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BUSINESS FINANCIAL STATISTICS BALANCE SHEETS

Selected Financial Institutions

FIRST QUARTER 1963

First Issue

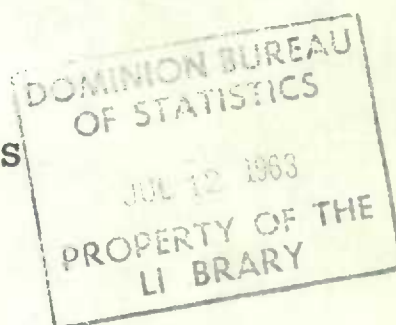
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TABLE OF CONTENTS

	Page
Introduction	5
Content of Groups	5
Definition of Items	6
Quality of the Estimates	7
Other Sources of Information	7
Table:	
1. Trust Companies.....	8
2. Mortgage Loan Companies.....	9
3. Sales Finance and Consumer Loan Companies	10
4. Consumer Loan Companies—not included in consolidated returns of Sales Finance Companies	11

BUSINESS FINANCIAL STATISTICS

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INTRODUCTION

This is the first issue of a new quarterly publication covering selected financial statistics. This issue contains quarterly balance sheet information for trust companies, mortgage loan companies, sales finance and consumer loan companies. Similar data for other groups of financial institutions and the whole area of non-financial corporations will be added in succeeding issues of this quarterly series as they become available.

The quarterly survey of corporation balance sheets was started in 1961 on the recommendation of an Interdepartmental Committee on Financial Statistics representing several government departments and the Bank of Canada. This Committee found that the lack of up-to-date information on the assets and liabilities of corporations was a serious handicap to those concerned with economic and monetary policies. The growing importance and complexity of the financial transactions of corporations have been in evidence for some time. More complete and up-to-date information from financial institutions and non-financial corporations on the sources and uses of funds is essential in assessing such factors as the distribution and adequacy of funds available at any particular time.

During the next few years the balance sheet data collected in these surveys will fill a major gap in knowledge about this area. Such information will be of substantial value to business firms as well as to government.

The survey covers, or will cover, on a sample basis, all non-financial corporations operating in Canada and financial institutions for which quarterly data are not now available. The cooperation of corporations in this survey has been excellent. However, because of many problems related to obtaining complete lists of the names of corporations, the industrial grouping of these corporations and the inflation of the totals for sample companies into estimates for all corporations, it will be some time before complete results from the survey can be published. In the interim, as stated previously, results for individual industries will be released as the analysis of each is completed.

This publication has been prepared by the Business Finance Division and the Central Research and Development Staff. Acknowledgement is gratefully made to the companies reporting in the survey whose cooperation has made this report possible.

CONTENT OF GROUPS

Trust Companies

This group includes all companies incorporated under the Trust Companies Act of Canada and corresponding provincial Acts. Many of these companies are heavily engaged in mortgage lending as well as in the management of estate trust and agency funds and other financial activities permitted under the Federal and Provincial Trust Company Acts.

The balance sheet data shown for these companies includes both company funds (shareholders equity) and guaranteed funds originating from deposits and the sale of certificates. Estate, trust and agency funds are not included.

Mortgage Loan Companies

This group consists of those companies which raise funds from the public primarily for mortgage lending. It includes all companies incorporated under the Dominion Loan Companies Act, Savings

Certificate Companies and other institutional lenders which fit the above definition. Privately financed mortgage companies are not included. They will be incorporated in one of the other financial groups to be published at a later date.

Sales Finance and Consumer Loan Companies

In general, these companies make loans mostly to persons, for such purposes as the financing or purchase of consumer goods and services of all types and for the consolidation of debt, etc. Sales finance companies make loans mainly to buyers of goods at retail, but also to a lesser extent to business for the financing of goods at the wholesale level and for a variety of other purposes. Consumer loan companies make cash loans to persons on the security of promissory notes with additional security frequently being provided by chattel mortgages. Consumer loan companies include companies operating under the provisions of the Small Loans Act, and affiliated companies engaged in personal loans.

There is a close relationship between sales finance companies and consumer loan companies. Many carry out both activities, while some engage primarily in one and have a wholly-owned subsidiary engaged in the other. Since consolidated returns are received from some of these companies the main table in this report includes both sales finance and consumer loan companies. However, table 4 presents the totals for consumer loan companies not included in consolidated returns of sales finance companies. The companies in this table have about 90 per cent of the receivables of all consumer finance companies.

Sales finance companies which are wholly-owned subsidiaries of merchandising and manu-

facturing companies and finance only the sales of their parent company are not included in these tables. Also excluded are companies primarily engaged in loans to business, such as factoring companies and investment companies and companies lending to home owners for home improvements. Insofar as possible the companies in this group in the Assets survey are the same as those covered in the DBS publication *Credit Statistics*. The footnote to Table 3, and the definition in the text of the item "accounts and notes receivable" show the relationship between this item, as reported in *Credit Statistics* and in this publication.

DEFINITION OF ITEMS

Noted below are items where special problems of interpretation may exist.

A. Trust Companies and Mortgage Loan Companies

Item 3 - Investments

Investments are at book value. Part of these investments will be after deduction of investment reserves since some companies show investments before deduction of investment reserves and other companies show them net of reserves. The understatement of assets due to deduction of reserves will be very small however. Item 3(a-viii), collateral loans, consists largely of call loans and day-to-day loans to investment dealers. Item 3(c), foreign investments, consists largely of short term securities such as United States treasury bills.

Item 11 - Deposits and demand certificates

This item contains those deposits and certificates which can be withdrawn or cashed on demand.

Item 12 - Deposit receipts, guaranteed investment certificates and debentures

This item contains deposits which cannot be withdrawn without a waiting period, and certificates and debentures for which there is an agreement covering a specific period. The certificates and debentures can be for any number of years, with the most common term being from three to five years.

Item 20 - General, investment and special reserves

As stated above under investments, some companies include investment reserves in the reported total of general, investment and special reserves, while others deduct these reserves directly from the appropriate investment category. Although transfers from surplus to reserves may take place at any time there is a tendency for these transfers to be concentrated at the fiscal year-end, which accounts for the increase in this item in the fourth quarter.

Item 30 - Net payables and retained income

A number of companies do not calculate interest receivable and payable quarterly and are not therefore able to report these items, or to report their retained income which is dependent on these calculations. The total of assets, excluding receivables, is therefore obtained, and the balancing item on the liability side is net payables and retained income. Total assets are therefore understated by the amount of receivables, or by about one per cent.

B. Sales Finance and Consumer Loan Companies

Item 2 - Accounts and notes receivable

The questionnaire used in the survey requests only the total of accounts and notes receivable. The Dominion Bureau of Statistics publication *Credit Statistics* contains more detail on these receivables and this information is given in the footnote to the table. Item (b) of the footnote, other receivables, is the difference between the receivables reported in the balance sheet survey and the receivables reported in *Credit Statistics*. A small part of this difference is due to the inclusion in consolidated returns of the receivables of subsidiaries engaged in other activities. Primarily however, it is made up of inventory financing, capital loans, other types of non-personal loans and sampling errors.

Item 11 - Total liabilities to parent and associated companies

Several of the larger consumer loan companies are owned by foreign parents or by Canadian incorporated sales finance companies, and an important part of their funds is supplied by loans from these parent companies. Since these loans are inter-company transactions they are eliminated when consolidated reports are filed. This item would therefore be somewhat larger if non-consolidated reports were received from all companies.

Item 12 - Short term loans and notes payable

Demand and short term notes represent an important source of funds to sales finance and consumer loan companies. They are sold, either

directly or through investment dealers, to corporations, governments, foreign buyers and persons with short term funds to invest, and are one of the major money-market instruments.

Item 14(a) - Dealers' credit balance

When an automobile dealer sells customers' paper to sales finance companies, under most agreements the dealer is liable for any default and the sales finance company customarily withholds

part of the purchase price. This item represents the total amount so withheld.

Item 16(a) - Unearned and deferred income and charges

When loans are made it is customary to show under accounts and notes receivable the total which must be repaid, including all interest and other charges. The unearned portion of these charges is included in this item.

QUALITY OF THE ESTIMATES

Because of the relatively small number of trust companies, mortgage loan companies, sales finance companies and consumer loan companies, and the full cooperation received from them in our survey, coverage in terms of assets is over 90 per cent for each of these groups. The estimates

for all companies contained here will therefore contain relatively small sampling errors. There may be some errors in individual items due to differences in accounting practices of companies. A complete description of the procedures of estimation used will be given in a later publication.

OTHER SOURCES OF INFORMATION

In addition to published annual reports for many of the companies, there are the following sources of data.

Report of the Superintendent of Insurance for Canada: Loan and Trust Companies (annual)

Report of the Superintendent of Insurance for Canada: Small Loan Companies and Money Lenders (annual)

Report of the Ontario Registrar of Loan and Trust Corporations (annual)

Summary of Financial Statements filed within the office of the Inspector of Trust Companies for the Province of Quebec (annual)

Department of National Revenue *Taxation Statistics* (annual)

Bank of Canada *Statistical Summary* (monthly)

Dominion Bureau of Statistics *Credit Statistics* (monthly)

A wealth of information on these companies is also included in briefs filed with the Royal Commission on Banking and Finance by the Trust Companies Association of Canada, the Federated Council of Sales Finance Companies and the Canadian Consumer Loan Association.

A valuable source of background information is *The Financing of Economic Activity in Canada*, a study prepared by Wm. C. Hood for the Royal Commission on Canada's Economic Prospects.

TABLE 1. Trust Companies
Quarterly Statements of Estimated Assets, Liabilities and Net Worth

	1961				1962				1963
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q
millions of dollars									
Assets									
1. Cash on hand and on deposit:									
(a) In Canadian dollars:									
(i) Cash and bank deposits	29	31	33	47	28	33	25	44	60
(ii) Cash in other institutions	2	2	2	3	3	2	2	2	2
(b) In foreign currency	1	7	11	4	16	22	8	7	8
3. Investments:									
(a) Investments in Canadian securities:									
(i) Government of Canada treasury bills	10	8	10	9	10	7	10	18	9
(ii) Other Government of Canada debt	253	264	267	277	305	289	292	283	291
(iii) Provincial government debt	115	119	127	131	135	137	131	136	144
(iv) Municipal government debt	69	73	78	82	84	85	83	90	99
(v) Short-term notes of finance and other companies	176	161	169	112	185	145	159	122	190
(vi) Corporation and institution bonds	112	114	118	127	123	136	129	137	144
(vii) Mortgage loans and sales agreements	510	532	585	627	666	730	796	831	891
(viii) Collateral loans	65	72	74	63	65	66	69	82	73
(b) Investments in Canadian preferred and common stocks	46	48	50	53	54	58	60	63	74
(c) Investments in foreign securities	5	6	6	6	6	6	6	6	6
(d) Investments in subsidiary and associated companies	7	6	6	7	7	7	6	9	8
4. Real estate and equipment	21	23	24	26	29	30	30	33	35
5. Other assets	9	10	10	12	10	13	13	13	13
Total assets¹	1,430	1,475	1,569	1,586	1,728	1,765	1,822	1,877	2,046
Liabilities									
11. Deposits and demand certificates	482	490	530	558	622	655	631	656	710
12. Deposit receipts and guaranteed investment certificates	776	802	851	848	905	912	974	1,026	1,100
13. Short-term loans and notes payable:									
(a) Bank loans and overdrafts	9	10	12	9	9	9	10	2	3
(b) Other loans and notes payable	11	18	18	6	18	9	27	5	36
15. Other Liabilities	4	4	3	3	4	4	4	3	4
Net worth									
20. General, investment and special reserves	77	80	80	88	91	94	94	103	106
21. Paid-in capital	56	57	58	59	60	62	62	65	66
30. Net payables and retained income ¹	15	14	18	16	17	20	20	17	20
Total liabilities and net worth¹	1,430	1,475	1,569	1,586	1,728	1,765	1,822	1,877	2,046

¹ Total assets excludes interest, dividends and other receivables. These receivables are netted against the combined liability items, interest, dividends and other payables, and retained income.

TABLE 2. Mortgage Loan Companies
Quarterly Statements of Estimated Assets, Liabilities and Net Worth

	1960			1961				1962				1963
	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q
millions of dollars												
Assets												
1. Cash on hand and on deposit:												
(a) In Canadian dollars:												
(i) Cash and bank deposits	15	16	15	12	11	12	14	12	12	13	19	13
(ii) Cash in other institutions	1	1	1	1	1	1	4	4	3	3	5	3
(b) In foreign currency		2				1						
3. Investments:												
(a) Investments in Canadian securities:												
(i) Government of Canada treasury bills		1		1	1	3	6	3		3	2	5
(ii) Other Government of Canada debt	81	81	77	83	84	84	90	102	102	96	98	108
(iii) Provincial government debt	23	25	25	26	26	25	29	32	32	31	31	31
(iv) Municipal government debt	7	7	7	7	6	6	8	9	8	6	8	8
(v) Short-term notes of finance and other companies	5	5	9	7	10	9	4	9	5	8	4	22
(vi) Corporation and institution bonds	9	10	10	11	12	14	14	15	15	15	14	14
(vii) Mortgage loans and sales agreements	668	685	715	734	759	792	832	849	891	937	981	1,011
(viii) Collateral loans	11	11	8	12	14	13	10	11	13	21	18	15
(b) Investments in Canadian preferred and common stocks	31	31	31	33	33	32	33	33	34	34	35	38
(c) Investments in foreign securities	5	5	5	3	3	3	3	3	4	5	6	6
(d) Investments in subsidiary and associated companies	15	15	21	21	21	21	34	33	34	37	36	40
4. Real estate and equipment	16	16	16	17	17	19	19	21	22	22	24	26
5. Other assets	5	5	5	7	7	7	6	6	8	8	7	10
Total assets¹	892	917	945	975	1,005	1,041	1,107	1,143	1,183	1,241	1,286	1,349
Liabilities												
11. Deposits and demand certificates	118	128	135	144	148	160	178	194	206	201	204	215
12. Deposits receipts and debentures	616	626	647	663	688	707	740	749	771	815	851	880
13. Short-term loans and notes payable:												
(a) Bank loans and overdrafts	2	2	2	2	2	1	4	4	5	10	13	12
(b) Other loans and notes payable	6	8	7	5	3	6	5	4	6	16	20	24
15. Other liabilities	10	10	11	11	14	15	16	22	22	23	23	30
Net worth												
20. General, investment and special reserves	59	59	61	62	62	62	74	73	75	75	77	79
21. Paid-in capital	47	47	47	48	48	48	52	53	54	55	55	60
30. Net payables and retained income ¹	34	37	35	40	39	41	38	44	44	47	43	49
Total liabilities and net worth¹	892	917	945	975	1,005	1,041	1,107	1,143	1,183	1,241	1,286	1,349

¹ Total assets excludes interest, dividends and other receivables. These receivables are netted against the combined liability items, interest, dividends and other payables, and retained income.

TABLE 3. Sales Finance and Consumer Loan Companies
Quarterly Statements of Estimated Assets, Liabilities and Net Worth

	1960			1961				1962				1963
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
millions of dollars												
Assets												
1. Cash on hand and on deposit:												
(a) In Canadian dollars:												
(i) Cash and bank deposits	21	26	27	24	20	18	27	14	21	29	22	18
(ii) Cash in other institutions							1	1				1
(b) In foreign currency	2	3	2	1	1	1	1	1		1	1	4
2. Accounts and notes receivable*	2,079	2,034	2,045	2,033	2,065	1,986	2,031	2,095	2,200	2,173	2,343	2,428
3. Other current assets	2	2	3	3	2	2	3	3	3	4	4	4
4. Investments and advances:												
(a) Investments in Canadian securities:												
(i) Short-term notes of finance and other companies	5	10	6	5	9	7	4	5	16	14	16	10
(ii) Government of Canada treasury bills	34	32	27	20	14	17	5	5	18	19	18	20
(iii) Other Government of Canada debt	57	40	37	47	43	36	30	29	16	36	42	34
(iv) Other Canadian bonds and debentures	13	26	28	29	18	23	18	24	17	13	9	28
(v) Other Canadian investments	1	2	2	2	3	4	4	5	6	8	5	6
(b) Investments in Canadian preferred and common stocks	4	4	8	4	4	4	4	4	5	5	9	11
(c) Investments in foreign securities	89	96	109	120	131	146	160	160	172	194	187	207
(d) Investments in subsidiary and associated companies	13	12	12	13	13	14	14	15	16	17	15	16
5. Property, plant and equipment	12	12	13	14	15	13	13	14	14	16	17	17
6. Other assets												
Total assets	2,333	2,300	2,317	2,320	2,344	2,284	2,334	2,388	2,533	2,532	2,689	2,800
Liabilities												
11. Owing parent and associated companies	345	350	361	360	367	394	413	424	432	414	460	456
12. Short-term loans and notes payable:												
(a) Bank loans and overdrafts	302	253	281	208	213	166	195	168	232	194	206	186
(b) Demand and short-term notes payable (Canadian)	472	462	448	523	526	457	432	478	491	523	535	544
(c) Demand and short-term notes payable (foreign)	55	49	50	37	35	28	26	27	38	38	88	66
(d) Other short-term loans payable	63	53	46	44	40	34	34	32	43	37	42	48
13. Accounts payable:												
(a) Income and other taxes payable	17	19	20	21	17	19	20	22	19	19	18	22
(b) Other payables	22	23	21	19	23	24	22	26	34	29	26	38
14. Other current liabilities:												
(a) Dealers' credit balances	50	49	46	44	46	46	46	41	45	46	44	42
(b) Other current liabilities	3	2	2	2	3	3	2	3	3	4	4	4
15. Long-term debt:												
(a) Debentures, bonds and notes	589	612	618	630	632	656	682	693	704	718	743	769
(b) Mortgages and other long-term debt	3	3	3	3	3	4	4	5	5	5	5	1
16. Other liabilities:												
(a) Unearned income and other deferred credits	138	140	139	134	138	139	137	139	148	155	157	157
(b) Pensions, trust or earmarked funds						1	1	1	1	1	1	1
(c) Interest of minority shareholders	1	1	1	1	1	1	1	1	1	1	1	1
Net worth												
20. Paid-in capital	159	161	166	173	179	186	191	197	198	202	221	224
21. Retained income	114	120	113	120	121	128	127	133	139	146	141	148
Total liabilities and net worth	2,333	2,300	2,317	2,320	2,344	2,284	2,334	2,388	2,533	2,532	2,689	2,800
*Footnote:												
(a) Specified receivables: ¹												
Instalment finance companies:												
Consumer goods	844	851	828	784	797	794	756	732	767	776	771	771
Commercial and industrial goods	399	407	393	388	409	405	395	386	415	434	425	423
Wholesale goods	268	160	229	256	223	128	184	230	236	140	237	300
Totals	1,511	1,418	1,450	1,428	1,429	1,327	1,335	1,348	1,418	1,350	1,433	1,494
Consumer loan companies:												
Instalment credit	45	47	45	44	42	36	35	35	39	44	45	44
Cash loans	479	490	504	506	526	534	559	572	596	617	644	658
Totals	524	537	549	550	568	572	594	607	635	661	689	702
(b) Other receivables ²	74	110	77	86	101	123	135	175	184	199	259	270
Total receivables	2,109	2,065	2,076	2,064	2,098	2,022	2,064	2,130	2,237	2,210	2,381	2,466
Deduct allowance for bad debts	- 31	- 31	- 31	- 31	- 33	- 35	- 34	- 35	- 37	- 37	- 38	- 38
Total receivables (net)	2,079	2,034	2,045	2,033	2,065	1,986	2,031	2,095	2,200	2,173	2,343	2,428

¹ Detail of "Specified Receivables" is taken from DBS publication, *Credit Statistics* (Catalogue No. 61-004)

² "Other Receivables" includes inventory financing, capital loans, other non-personal loans, receivables of subsidiaries engaged in other activities, and sampling errors.

TABLE 4. Consumer Loan Companies¹
Quarterly Statements of Estimated Assets, Liabilities and Net Worth

	1960			1961				1962				1963
	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q
millions of dollars												
Assets												
1. Cash on hand and on deposit:												
(a) In Canadian dollars:												
(i) Cash and bank deposits	4	6	7	6	4	6	6	4	6	7	5	5
(ii) Cash in other institutions												
(b) In foreign currency												
2. Accounts and notes receivable	495	502	510	508	525	529	541	548	573	589	608	615
3. Other current assets							1	1	1	1	1	1
4. Investments and advances:												
(a) Investments in Canadian securities:												
(i) Short-term notes of finance and other companies	3	5	4	5	9	7	4	4	13	10	14	9
(ii) Government of Canada treasury bills												
(iii) Other Government of Canada debt												
(iv) Other Canadian bonds and debentures												
(v) Other Canadian investments												
(b) Investments in Canadian preferred and common stocks												
(c) Investments in foreign securities												
(d) Investments in subsidiary and associated companies												
5. Property, plant and equipment	5	5	5	5	5	5	5	5	5	5	5	5
6. Other assets	1	1	1	1	1	1	1	1		1	1	1
Total assets	507	519	526	525	544	547	557	563	598	612	633	636
Liabilities												
11. Owling parent and associated companies	310	318	333	331	340	355	367	369	375	384	404	400
12. Short-term loans and notes payable:												
(a) Bank loans and overdrafts	74	63	72	55	64	49	49	42	51	49	51	51
(b) Demand and short-term notes payable (Canadian)	30	41	30	39	45	42	39	40	50	49	58	56
(c) Demand and short-term notes payable (foreign)	1	1	1		1	1		1		1	1	1
(d) Other short-term loans payable												
13. Accounts payable:												
(a) Income and other taxes payable	8	8	8	9	7	8	8	10	8	10	9	10
(b) Other payables	3	3	3	3	4	3	3	4	7	7	4	4
14. Other current liabilities:												
(a) Dealers' credit balances	2	2	2	1	2	1	1	1	1	1	1	1
(b) Other current liabilities												
15. Long-term debt:												
(a) Debentures, bonds and notes	4	4	4	7	6	6	7	8	7	6	8	9
(b) Mortgages and other long-term debt												
16. Other liabilities:												
(a) Unearned income and other deferred credits	18	18	18	16	19	19	19	21	23	23	24	24
(b) Pensions, trust or earmarked funds												
(c) Interest of minority shareholders												
Net worth												
20. Paid-in capital	38	38	41	41	41	44	44	45	49	49	52	52
21. Retained income	19	22	13	18	16	20	18	23	25	31	22	27
Total liabilities and net worth	507	519	526	525	544	547	557	563	598	612	633	636

¹ Since some accounts are consolidated in the returns of Sales Finance Companies, figures in this table represent only about 90% of total assets of Consumer Loan Companies.

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