\$2,000,000.00	\$ 2,000,000.00
Reserve.....	5,000,000.00	5,000,000.00
Undivided Profits.....	<u>1,210,383.26</u>	<u>1,163,008.28</u>
	\$ 8,210,383.26	\$ 8,163,008.28
Bank Loans (Secured by pledge of Securities).....	6,477,689.73	6,540,330.00
Accounts due and accrued.....	175,985.17	195,426.05
Reserve for Bonus to Shareholders.....	<u>60,000.00</u>	<u>60,000.00</u>
	14,924,058.16	14,958,764.33
GUARANTEED ACCOUNT		
Trust Funds for Investment.....	11,511,483.77	7,203,732.68
Indemnity, Surety and Guarantee Bonds.....	<u>35,332.52</u>	<u>35,682.52</u>
	11,546,816.29	7,239,415.20
ESTATES, TRUSTS AND AGENCY ACCOUNTS	918,543,736.48	878,821,190.97
	<u>\$945,014,610.93</u>	<u>\$901,019,370.50</u>

PROFIT AND LOSS ACCOUNT

For year ended 31st December, 1947

		Comparative figures for previous year
Profit for year ended 31st December, 1947, after deducting management and all other expenses and providing for all contingencies.....	\$ 728,051.84	\$ 733,489.80
Less—Provision for taxes.....	275,676.86	293,928.80
Net Profit.....	\$ 452,374.98	\$ 439,561.00
Less—Special Contribution to Staff Pension Fund.....	\$ 25,000.00	33,750.00
Reserve for Bonus to Share- holders.....	60,000.00	60,000.00
Dividends.....	320,000.00	320,000.00
Surplus.....	\$ 47,374.98	\$ 25,811.00
Balance at credit of Profit and Loss Account, 31st December, 1946.....	1,163,008.28	1,137,197.28
Balance carried forward.....	<u>\$1,210,383.26</u>	<u>\$1,163,008.28</u>

