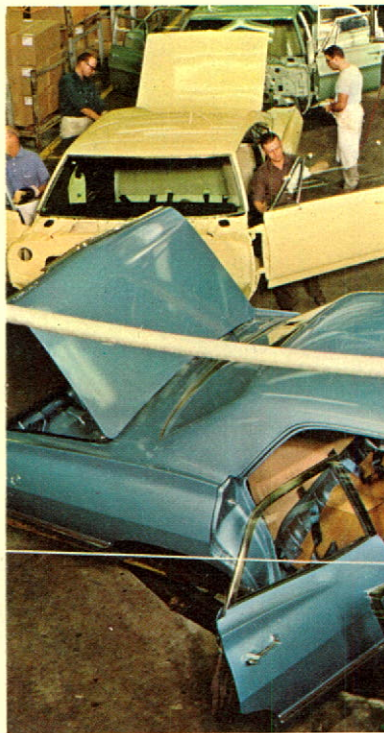
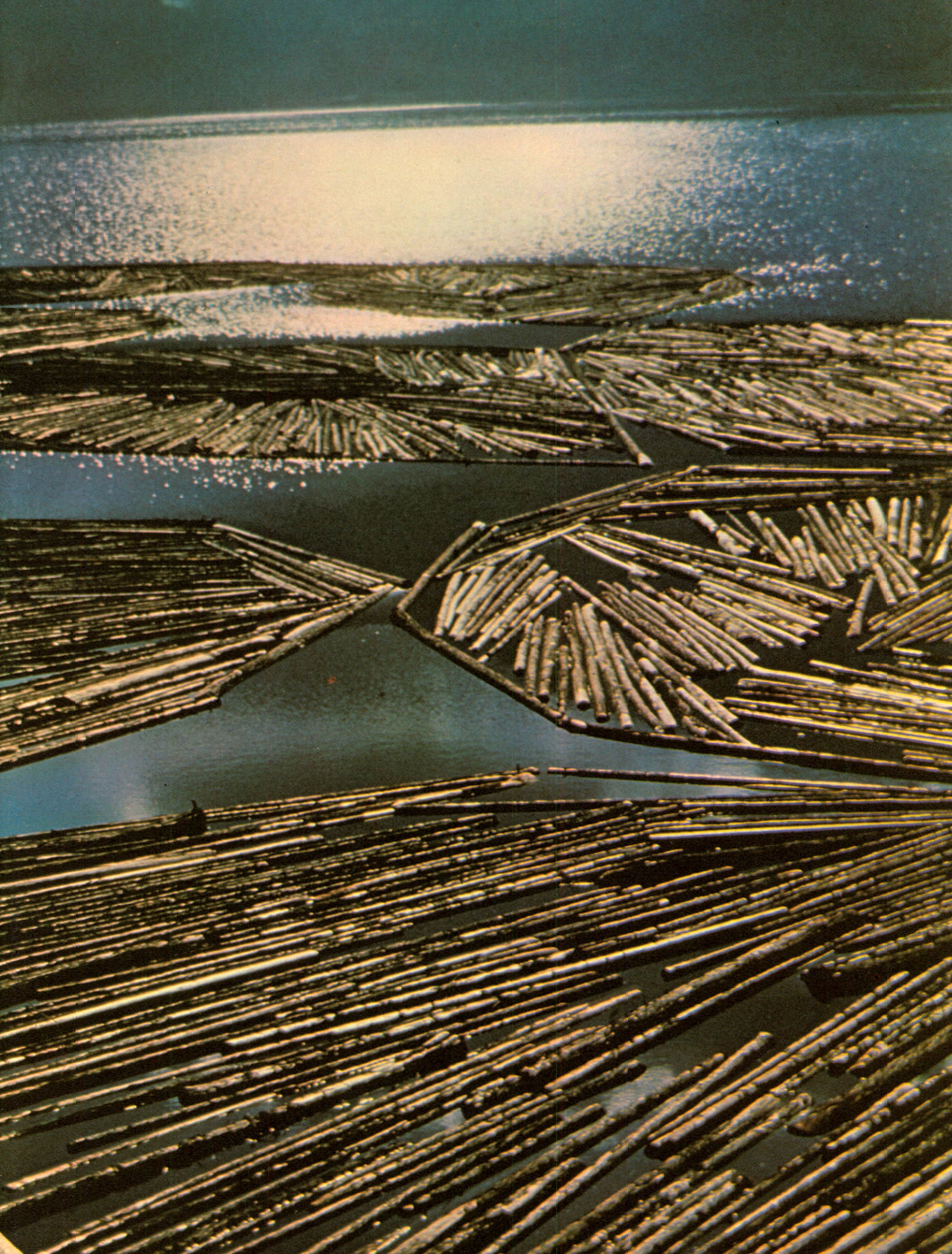


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MANAGEMENT
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GROWING WITH CANADA

In the soft light of a Vancouver dawn, a huge jetliner lifts swiftly away from International airport with a full load of passengers and cargo.

At Fort William, a giant lake freighter bumps gently against the loading dock of a towering Lakehead elevator, and prepares to take on a quarter of a million bushels of prairie wheat.

Near Chicoutimi, a bright yellow-and-black school bus crunches to a gravelly stop and discharges three more of its youthful passengers amid a cheery chorus of "au revoir".

Every day, the sounds at thundering Churchill Falls, in the teeming forests of interior British Columbia, and along the bustling Welland Canal are sharpened by the roar of modern machines and human voices joined together in a pulsating symphony of progress and growth.

In thousands of homes from Gander, Newfoundland, to Victoria, B.C. and on literally every street and highway in between, Canadians in all walks of life chill and cook their food, drive their cars and trucks to work and leisure, entertain themselves, insure themselves and their possessions against loss, and pursue hundreds of other daily tasks.

For all their diversity, many of these countless facets of everyday life are made possible by a common — and unseen — link: financial and insurance services from the IAC group of companies.

Less than 50 years ago, when Industrial Acceptance Corporation opened its doors for business in Walkerville, Ontario, it was a small branch office of an American-owned company.

Today, IAC is a Canadian-owned and managed corporation with more than a billion dollars in assets, the unquestioned leader in its field.

The demand for IAC services comes from every quarter of the economy — from consumers, from small, owner-operated businesses and from many of Canada's largest corporations.

Through IAC, Canadian consumers buy everything from dishwashers to television sets, from station wagons to boats to snowmobiles.

Loans to help meet the cost of everything from medical bills and tuition fees to holidays and home furnishings are provided on an ever-growing scale by IAC's Niagara Finance, the largest Canadian-owned company of its type.



Other member companies of the IAC group provide automobile, personal property, home-owner and life insurance coverage; mortgage funds for residential housing, and capital for schools, industrial pre-engineered buildings, hospitals, and nursing and convalescent homes.

In growing volume, IAC funds are being employed in connection with recreational facilities, factories, mines, refineries, processing plants and many more.

Across the length and breadth of Canada, machines and equipment acquired through the use of constructive credit supplied by IAC are helping to speed development of the nation's resources.

They are being put to work by farmers, loggers, miners, construction workers, oil drillers, printers, bakers, butchers, beauty salons — to cite only a few examples — to increase their output and the incomes of all Canadians.

These wide-ranging services are provided by companies in the IAC group through nearly 600 offices stretching from Victoria in the West and Whitehorse in the Yukon Territory eastward across Canada to Newfoundland and beyond to the British Isles.

From the three employees who first manned the Walkerville office when it opened in 1923, IAC's staff has grown to nearly 4,000 trained people.

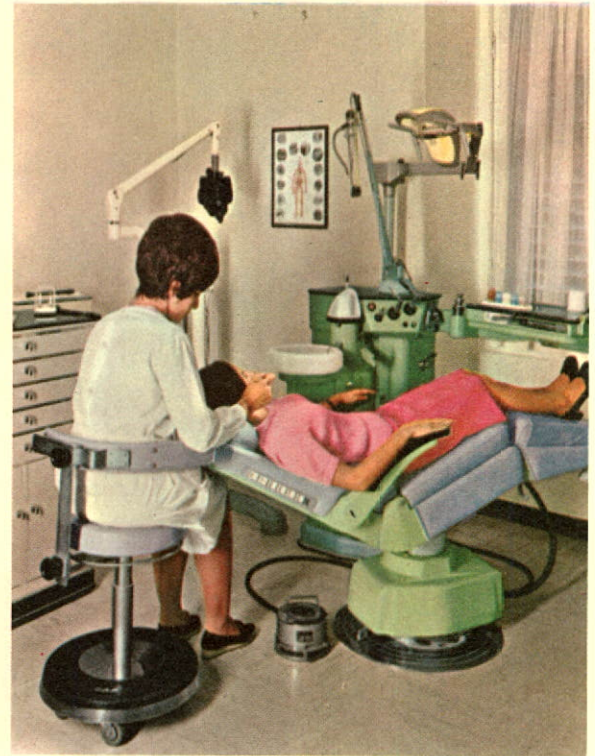
Every working day, they make some \$6 million in credit available to consumers, commerce, and industry.

At sometime or another, one out of every nine Canadian families makes use of IAC facilities.

Over the course of a year, the IAC group provides financial services totaling \$1.5 billion to more than 800,000 individuals and companies directly or through over 11,000 manufacturers, distributors, and dealers handling an infinite variety of products.

IAC itself is very much a Canadian enterprise. Its stock is traded on the Montreal, Toronto, and Vancouver stock exchanges; some 95 per cent of its 14,000 common shareholders reside in Canada, and they own some 95 per cent of the shares issued.

They are the owners of a company that has never operated at a loss, that has earned and paid dividends for more than 30 years, and that looks forward to continued dynamic growth in the future.





THE DYNAMICS OF CREDIT

"The economic position of savers, borrowers and the nation in general would unquestionably be much inferior to what it now is if there existed no efficient mechanism for accumulating and distributing the nation's savings."

Professor E. P. Neufeld,
Economist, University of Toronto,
Conference on Consumer Credit,
Saskatoon, 1966.

IAC has become vital to so many Canadians because it is an integral and major part of the financial mechanism referred to by Professor Neufeld. It is a complex system, with many different institutions, such as banks, trust companies, insurance companies, and others, performing specific yet interrelated functions.

Within the system, the IAC group of companies stands as a uniquely integrated institution that provides its customers a wide range of complementary financial and credit services.

Credit is the dynamic force that has revolutionized the whole economy of North America and our entire way of life. And credit for consumers is the key that opened the door to today's mass production — mass consumption society.

This economic and social transformation began soon after the infant automobile industry took root in the early 1900s.

In those days, few cars were built because relatively few buyers could pay in cash the high price needed to cover the high cost of limited production.

Then came instalment credit, and a dramatic change began. With credit, automobile dealers could acquire larger stocks of cars and consumers could more readily buy them.

Rising auto production steadily reduced costs and prices, which—together with the growing availability of credit—brought the automobile within reach of even more people.

Today, credit has become a driving force throughout the whole economy, converting what was once a vicious circle of low production, high costs and low incomes into an upward spiral of prosperity and technological advance undreamed of half a century ago.

The importance of credit in promoting trade, commerce, and industry has been recognized for hundreds of years. But credit for individuals long was frowned on by society.



Even though consumer credit as we know it today began to emerge soon after the turn of the century, the incurring of personal debt continued to carry considerable social stigma for a number of years.

But the stigma began to disappear as the consuming public became increasingly aware of how instalment credit could help to buy the things they needed and wanted. Today, instalment credit is accepted as a normal, and often essential, part of life.

Canadians, for example, now have many billions of dollars outstanding in purchase credit or personal loans aside from other types of credit, such as home mortgages.

The sources of this credit are many — companies like IAC and its subsidiary Niagara Finance, the chartered banks, department stores, and the many industries and services employing credit charge cards. But almost half of the total point-of-sale (vendor) credit extended in Canada is provided by the sales finance industry.

According to the Dominion Bureau of Statistics, more than 50 per cent of all Canadian families and individuals use consumer credit in some form. The most active users are those with incomes between \$6,000 and \$10,000 a year, followed closely by families with incomes exceeding \$10,000 a year.

IAC makes the use of such credit possible for thousands of Canadians.

Acting as a financial intermediary, the IAC group of companies pools funds accumulated in some sectors of the economy and then puts them to work in other sectors.

The greatest proportion of these funds is borrowed by IAC for varying periods of time from other large financial institutions such as insurance and trust companies, industrial corporations, and individuals. A smaller proportion is provided by the shareholder-owners of IAC through their purchase of stock and through their share of past earnings retained in the business.

The intelligent management of funds from these sources has enabled IAC to mobilize more than a billion dollars to serve consumers and business in virtually every corner of Canada.

FOR THE CONSUMER

There is little doubt that the consuming public will always be a major area of service for the IAC group of companies.

For the consumer — especially the younger ones entering the “age of acquisition” — credit offers many advantages.

For example, two University of Toronto economists, Professors J. V. Poapst and W. R. Waters, have pointed out that it is often less expensive for a family to acquire a washing machine and dryer with the use of purchase credit than to send their clothing to a commercial laundry.

Even when there is no clear economic advantage, consumer credit enables families to lead more convenient, more comfortable, more satisfying lives by making available many goods and services they would otherwise have to go without for a long period of time. For the newly-married couple, such credit is often indispensable.

Sometimes consumer credit provides only a convenience. Sometimes it provides an inducement to save that would otherwise be absent.

But for families beset by heavy medical or educational bills or costly home repairs, the availability of consumer credit can be essential.

When IAC was first established, its sole purpose was to provide the financial facilities needed to move motor vehicles from the factory to the dealer (wholesale financing) and from the dealer to his customer (retail financing).

This is still an important function. But today, IAC provides a host of other financial services for the benefit of Canadian consumers.

Among the most important, yet little known, of these are the nationwide financing plans arranged for manufacturers and distributors and made available to buyers all across Canada. These plans enable the producer or distributor of hundreds of consumer products to sell from coast to coast without having to arrange for credit in each area.

IAC financing also enables dealers to stock a wide variety of types, models, and colors of every conceivable kind of major consumer product, and later, their retail purchase by the consumer.

In many cases, sales by dealers or other retail outlets are made only with the help of credit made available indirectly by IAC. Initially, the dealer accepts the buyer's pledge to pay for a purchase over time, even though the dealer often lacks the necessary facilities to carry the credit for an extended period.

But dealers accept such obligations because IAC enables them to offer department store type credit facilities to any credit-worthy buyer.

IAC's services to retail dealers across the country go well beyond the provision of credit. The company also conducts regular courses in the proper handling of instalment sales, provides appraisals of the financial soundness of prospective credit users, and supplies dealers with up-to-date computer reports on the outstanding purchase credit accounts of their customers. Through these meetings IAC people render assistance to sales personnel to help them guide their customers in credit buying.









CASH LOANS

Many of IAC's consumer-oriented services are provided by the Niagara members of the group — Niagara Finance Company Limited, Niagara Mortgage and Loan Company Limited, and Niagara Realty Limited.

Niagara Finance, first established in 1930 and brought into the IAC group in 1946, is the largest domestically owned company of its kind in Canada. It operates more than 300 offices across Canada and in Britain.

Niagara's major activity is making personal loans to consumers, although it also extends some instalment financing and purchase credit for a variety of consumer items.

People borrow money for as many reasons as there are to spend it. Typically, the amount needed is not large and usually, the borrower requires a few hundred dollars to "tide him over" so that he can buy a needed product or service now and repay the loan over time out of later earnings.

Home or automobile repairs, sudden medical bills, school tuition fees, vacations, travel plans, consolidation of other outstanding debts, and many, many other things have been made possible for more than a quarter of a million Canadians through loans from Niagara.

The same careful attention found throughout IAC to sound credit principles and development of experienced, trained staff have combined to make Niagara Finance one of the most important members of the IAC group of companies.

Niagara's consumer loan business alone accounts for approximately one-sixth of total IAC credit outstanding.

FUNDS FOR HOUSING

Good housing is an important requirement for Canadians and the Niagara companies—**Niagara Mortgage and Loan Company Limited** and **Niagara Realty Limited** — are helping to supply accommodation for Canadians in all walks of life.

Niagara Mortgage was incorporated in 1963 and its many mortgage plans provide the flexible approach necessary to keep pace with the rapidly changing needs and conditions of the mortgage industry. The company offers first, second, and combined mortgage financing for both new and existing homes and revenue-producing properties.

As an added service, Niagara has teamed up with a large national trust company to offer single mortgages covering a higher proportion of property value than is usually available through conventional mortgage arrangements.

Because Niagara is oriented to serving the public, the company has made special efforts to extend its services to relatively remote areas of Canada that might not otherwise have easy access to mortgage funds.

In addition to some fifteen separate mortgage offices across Canada, Niagara has installed mortgage services in Niagara Finance Company offices in selected locations from Newfoundland to British Columbia.

INSURANCE PROTECTION

The insurance company members of the IAC group—Merit Insurance Company and The Sovereign Life Assurance Company of Canada — serve Canadians in two distinct ways:

- * Customers of other member companies of the IAC group gain additional benefits through Sovereign or Merit protection plans.
- * Non-customers have ready access to the broad insurance services offered by two companies backed by the resources and expertise of the IAC group.

Merit Insurance, incorporated in 1953, has the advantage of being a direct writer of insurance in many locations across Canada. It offers comprehensive automobile and home insurance protection and broad coverage for public liability and property damage.

Sovereign Life, established in 1902 and acquired by IAC in 1962, offers a complete range of life insurance protection, guaranteed annuities, and estate planning services.

Sovereign's life insurance coverage for those who have obtained credit on certain IAC plans is a good illustration of how the group's range of services is co-ordinated.

With the growing importance of debt insurance, the high levels of coverage against loss of life, health and property become important safeguards of an increasingly complex economy.

FOR BUSINESS AND INDUSTRY

IAC's long standing spirit of enterprise continues to be the main impetus behind its ever-growing range of services developed for the commercial and industrial sectors of Canada's burgeoning economy.

These services have been developed through approximately 40 years' experience directed to the needs of this huge segment of the total market for credit, and the company continues to be increasingly alert to the many opportunities created in a growing, capital hungry nation. Consequently, about half of the total business of the IAC group of companies is today directed to serving the needs of the general business community.

Recognizing the differing needs of a wide range of business customers, carefully designed plans—including purchase credit, lease financing, leasing, stand-by credit, and portfolio purchasing — are offered on a national basis in several ways:

- 1) More than 200 general IAC branch offices in all parts of Canada provide facilities to finance or lease virtually every kind of capital asset used in business today — machine tools, production machinery, trucks and tractor-trailer units, buses, communications equipment, containerization units, lift trucks, cranes, derricks, logging equipment, draglines, bulldozers, ready-mix cement trucks, sprinkler systems, executive aircraft, theatre chairs and projection equipment, dental, medical and surgical equipment, elevators, escalators, office equipment, and many, many others.
- 2) An Industrial Division with more than a dozen branches in major centres across the country concentrates exclusively on offering the above services to the business community, and on co-ordinating the activities of all IAC general branches involving the needs of national and provincial manufacturers, distributors and dealers, and their customers.

Through thousands of diverse transactions for business and industry, IAC helps thrust the Canadian economy forward, and a typical example of initiative in its field was the establishment of stand-by credit. This plan gives businessmen a guaranteed source of financing for up to six months to cover expected purchasing or leasing needs at no extra cost.

In addition, through the company's industrial and commercial services, manufacturers, distributors, and dealers may finance leases for their customers, or IAC will purchase capital goods from a supplier and lease them to the user. The leasing of all kinds of machinery and equipment has been an important and popular growth area, particularly in recent years.

The motor vehicle lease financing plan enables a dealer or user to acquire cars or trucks for use by industry and to finance the lease through IAC.



- 3) A highly specialized and flexible Capital Funds Division provides financial and leasing services to business involving amounts that usually exceed \$100,000 and often are several millions of dollars.

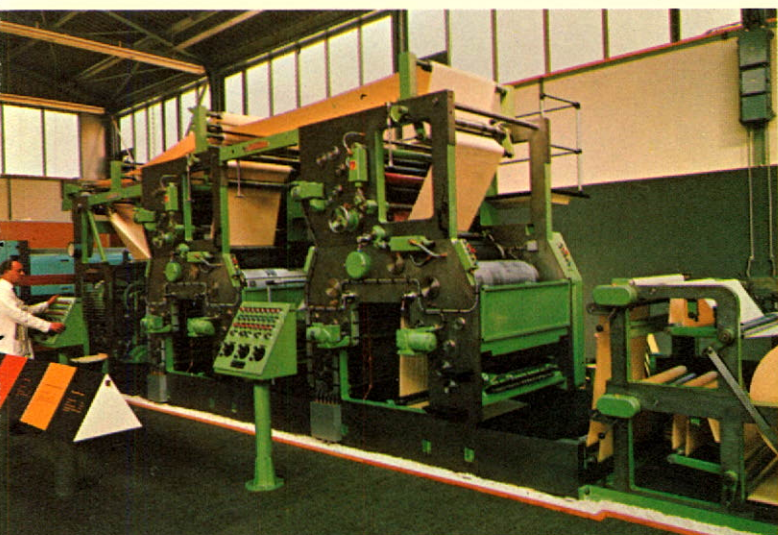
The Capital Funds Division serves industry in three distinct ways: interim financing of commercial properties; provision of medium-term funds for the expansion of plant and equipment; leasing of capital assets.

Interim financing secured by first mortgages for periods up to two years, enables the builder-developer to complete his project and obtain long-term financing from conventional first mortgage lenders.

A system known as Flexitem Capital provides medium-term funds, 5 to 10 years, to proven enterprises for the expansion of plant and equipment. Secured by debentures, Flexitem financing gives medium-sized growth companies access to term capital in amounts of \$100,000 to \$3 million while retaining established sources of short-term credit.

IAC Capital Assets Leasing provides productive assets for major companies. Each lease is individually tailored to the special requirements of the lessee. Leases may cover a single asset or be arranged against a bulk purchase of assets over a period of time. The lease term is usually for 85% to 90% of the productive life of the assets.

Capital Funds Division has, for example, financed the construction of grain elevators, maximum-size lakers which transport grain from the Lakehead to these elevators at the mouth of the St. Lawrence and iron ore on return to Great Lake ports; tankers operating in the St. Lawrence River seaway and Great Lakes; and tugs, barges, and fishing vessels operating in coastal waters. It has provided financing for the purchase of commercial and executive jet aircraft; supplied the financing for the construction of schools, nursing homes, and hospitals and has financed multi-million dollar amounts for the supply and manufacture of industrial equipment to some of Canada's largest industries.







FOR THE FUTURE

A well-known writer about business, Peter Drucker, once observed: "We know only two things about the future: it cannot be known; it will be different from what exists now and from what we now expect."

The future does remain veiled, but all available signs point to continued dynamic growth in demand for the services of the IAC group of companies.

The Economic Council of Canada has forecast that Canada's population will reach 25 million people by 1980. This growth, together with an expected average increase of more than seven per cent in the national wealth each year to 1980, means a steady and substantial increase in the number of Canadians able to afford more comfort and convenience and more leisure time activities.

The move to color television sets, to air conditioning units, to more sophisticated appliances and home furnishings is only beginning. The boats, snowmobiles, cottages at the lake, and weekend farms in the country are coming within reach of more and more Canadians.

The rise in population, in incomes, and in consumer demand alone would spark a significant increase in the demand for financial and credit services.

To meet this rising consumer demand, commerce and industry will have to expand its output of goods and services, thus increasing business demands for capital and other financial services.

And business is barely over the threshold into an exciting new era of expansion into capital-intensive areas of electronic data systems, satellite communications, high-speed mass transportation, sophisticated materials handling—and perhaps even space travel.

All of these things point to many areas of promise for those financial institutions that can most effectively marshal and direct funds into fields of high growth potential.



IAC is just such an institution. It remains dedicated to providing the widest possible range of sound financial services. It is able to provide them because it enjoys the full confidence of investors, lenders, and customers.

A continuing quest for excellence of service, a spirit of enterprise, and a sense of responsibility are the major elements behind its dynamic growth over the years.

The foremost concern of those who guide the affairs of IAC has always been to develop a highly trained and experienced staff dedicated to upholding those principles.

Experience is essential to operating soundly in financial affairs and IAC personnel are among the most experienced people in the industry. Members of senior management have an average of 24 years of service with IAC, regional managers have an average of 19 years service, and branch managers average 12 years.

An essential element of the service they provide, in the best interests of both the Company and its customers, is to ensure the maintenance of sound credit-management practices.

These have always dictated that the customer—be it an individual or a corporation—should use his own capital or savings resources to a reasonable extent and should use purchase or loan credit for the shortest reasonable time.

These policies and practices have become the hallmarks of the IAC group of companies and they will continue to be the guiding principles in the years ahead.

Already the largest and most diversified company of its kind in Canada, with a solid reputation for good judgment and excellence of service, IAC looks forward to the future with confidence.



INDUSTRIAL ACCEPTANCE CORPORATION LIMITED

IAC CAPITAL FUNDS DIVISION

CAPITAL FUNDS (IAC) LIMITED

CAPITAL FUNDS (IAC ONTARIO) LIMITED

NIAGARA FINANCE COMPANY LIMITED

NIAGARA MORTGAGE & LOAN COMPANY LIMITED

NIAGARA REALTY LIMITED

MERIT INSURANCE COMPANY

THE SOVEREIGN LIFE ASSURANCE COMPANY OF CANADA

Power shovels	Ships
Pre-engineered buildings	Shoemaking
Printing presses	Snow removal
Pulp and paper	Sprinkler system
Quarrying	Storage
Railways	Swimming pools
Refrigeration systems	Textiles
Restaurants	Theatres
School furniture	Tractors
School buses	Trailers
Scientific	Tugs
Service stations	Vending
	Welding
	X-ray

- * Lease financing for manufacturers, distributors and dealers to assist them in leasing various types of equipment to their customers.
- * Business capital term loans for expansion and modernization of facilities, mergers and acquisition of companies, and estate purposes.
- * Purchase of portfolios of contract receivables held by manufacturers, distributors, dealers or finance agencies covering most consumer, industrial and commercial goods.

NIAGARA FINANCE COMPANY LIMITED

- * Consumer loans for a wide variety of purposes, such as:
Household furnishings and repairs; medical and dental bills; automotive repairs; debt consolidation; travel.
- * Purchase credit for broad range of consumer goods.

NIAGARA MORTGAGE & LOAN COMPANY LIMITED

NIAGARA REALTY LIMITED

- * Broad and flexible first, second and combined mortgage financing for homes and small revenue-producing property.

MERIT INSURANCE COMPANY

- * Direct writer of comprehensive automobile, home and personal liability insurance as well as coverage for certain industrial equipment and machinery.

THE SOVEREIGN LIFE ASSURANCE COMPANY OF CANADA

- * Complete life insurance coverage, annuities, estate planning, keyman and partnership insurance.

IAC
DIRECTORY OF SERVICES
INDUSTRIAL ACCEPTANCE CORPORATION

* Wholesale financing of inventory purchases by dealers and merchants

* Purchase credit for a wide range of consumer goods, such as:

Automobiles; household appliances; television; high fidelity and stereo sound equipment; outboard motors and boats; mobile homes and trailers; plumbing, heating and air conditioning; snowmobiles, prefabricated homes, cottages and garages.

* Instalment financing, and leasing of machinery and equipment for business in categories such as:

Agricultural machinery	Blueprinting
Aircraft	Boilers
Air conditioning	Bottling and canning
Asphalt plants	Bowling alley
Automotive	Brick and tile
Bakery	Broadcast, radio and television
Barges	Bulldozers
Beauty salons	

Buses	Graders
Car-wash installations	Heating and lighting
Cement trucks	Highway tanker trucks
Commercial refrigeration	Hoists
Communications	Hydraulic presses
Compressors	Hydro-electric installations
Concrete block and pipe	Laundry & dry-cleaning
Conveyors	Lithographing
Cranes	Loaders
Curling rinks	Logging
Dairy	Lumber mills
Dental	Machine shop
Diesel	Medical and surgical
Draglines	Milling
Dredges	Mining office
Drill presses	Outdoor signs
Earth-moving	Packaging
Electronics	Parking installations
Extrusion presses	Petroleum exploration & drilling
Fork lift trucks	Photographic
Furnaces	Power generating
Gas storage	
Generators	

INDUSTRIAL ACCEPTANCE CORPORATION LIMITED (Incorporated under the laws of Canada)
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