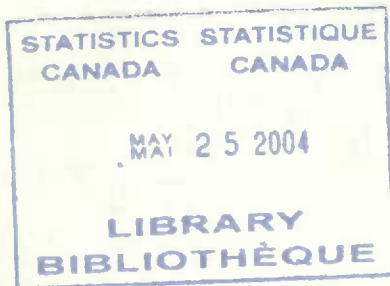


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BUSINESS FINANCIAL STATISTICS BALANCE SHEETS

Selected Financial Institutions

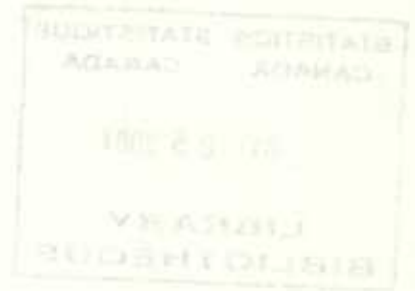
FOURTH QUARTER 1964

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CHANGES FROM PREVIOUS ISSUE

1. Two new tables are included in this issue:
Table 4. Mutual Funds.
Table 5. Closed-End Funds.
2. The table on Consumer Loan Companies was discontinued, with the financial statistics for this group continuing to be reflected in the combined table "Sales Finance and Consumer Loan Companies".
3. Tables 1, 2 and 3 have been revised back to first quarter 1963 taking into account the latest available information.

TABLE OF CONTENTS

	Page
Introduction	5
Table:	
1. Trust Companies	6
2. Mortgage Loan Companies	7
3. Sales Finance and Consumer Loan Companies	8
4. Mutual Funds	9
5. Closed-End Funds	10
Content of Groups	11
Definition of Items	12
Quality of the Estimates	13
Other Sources of Information	13

BUSINESS FINANCIAL STATISTICS

BALANCE SHEETS

Selected Financial Institutions

FOURTH QUARTER 1964

INTRODUCTION

The survey, which was initiated in 1961, is designed to provide up-to-date information for major industry groups on the assets employed, liabilities incurred and the use of shareholders' equity. The present publication contains the balance sheets for trust companies, mortgage loan companies, sales finance and consumer loan companies, mutual funds and closed-end funds. As information becomes available, the published tables will be expanded to include insurance carriers, credit unions and caisses populaires, investment dealers, other companies in the finance, insurance and real estate industry, and non-financial corporations.

The quarterly survey was started on the recommendation of the Interdepartmental Committee on Financial Statistics, which represents several government departments and the Bank of Canada. The 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. 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. This corporation information will be combined with data from other parts of the economy to give a comprehensive picture of the financing of economic activity.

Although quarterly (or more frequent) data have been available for some time in areas such as banking, quarterly data for the groups in this report are new, and problems in interpreting the results may occur. For example, seasonal factors affect loans by sales finance companies, and short term commercial paper held by trust companies. Until more experience has been obtained so that deseasonalized totals can be published, each quarter's results should be related to several previous quarters. There will also be discontinuities caused by reorganisations, mergers, reclassification of companies into and out of the published industries, and other factors.

The published balance sheet material is designed to show estimates of the totals at the end of each quarter. It should be used with caution when changes from one quarter to another are being studied. At a later stage, as financial flows accounts are developed, the corrected quarterly changes will be published by industry.

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

TABLE 1. Trust Companies

	1961	1962				1963				1964			
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	millions of dollars												
Assets													
1. Cash on hand and on deposit:													
(a) In Canadian dollars:													
(i) Cash and bank deposits	47	30	34	26	46	63	65	45	60	37	45	41	65
(ii) Cash in other institutions	3	2	2	1	1	2	4	4	3	4	2	2	4
(b) In foreign currency	4	16	22	8	7	8	8	4	8	3	9	6	13
3. Investments:													
(a) Investments in Canadian securities:													
(i) Government of Canada treasury bills	9	10	7	10	18	8	5	15	27	15	7	6	17
(ii) Other Government of Canada debt	277	304	288	290	281	284	302	288	291	336	323	339	366
(iii) Provincial government debt	131	135	136	131	136	145	164	160	154	166	162	155	183
(iv) Municipal government debt	82	85	86	87	94	105	109	115	114	126	129	124	129
(v) Short-term notes of finance and other companies	112	185	145	159	122	201	205	218	108	234	261	225	152
(vi) Corporation and institution bonds	127	126	137	132	140	156	172	188	196	207	207	210	214
(vii) Mortgage loans and sales agreements	630	680	744	810	845	900	968	1,039	1,103	1,175	1,259	1,340	1,422
(viii) Collateral loans	63	66	68	70	83	77	74	86	123	96	106	102	96
(b) Investments in Canadian preferred and common stocks	53	54	57	60	63	75	87	66	65	68	71	65	68
(c) Investments in foreign securities	6	6	6	6	6	6	4	4	4	8	4	4	6
(d) Investments in subsidiary and associated companies	7	7	7	8	9	8	9	10	10	10	11	12	16
4. Real estate and equipment	26	28	28	28	31	32	32	34	36	38	39	40	39
5. Other assets	12	10	12	13	13	18	18	17	18	18	20	19	20
Total assets¹	1,590	1,743	1,779	1,839	1,894	2,088	2,205	2,293	2,321	2,541	2,656	2,692	2,789
Liabilities													
11. Demand deposits and demand certificates (a) Chequable	512	579	812	588	610	381	406	432	451	441	462	475	506
(b) Non-chequable²						275	307	357	368	446	464	487	523
12. Term deposits, guaranteed investment certificates, instalment certificates and debentures	896	968	974	1,040	1,094	1,203	1,254	1,278	1,279	1,405	1,462	1,447	1,500
13. Short-term loans and notes payable:													
(a) Bank loans and overdrafts	9	9	10	10	2	3	3	3	2	2	4	8	5
(b) Other loans and notes payable	6	19	9	27	7	36	42	24	17	25	37	36	11
15. Other liabilities	3	4	3	3	2	5	4	4	4	4	4	5	5
Shareholders' equity													
20. General, investment and special reserves	88	90	93	93	102	105	106	106	115	118	123	126	134
21. Paid-in capital	60	58	60	60	62	66	66	68	71	76	80	83	84
30. Net accruals, payables and retained income¹	16	15	19	18	14	14	16	19	15	24	21	25	22
Total liabilities and shareholders' equity¹	1,590	1,743	1,779	1,839	1,894	2,088	2,205	2,293	2,321	2,541	2,656	2,692	2,789

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

² This item included in # 11 (a) prior to 1963 as breakdown between chequable and non-chequable accounts was not available for this period.

TABLE 2. Mortgage Loan Companies

	1961	1962				1963				1964			
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	millions of dollars												
Assets													
1. Cash on hand and on deposit:													
(a) In Canadian dollars:													
(i) Cash and bank deposits	14	16	17	17	23	14	15	15	17	21	19	67	52
(ii) Cash in other institutions	4	4	1	4	5	3	3	3	3	6	10	9	12
(b) In foreign currency													
3. Investments:													
(a) Investments in Canadian securities:													
(i) Government of Canada treasury bills	6	3		3	2	2	4	1	3	2	12	7	3
(ii) Other Government of Canada debt	90	96	95	89	91	103	119	122	104	102	103	118	117
(iii) Provincial government debt	29	32	32	31	31	35	36	38	35	37	41	41	42
(iv) Municipal government debt	8	9	9	8	8	7	7	8	8	8	9	9	11
(v) Short-term notes of finance and other companies	4	9	5	8	4	17	7	4	4	6	6	11	7
(vi) Corporation and institution bonds	14	14	15	14	14	18	20	20	25	24	24	26	26
(vii) Mortgage loans and sales agreements	836	858	898	946	989	1,029	1,078	1,140	1,188	1,242	1,314	1,387	1,469
(viii) Collateral loans	10	11	13	22	18	15	12	12	13	12	10	11	13
(b) Investments in Canadian preferred and common stocks	33	34	36	37	38	43	45	49	52	51	54	56	56
(c) Investments in foreign securities	3	3	6	6	6	11	7	4	4	14	7	4	4
(d) Investments in subsidiary and associated companies	34	33	33	34	36	40	41	41	43	43	44	44	45
4. Real estate and equipment	19	25	28	26	28	31	33	33	36	36	37	40	42
5. Other assets	5	8	8	7	7	9	8	8	8	12	13	10	9
Total assets¹	1,110	1,155	1,194	1,253	1,300	1,376	1,436	1,497	1,344	1,615	1,702	1,841	1,908
Liabilities													
11. Demand deposits and demand certificates (a) Chequable	178	196	208	203	205	131	138	143	139	142	147	149	155
(b) Non-chequable ²						84	102	113	121	133	145	155	166
12. Term deposits, guaranteed investment certificates, instalment certificates and debentures	668	675	690	734	763	788	811	823	845	862	905	949	980
13. Short-term loans and notes payable:													
(a) Bank loans and overdrafts	4	6	7	12	14	16	18	20	20	22	34	13	17
(b) Other loans and notes payable		3	4	4	4	1	1	3	4	6	10	64	69
15. Other liabilities ³	95	103	110	120	136	158	166	185	200	214	228	263	276
Shareholders' equity													
20. General, investment and special reserves	74	73	74	75	78	79	84	85	87	88	90	91	96
21. Paid-in capital	52	54	55	56	57	65	65	72	80	91	95	95	99
30. Net accruals, payables and retained income ⁴	38	45	45	49	44	53	50	53	47	56	51	61	52
Total liabilities and shareholders' equity¹	1,110	1,155	1,194	1,253	1,300	1,376	1,436	1,497	1,544	1,615	1,702	1,841	1,908

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

² This item included in #11 (a) prior to 1963 as breakdown between chequable and non-chequable accounts was not available for this period.

³ Consists mainly of long-term debentures and notes.

TABLE 3. Sales Finance and Consumer Loan Companies
Quarterly Statements of Estimated Assets, Liabilities and Shareholders' Equity

	1961	1962				1963				1964			
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
millions of dollars													
Assets													
1. Cash on hand on deposit:													
(a) In Canadian dollars:													
(i) Cash and bank deposits	27	15	22	26	28	19	27	26	27	38	36	40	43
(ii) Cash in other institutions	1	1				1			4	2	1	3	2
(b) In foreign currency	1	1		1	1	8	8	7	8	9	11	13	13
2. Accounts and notes receivable*	2,037	2,105	2,225	2,205	2,365	2,457	2,595	2,567	2,751	2,901	3,130	3,085	3,202
3. Other current assets	3	3	4	4	4	4	4	4	5	6	6	8	10
4. Investments and advances:													
(a) Investments in Canadian securities:													
(i) Short-term notes of finance and other companies	4	5	17	13	16	10	16	7	7	8	5	7	
(ii) Government of Canada treasury bills	5	5	18	19	17	20	14	14	5	6	11	13	6
(iii) Other Government of Canada debt	30	29	16	35	42	34	29	6	18	13	27	29	9
(iv) Other Canadian bonds and debentures	18	24	17	13	9	26	25	69	43	53	58	38	59
(v) Other Canadian investments	4	5	5	8	6	10	12	16	15	20	23	16	11
(b) Investments in Canadian preferred and common stocks	4	4	5	5	10	13	11	12	13	13	27	23	15
(c) Investments in foreign securities	19	14	28	4			1	1	4	1	1		1
(d) Investments in subsidiary and associated companies	160	161	172	197	195	211	229	221	252	266	218	267	273
5. Property, plant and equipment	14	15	16	16	16	17	18	18	18	23	32	32	31
6. Other assets	13	15	15	16	18	17	17	17	20	22	24	24	25
Total assets	2,340	2,401	2,560	2,561	2,726	2,849	3,005	2,986	3,191	3,382	3,610	3,597	3,700
Liabilities													
11. Owing parent and associated companies	415	427	434	417	464	463	480	460	486	488	444	449	452
12. Short-term loans and notes payable:													
(a) Bank loans and overdrafts	195	166	233	198	212	192	194	190	259	230	244	204	234
(b) Demand and short-term notes payable (Canadian dollars)	465	512	540	570	582	694	714	694	744	887	1,042	908	871
(c) Demand and short-term notes payable (foreign currency) ¹	26	26	39	38	88	78	102	105	113	159	181	255	279
(d) Other short-term loans payable	2	2	2	2	2	2	2	2	2	2	3	1	3
13. Accounts payable:													
(a) Income and other taxes payable	20	21	19	19	17	20	20	24	22	24	23	26	22
(b) Other payables	22	27	34	30	30	32	44	34	38	46	53	63	61
14. Other current liabilities:													
(a) Dealers' credit balances	46	42	45	46	43	43	45	47	45	44	47	48	46
(b) Other current liabilities	2	3	3	4	4	4	4	5	5	5	6	7	7
15. Long-term debt:													
(a) Debentures, bonds and notes (Canadian dollars)	687	700	712	723	758	566	584	609	622	627	638	662	735
(b) Debentures, bonds and notes (foreign currency) ²						210	240	225	243	249	265	269	289
(c) Mortgages and other long-term debt	2	2	4	2	2	3	3	4	4	3	6	6	6
16. Other liabilities:													
(a) Unearned income and other deferred credits	137	139	150	157	159	159	174	179	183	183	204	213	217
(b) Pensions, trust or earmarked funds	1		1	1		1	1	1	1	1	1	1	1
(c) Interest of minority shareholders	1	1	1	1	1	1	1	1	1	2	2	2	1
Shareholders' equity													
20. Paid-in capital	192	199	206	208	223	234	246	248	261	259	272	275	286
21. Retained income	127	133	139	145	140	147	151	159	163	173	178	187	190
Total liabilities and shareholders' equity	2,340	2,401	2,560	2,561	2,726	2,849	3,005	2,986	3,191	3,382	3,610	3,597	3,700
* Footnote:													
(a) Specified receivables: ³													
Sales finance companies:													
Consumer goods	756	739	782	798	801	799	865	878	874	686	962	987	967
Commercial and industrial goods	395	390	423	445	440	448	490	514	520	513	555	579	582
Wholesale goods	184	230	237	143	240	305	279	174	301	415	408	243	257
Totals	1,335	1,359	1,442	1,386	1,481	1,552	1,634	1,566	1,695	1,814	1,925	1,809	1,806
Consumer loan companies:													
Instalment credit	35	37	42	49	52	51	53	55	55	46	49	52	54
Cash loans	559	576	604	631	662	675	709	729	755	750	787	812	847
Totals	594	613	646	680	714	726	762	784	810	796	836	864	901
(b) Other receivables ⁴	142	168	174	176	208	218	241	261	288	336	417	461	545
Total receivables	2,071	2,140	2,262	2,242	2,403	2,496	2,637	2,611	2,793	2,946	3,178	3,134	3,252
Allowance for bad debts	- 34	- 35	- 37	- 37	- 38	- 39	- 42	- 44	- 42	- 45	- 48	- 49	- 50
Total receivables (net)	2,037	2,105	2,225	2,205	2,365	2,457	2,595	2,567	2,751	2,901	3,130	3,085	3,202

¹ Includes foreign bank loans.

² This item included in # 15 (a) prior to 1963 as breakdown between Canadian and foreign debt was not available for this period.

³ Detail of "Specified Receivables" is taken from DBS publication, *Credit Statistics* (Catalogue No. 61-004).

⁴ "Other Receivables" includes capital loans, other non-personal loans, receivables of subsidiaries engaged in other activities and sampling errors.

TABLE 4. Mutual Funds
Quarterly Statements of Estimated Assets, Liabilities and Shareholders' Equity

	1963			1964			
	2Q	3Q	4Q	1Q	2Q	3Q	4Q
millions of dollars							
Assets							
1. Cash on hand and on deposit:							
(a) Canadian dollars:							
(i) Cash and bank deposits	10	11	9	10	16	17	18
(ii) Cash in other institutions	3	3	1	3	3	2	5
(b) Foreign currency	1	3	2	2	2	2	2
2. Short-term notes and bills:							
(a) Government of Canada treasury bills	4	4	4	4	4	4	4
(b) Canadian short-term notes of finance and other companies	4	7	5	3	10	39	43
(c) Foreign short-term notes	1				1	3	1
3. Interest and dividends due and accrued	5	5	6	6	7	6	7
4. Amount due from brokers and other current assets	3	6	5	8	5	10	7
5. Portfolio at cost (see also Table 4A):							
(a) Investments in Canadian bonds:							
(i) Government of Canada debt	60	58	58	58	64	65	68
(ii) Provincial and municipal debt	29	28	31	31	28	32	42
(iii) Corporate bonds and debentures	36	38	40	45	41	41	44
(iv) Mortgages and agreements of sale	5	6	6	7	9	10	12
(v) Other Canadian investments	3	3	11	19	27	5	9
(b) Investments in Canadian stocks:							
(i) Preferred shares	53	60	64	67	71	71	72
(ii) Common shares	500	507	518	530	551	578	623
(c) Investments in foreign securities:							
(i) Bonds, debentures, mortgages, etc.	2	2	10	10	6	4	5
(ii) Preferred and common shares	144	152	151	152	162	171	178
Total portfolio at cost	832	834	889	919	959	977	1,053
(d) Investments in subsidiary companies							
6. Property, buildings and equipment							
7. Other assets							
8. Total assets at cost	863	894	920	956	1,006	1,060	1,140
Liabilities							
11. Short-term loans:							
(a) Bank loans in Canadian currency	1	3	2	1	2	1	1
(b) Other loans payable						1	1
12. Accounts payable:							
(a) Income and other taxes payable	1	1	1	1	1	1	1
(b) Amount due brokers and other payables	5	11	6	6	9	11	10
13. Long-term debt	1	1	1	1	1	1	1
14. Other liabilities	1			1		1	
Shareholders' equity							
20. Paid-in capital	795	820	845	873	914	963	1,040
21. Reserves:							
(a) Investment reserves	5	5	6	7	6	7	7
(b) Other reserves							
22. Retained income	54	53	60	66	73	75	79
Total liabilities and shareholders' equity	863	894	920	956	1,006	1,060	1,140

TABLE 4A. Investment Portfolio at Market Value

	1963			1964			
	2Q	3Q	4Q	1Q	2Q	3Q	4Q
millions of dollars							
1. Portfolio:							
(a) Investments in Canadian bonds:							
(i) Government of Canada debt	61	58	58	58	64	65	69
(ii) Provincial and municipal debt	29	28	30	31	28	32	42
(iii) Corporate bonds and debentures	37	40	42	47	45	41	44
(iv) Mortgages and agreements of sale	5	6	7	7	9	10	12
(v) Other Canadian investments	3	4	11	20	28	5	9
(b) Investments in Canadian stocks:							
(i) Preferred shares	55	62	67	70	75	75	76
(ii) Common shares	837	650	676	716	779	843	891
(c) Investments in foreign securities:							
(i) Bonds, debentures, mortgages, etc.	2	2	10	10	6	4	5
(ii) Preferred and common shares	169	178	183	192	205	220	227
Total portfolio at market	998	1,028	1,084	1,151	1,239	1,295	1,375
2. Total portfolio at cost (Item 5-Table 4)	832	834	889	919	959	977	1,053
3. Unrealized appreciation (Item 1 minus 2)	166	174	195	232	280	318	322
TOTAL ASSETS AT MARKET PRICES (Item 8-Table 4 plus Item 3-Table 4A)	1,029	1,068	1,115	1,188	1,286	1,378	1,462

TABLE 5. Closed-End Funds
Quarterly Statements of Estimated Assets, Liabilities and Shareholders' Equity

	1963			1964			
	2Q	3Q	4Q	1Q	2Q	3Q	4Q
millions of dollars							
Assets							
1. Cash on hand and on deposit:							
(a) Canadian dollars:							
(i) Cash and bank deposits	1	2	1	2	1	1	2
(ii) Cash in other institutions		1	1	1	1	3	2
(b) Foreign currency							
2. Short-term notes and bills:							
(a) Government of Canada treasury bills	1						
(b) Canadian short-term notes of finance and other companies	8	3	3	1	2	6	4
(c) Foreign short-term notes							
3. Interest and dividends due and accrued	1	1	1	1	1	1	1
4. Amount due from brokers and other current assets	1	1	2	1	2	2	2
5. Portfolio at Cost (see also Table 5A):							
(a) Investments in Canadian bonds:							
(i) Government of Canada debt	7	7	5	4	3	4	5
(ii) Provincial and municipal debt	1	1	1			1	1
(iii) Corporate bonds and debentures	15	16	13	14	11	8	8
(iv) Mortgages and agreements of sale							
(v) Other Canadian investments	7	10	10	60	61	61	60
(b) Investments in Canadian stocks:							
(i) Preferred shares	37	44	29	34	34	33	33
(ii) Common shares	269	299	314	275	275	287	295
(c) Investments in foreign securities:							
(i) Bonds, debentures, mortgages, etc.		1					
(ii) Preferred and common shares	11	11	13	15	15	15	15
Total portfolio at cost	347	389	385	402	399	409	417
(d) Investments in subsidiary companies	14	11	11	11	11	11	11
6. Property, buildings and equipment							
7. Other assets	1	2	2	2	1	1	1
8. Total assets at cost	375	409	406	421	418	437	442
Liabilities							
11. Short-term loans:							
(a) Bank loans in Canadian currency	1	30	19	25	2	2	5
(b) Other loans payable	1	1	1	1	15	24	24
12. Accounts payable:							
(a) Income and other taxes payable							
(b) Amount due brokers and other payables	3	2	2	3	2	3	2
13. Long-term debt	32	32	32	32	32	32	32
14. Other liabilities	1	1	1	1	1	1	1
Shareholders' equity							
20. Paid-in capital	195	199	201	201	202	205	205
21. Reserves:							
(a) Investment reserves	96	97	102	109	114	117	119
(b) Other reserves	1						
22. Retained income	46	47	48	49	51	54	54
Total liabilities and shareholders' equity	375	409	406	421	418	437	442

TABLE 5 A. Investment Portfolio at Market Value

	1963			1964			
	2Q	3Q	4Q	1Q	2Q	3Q	4Q
millions of dollars							
1. Portfolio:							
(a) Investments in Canadian bonds:							
(i) Government of Canada debt	7	7	5	4	3	4	5
(ii) Provincial and municipal debt	1	1	1			1	1
(iii) Corporate bonds and debentures	18	20	17	18	14	8	8
(iv) Mortgages and agreements of sale							
(v) Other Canadian investments	7	10	10	60	61	61	60
(b) Investments in Canadian stocks:							
(i) Preferred shares	46	56	37	43	45	47	47
(ii) Common shares	444	477	505	491	558	591	608
(c) Investments in foreign securities:							
(i) Bonds, debentures, mortgages, etc.		1					
(ii) Preferred and common shares	17	17	19	21	22	22	21
Total portfolio at market	540	589	594	637	703	734	750
2. Total portfolio at cost (Item 5 - Table 5)	347	389	385	402	399	409	417
3. Unrealized appreciation (Item 1 minus 2)	193	200	209	235	304	325	333
TOTAL ASSETS AT MARKET PRICES (Item 8 - Table 5 plus item 3 - Table 5 A)	568	609	615	656	722	762	775

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 companies acts.

The balance sheet data shown for this group 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 (directly or through publicly owned parent companies) primarily for mortgage lending. It includes all companies incorporated under the Dominion Loan Companies Act, savings certificate companies and other institutional lenders engaged principally in mortgage lending. 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, sales finance companies are in the business of financing durable sales at the factory or wholesale levels and at the retail level. Consumer loan companies lend money to persons on the security of promissory notes with additional security frequently being provided by chattel mortgages on the goods purchased. 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 sales financing and loan 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, it was decided to include both sales finance and consumer loan companies in one table.

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

Mutual Funds

This group includes those firms which have their major assets invested in a portfolio of various types of securities and in which the public may purchase any desired number of shares at a price fixed in relationship to net asset value, and redeem any number of shares held at net asset value. Because the number of outstanding shares constantly changes with purchases and redemptions of shares by each individual investor, the companies in this group are also referred to as open-end funds.

Included in this survey are those companies whose shares are available to the public through the companies' own salesmen or agents, or through stock brokers, trust companies or other managers of funds. Excluded are those funds set up to operate a pension plan, non-resident owned funds in which the Canadian public cannot purchase shares, funds which invest only in the shares of other mutual funds, investment clubs, and other investment companies the shares of which are not available to the general public.

Closed-End Funds

The main difference between this group and the mutual funds is the fact that shares of closed-end companies are not redeemable by the company at net asset value. Share capital is set up as in an ordinary limited corporation. Once the shares have been offered to the public, the number of outstanding shares remains constant. Shares of such corporations may be purchased only from existing holders and owners of such shares must find a buyer if they wish to sell their shares. Such companies are called closed-end funds to distinguish them from the mutual funds or open-end funds.

Closed-end funds have a common feature with mutual funds in that their major assets consist of investments in securities. Investment policies and objectives of many of the closed-end funds are also similar to those of the mutual funds. However, when an investment corporation exists primarily to gain control and provide management it is excluded from the totals and will be included in another group. Because of the various degrees between these two objectives—investment or control—and also because objectives often change, it is difficult to precisely define this group. We have, therefore, closely followed the group of closed-end funds found in the Financial Post Survey of Investment Funds. The user of these data is warned however, that reclassification into or out of this industry of few companies could change drastically the published totals.

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—Demand deposits and demand certificates

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

Item 12—Term deposits, guaranteed investment certificates, instalment 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 21—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 make quarterly calculations of interest accrued on investments or on obligations. They 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 those parent companies. Since these loans are inter-company transactions they are eliminated when consolidated reports are filed. This item would therefore be larger if non-consolidated reports were received from all companies.

Item 13—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 15—Dealers' credit balances

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 17—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.

C. Mutual Funds and Closed-End Funds

Item 5—Investment Portfolio

Investment in securities represents the major assets for these groups. There is a particular interest in the market value of the portfolio since the price of mutual fund shares depends directly on this value. The price of closed-end fund shares also has a close relationship to the market value of the portfolio. For this survey, therefore, the portfolio is shown at both cost price and market value.

Item 21 - Paid-in capital

Included in this item are all the contributions made by shareholders including share capital, capital or paid-in surplus, capital redemption reserves, etc.

Item 24 - Unrealized appreciation

This item is the difference between the value of the portfolio at market price and its cost price.

QUALITY AND COVERAGE OF THE ESTIMATES

As a result of full cooperation by the surveyed corporations and the relatively small number of companies in each of the published groups, coverage in terms of assets is very high for each of the groups in this publication. 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.

Where available, the tables will carry figures for the thirteen most recent quarters. The figures are published in one million dollar amounts.

OTHER SOURCES OF FINANCIAL INFORMATION

Included among the more valuable sources of background information are:

Report of the Royal Commission on Banking and Finance, 1964

The Financing of Economic Activity in Canada, by Wm. C. Hood, for the Royal Commission on Canada's Economic Prospects

Additional financial statistics on the companies and industries included in this report are available in the following publications:

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)

Financial Post *Survey of Industrials* (annual)
Financial Post *Survey of Investment Funds* (annual)

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