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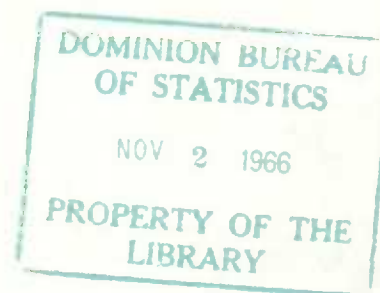


BUSINESS FINANCIAL STATISTICS BALANCE SHEETS

Selected Financial Institutions

SECOND QUARTER 1966

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INTRODUCTION

The present publication contains the balance sheets for trust companies, mortgage loan companies, sales finance and consumer loan companies, mutual funds, closed-end funds, and investment dealers. As information becomes available, the published tables will be expanded to include insurance carriers, credit unions and caisses populaires, 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.

¹ These items may show adjustments for previous quarters as a result of more up-to-date information.
² 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 earnings.
³ Revised figures.

Quarterly Statements of Estimated Assets, Liabilities and Shareholders' Equity

	1963			1964				1965				1966	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
	millions of dollars												
Assets													
1. Cash on hand and on deposit:													
(a) In Canadian dollars:													
(i) Cash and bank deposits.....	15	15	17	19	19	66	50	39	41	39	47	40	36
(ii) Cash in other institutions	3	3	3	6	12	9	13	8	8	5	7	10	6
(b) In foreign currency													2
3. Investments:													
(a) Investments in Canadian securities:													
(i) Government of Canada treasury bills.....	4	1	3	3	12	7	3	8	5	11	6	13	4
(ii) Other Government of Canada debt	119	122	104	102	103	118	117	124	116	102	110	113	118
(iii) Provincial government debt.....	36	38	35	37	41	41	42	44	46	44	39	46	45
(iv) Municipal government debt	7	8	8	8	9	9	11	10	10	10	10	10	9
(v) Short-term notes of finance and other companies.....	7	4	4	6	6	11	8	12	4	5	3	10	13
(vi) Corporation and institution bonds	20	20	25	24	24	26	26	33	29	28	33	29	29
(vii) Mortgage loans and sales agreements	1,078	1,140	1,188	1,254	1,328	1,410	1,492	1,588	1,689	1,788	1,817	1,836	1,870
(viii) Collateral loans	12	12	13	12	10	12	13	10	10	13	19	20	23
(b) Investments in Canadian preferred and common shares	45	49	52	51	53	55	56	55	61	58	56	56	56
(c) Investments in foreign securities	7	4	4	14	7	4	4	4	4	4	4	3	4
(d) Investments in subsidiary and associated companies.....	41	41	43	47	45	49	50	206 ¹	203	200	201	199	196
4. Real estate and equipment	33	33	36	37	38	41	42	43	44	48	50	51	54
5. Other assets	8	8	8	13	13	11	10	12	18	15	15	16	16
Total assets ²	1,436	1,497	1,544	1,633	1,722	1,869	1,936	2,196	2,287	2,368	2,417	2,455	2,483
Liabilities													
11. Demand deposits and demand certificates (a) Chequable.....	138	143	139	143	148	150	155	152	158	161	163	149	167

¹ The increase in these items is caused by changes in inter-company accounts of affiliated companies.

² 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 earnings.

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

	1963			1964				1965				1966	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q ^{1,2}	3Q ¹	4Q ¹	1Q ¹	2Q ¹
millions of dollars													
Assets													
1. Cash on hand and on deposit:													
(a) In Canadian dollars:													
(i) Cash and bank deposits	27	26	27	37	36	40	46	41	41	33	44	42	52
(ii) Cash in other institutions				2	1	4	2	11	1	1	1	40	1
(b) In foreign currency	8	7	8	8	13	14	14	14	14	24	12	13	13
2. Accounts and notes receivable*	2,595	2,567	2,751	2,899	3,128	3,080	3,200	3,369	3,600	3,528	3,746	3,756	3,808 ³
3. Other current assets	4	4	5	6	7	8	10	7	7	7	12	8	9
4. Investments and advances:													
(a) Investments in Canadian securities:													
(i) Short-term notes of finance and other companies	16	7	7	6	5	7	1	10	11	12	4	22	5
(ii) Government of Canada treasury bills	14	14	5	6	11	13	3	11	17	12	1	1	10
(iii) Other Government of Canada debt	29	6	18	13	27	29	9	16	9	17	16	25	32
(iv) Other Canadian bonds and debentures	25	69	43	53	58	38	60	59	58	23	16	16	16
(v) Other Canadian investments	12	16	15	17	18	10	5	15	20	27	29	38	40
(b) Investments in Canadian preferred and common shares	11	12	13	13	27	23	14	14	16	16	15	15	9
(c) Investments in foreign securities	1	1	4				1	1	1	1	2	2	2
(d) Investments in subsidiary and associated companies	229	221	252	260	210	256	264	270	241	267	274	226	226
5. Property, plant and equipment	18	18	18	22	31	31	32	33	34	36	38	33	34
6. Other assets	17	17	20	21	25	25	27	32	33	34	29	32	32
Total assets	3,005	2,986	3,191	3,365	3,598	3,579	3,686	3,901	4,102	4,037	4,237	4,267	4,290
Liabilities													
11. Owing parent and associated companies	480	460	493	493	449	453	452	495	625	605	690	716	703
12. Short-term bank loans:													
(a) Bank loans and overdrafts (Canadian dollars)	194	190	259	224	238	198	228	210	295	350	439	321	351
(b) Other bank loans	27	24	49	50	53	65	82	97	26	66	92	86	71
13. Short-term loans and notes payable:													
(a) Demand and short-term notes (Canadian dollars)	725	706	733	884	1,039	900	858	965	966	827	744	875	941
(b) Demand and short-term notes (foreign currency)	64	70	68	102	124	187	202	184	187	192	165	162	127
(c) Other short-term loans	2	2	2	2	3	1	2	2	3	3	14	2	
14. Accounts payable:													
(a) Income and other taxes payable	20	24	22	24	23	26	22	25	16	20	18	16	20
(b) Other payables	44	34	38	48	54	65	65	73	87	65	95	94	108
15. Other current liabilities:													
(a) Dealers' credit balances	45	47	45	43	46	48	46	44	47	50	48	47	50
(b) Other current liabilities	4	5	5	6	6	6	6	6	7	5	5	5	6
16. Long-term debt:													
(a) Debentures, bonds and notes (Canadian dollars)	584	609	622	634	645	690	743	777	843	842	866	872	861
(b) Debentures, bonds and notes (foreign currency)	240	225	243	242	258	260	282	302	268	254	303	343	357
(c) Mortgages and other long-term debt	3	4	4	2	6	6	6	6	9	9	8	3	4
17. Other liabilities:													
(a) Unearned income and other deferred credits	174	179	183	183	204	213	217	218	228	239	245	243	250
(b) Pensions, trust or earmarked funds	1	1	1	1	1	1	1	1	1	1	1	1	1
(c) Interest of minority shareholders	1	1	1										
Shareholders' equity													
21. Paid-in capital	246	248	261	255	273	276	288	300	306	311	329	302	315
22. Retained earnings	151	159	163	171	175	183	186	195	188	195	175	179	129 ⁴
Total liabilities and shareholders' equity	3,005	2,986	3,191	3,365	3,598	3,579	3,686	3,901	4,102	4,037	4,237	4,267	4,290
* Footnote:													
(a) Specified receivables: ⁵													
Sales finance companies:													
Consumer goods	865	878	874	903	996	1,038	1,035	1,023	1,099	1,136	1,142	1,138	1,200
Commercial and industrial goods	490	514	520	514	557	582	586	583	634	655	649	628	661
Wholesale goods	279	174	301	418	413	251	268	383	423	278	441	484	483
Totals	1,634	1,566	1,695	1,835	1,966	1,871	1,889	1,989	2,156	2,069	2,232	2,250	2,344
Consumer loan companies:													
Installment credit	53	55	55	47	49	52	54	57	63	65	67	67	70
Cash loans	709	729	755	751	788	814	850	868	912	929	962	972	1,011
Totals	762	784	810	798	837	866	904	925	975	994	1,029	1,039	1,081
(b) Other receivables ⁵	241	261	288	311	373	392	457	508	527	526	551	532	454 ³
Total receivables	2,637	2,611	2,793	2,944	3,176	3,129	3,250	3,422	3,658	3,589	3,812	3,821	3,879
Allowance for bad debts	- 42	- 44	- 42	- 45	- 48	- 49	- 50	- 53	- 58	- 61	- 66	- 65	- 71
Total receivables (net)	2,595	2,567	2,751	2,899	3,128	3,080	3,200	3,369	3,600	3,528	3,746	3,756	3,808

¹ Includes outstanding liabilities in default of one company which went into receivership.

² Reflects the reorganization of a company with its U.S. parent.

³ These items have been affected in this quarter by the write-downs of receivables held by companies in receivership.

⁴ Detail of "Specified receivables" is taken from DBS publication, *Credit Statistics* (Catalogue No. 61-004).

⁵ "Other receivables" includes capital loans, other non-personal loans, receivables of subsidiaries engaged in other activities and sampling errors.

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

	1963			1964				1965 ¹				1966 ¹	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
	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	24	23	25	32	41	43
(ii) Cash in other institutions	3	3	1	3	3	2	4	3	5	7	9	12	7
(b) Foreign currency	1	3	2	2	2	2	2	1	2	4	5	10	6
2. Short-term notes and bills:													
(a) Government of Canada treasury bills	4	4	4	4	4	4	2	3	3	2	2	2	3
(b) Canadian short-term notes of finance and other companies	4	7	5	3	10	39	41	48	33	38	31	44	35
(c) Foreign short-term notes	1				1	3	1	3	1	2	1	1	
3. Interest and dividends due and accrued	5	5	6	6	7	6	7	7	8	9	9	9	9
4. Amount due from brokers and other current assets	3	6	5	8	5	10	7	14	12	9	14	20	22
5. Portfolio at cost (see also Table 4 A):													
(a) Investments in Canadian bonds:													
(i) Government of Canada debt	60	58	58	61	68	72	78	76	63	68	70	69	62
(ii) Provincial and municipal debt	29	28	31	31	29	34	47	58	57	54	57	50	49
(iii) Corporate bonds and debentures	36	38	40	46	43	44	48	59	64	65	66	66	66
(iv) Mortgages and agreements of sale	5	6	6	7	9	10	12	13	12	12	12	13	12
(v) Other Canadian investments	3	3	11	19	27	5	9	14	10	19	25	23	15
(b) Investments in Canadian shares:													
(i) Preferred shares	53	60	64	67	71	71	74	81	91	107	110	119	137
(ii) Common shares	500	507	518	535	558	587	635	691	753	771	806	826	855
(c) Investments in foreign securities:													
(i) Bonds, debentures, mortgages, etc.	2	2	10	10	6	4	5	5	4	4	4	9	8
(ii) Preferred and common shares	144	152	151	153	166	177	186	208	245	276	315	366	464
Total portfolio at cost	832	854	889	929	977	1,004	1,094	1,205	1,299	1,376	1,465	1,541	1,668
6. Property, buildings and equipment													
7. Other assets													
8. Total assets at cost	863	894	920	966	1,024	1,085	1,178	1,309	1,386	1,472	1,567	1,679	1,794
Liabilities													
11. Short-term loans:													
(a) Bank loans in Canadian currency	1	3	2	1	2	1	1	1	1	1		1	1
(b) Other loans payable						1			1	1			
13. Accounts payable:													
(a) Income and other taxes payable	1	1	1	1	1	1	1	1	1	1	1	1	2
(b) Amount due brokers and other payables	5	11	6	6	9	11	10	27	20	12	9	18	26
13. Long-term debt	1	1	1	1	1	1	1	1		1	1		
14. Other liabilities	1			1		1			1	1			1
Shareholders' equity													
20. Paid-in capital	795	820	845	880	926	980	1,072	1,178	1,243	1,332	1,420	1,510	1,597
22. Retained earnings	59	58	65	76	85	90	92	101	120	124	135	148	166
Total liabilities and shareholders' equity	863	894	920	966	1,024	1,085	1,178	1,309	1,386	1,472	1,567	1,679	1,794

TABLE 4 A. Investment Portfolio at Market Value

	1963			1964				1965 ¹				1966 ¹	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
	millions of dollars												
1. Portfolio:													
(a) Investments in Canadian bonds:													
(i) Government of Canada debt	61	58	58	60	68	72	78	77	63	67	69	68	61
(ii) Provincial and municipal debt	29	28	30	31	29	34	47	58	57	53	56	49	48
(iii) Corporate bonds and debentures	37	40	42	48	46	44	49	60	64	64	65	64	65
(iv) Mortgages and agreements of sale	5	6	7	7	9	10	12	13	12	13	13	13	12
(v) Other Canadian investments	3	4	11	20	28	5	9	14	10	19	25	23	15
(b) Investments in Canadian shares:													
(i) Preferred shares	55	62	67	70	75	75	78	84	92	106	108	116	132
(ii) Common shares	637	650	676	721	786	853	909	1,004	1,007	1,045	1,086	1,089	1,082
(c) Investments in foreign securities:													
(i) Bonds, debentures, mortgages, etc.	2	2	10	10	6	4	5	5	4	3	3	8	7
(ii) Preferred and common shares	169	178	183	194	210	226	236	265	287	348	416	484	554
Total portfolio at market	998	1,028	1,084	1,161	1,257	1,323	1,423	1,580	1,596	1,718	1,841	1,914	1,976
2. Total portfolio at cost (Item 5 - Table 4)	832	854	889	929	977	1,004	1,094	1,205	1,299	1,376	1,465	1,541	1,668
3. Unrealized appreciation (Item 1 minus 2)	166	174	195	232	280	319	329	375	297	342	376	373	308
TOTAL ASSETS AT MARKET PRICES (Item 8 - Table 4 plus Item 3 - Table 4 A)	1,029	1,068	1,115	1,198	1,304	1,404	1,507	1,684	1,683	1,814	1,943	2,052	2,102

¹ Figures revised to take into account the latest available information.

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

	1963			1964				1965				1966	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
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	2	2	2	5	5	2
(ii) Cash in other institutions		1	1	1	1	3	2	3	2	2	3	2	
(b) Foreign currency												1	
2. Short-term notes and bills:													
(a) Government of Canada treasury bills	1								2	1	1	1	
(b) Canadian short-term notes of finance and other companies	8	3	3	1	2	6	6	21	9	30	12	8	28
(c) Foreign short-term notes													
3. Interest and dividends due and accrued	1	1	1	1	1	1	1	1	1	1	1	1	1
4. Amount due from brokers and other current assets	1	1	2	1	2	2	2	2	1	1	1	2	1
5. Portfolio at cost (see also Table 5 A):													
(a) Investments in Canadian bonds:													
(i) Government of Canada debt	7	7	5	4	3	4	5	6	7	6	6	7	8
(ii) Provincial and municipal debt	1	1	1			1	1	1	1	1	1	1	1
(iii) Corporate bonds and debentures	15	16	13	14	11	8	10	9	10	10	9	10	10
(iv) Mortgages and agreements of sale									1		1	1	1
(v) Other Canadian investments									3	1		6 ^r	6
(b) Investments in Canadian shares:													
(i) Preferred shares	37	44	29	34	34	33	35	35	33	34	36	34	38
(ii) Common shares ¹	280	308	324	334	336	349	369	385	368	372	393 ^r	403 ^r	406
(c) Investments in foreign securities:													
(i) Bonds, debentures, mortgages, etc.	21	1	23	25	26	26	26	28	31	36	37	37	38
(ii) Preferred and common shares ¹													
Total portfolio at cost	361	398	395	411	410	421	446	464	455	461	484^r	500^r	509
6. Property, buildings and equipment													
7. Other assets	1	2	2	2	1	1	2	2	2	4	2	2	2
8. Total assets at cost	375	409	406	421	418	437	463	497	474	503	509^r	524^r	542
Liabilities													
11. Short-term loans:													
(a) Bank loans in Canadian currency	1	30	19	25	2	2	5	1	6	6	14	22	24
(b) Other loans payable	1	1	1	1	15	24	25	44	4	3	2	1	6
12. Accounts payable:													
(a) Income and other taxes payable	3	2	2	3	2	3	2	3	3	4	3	4	3
(b) Amount due brokers and other payables													
13. Long-term debt	32	32	32	32	32	32	33	31	31	30	30	29	29
14. Other liabilities	1	1	1	1	1	1	1	1	1	1	1	1	1
Shareholders' equity													
20. Paid-in capital	175	179	181	181	181	183	198	204	211	238	238	238	241
22. Retained earnings	163	164	170	178	186	192	199	212	218	219	221 ^r	229 ^r	237
Total liabilities and shareholders' equity	375	409	406	421	418	437	463	497	474	503	509^r	524^r	542

TABLE 5 A. Investment Portfolio at Market Value

	1963			1964				1965				1966	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
millions of dollars													
1. Portfolio:													
(a) Investments in Canadian bonds:													
(i) Government of Canada debt	7	7	5	4	3	4	5	6	7	6	6	7	8
(ii) Provincial and municipal debt	1	1	1			1	1	1	1	1	1	1	1
(iii) Corporate bonds and debentures	18	20	17	18	14	8	10	10	10	10	9	10	10
(iv) Mortgages and agreements of sale											1	1	1
(v) Other Canadian investments									3	1		6 ^r	6
(b) Investments in Canadian shares:													
(i) Preferred shares	46	56	37	43	45	47	49	51	48	45	46	45	46
(ii) Common shares ¹	455	487	515	551	619	652	686	730	682	678	685 ^r	693 ^r	676
(c) Investments in foreign securities:													
(i) Bonds, debentures, mortgages, etc.,	28	1	30	33	33	34	33	36	36	1	1	1 ^r	1
(ii) Preferred and common shares ¹										47	55	59	59
Total portfolio at market	555	600	605	649	714	746	784	834	788	789	804^r	823^r	808
2. Total portfolio at cost (Item 5 - Table 5)	361	398	395	411	410	421	446	464	455	461	484^r	500^r	509
3. Unrealized appreciation (Item 1 minus 2)	194	202	210	238	304	325	338	370	333	328	320^r	323^r	299
TOTAL ASSETS AT MARKET PRICES (Item 8-Table 5 plus item 3-Table 5 A)	569	611	616	659	722	762	801	867	807	831	829^r	847^r	841

¹ Includes investments in and advances to subsidiary and affiliated companies.

^r Revised figures.

TABLE 6. Investment Dealers
Quarterly Estimates of Selected Balance Sheet Items

	1963			1964				1965				1966	
	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q
Selected assets	millions of dollars												
1. Cash on hand and on deposit:													
(a) In Canadian dollars:													
(i) Cash and bank deposits ¹	15	17	12	10	16	21	23	28	49	68	109	33	22
(ii) Cash in other institutions	9	10	8	7	7	2	55	35	2	14	3	4	3
(b) In foreign currency													
2. Securities owned or managed at book value: ²													
(a) Investments in Canadian securities:													
(i) Chartered banks' certificates of deposits ³	45	46	66	84	105	150	162	146	136	132	214	46	78
(ii) Short-term notes of finance companies ³												41	42
(iii) Other short-term commercial paper ³												147	188
(iv) Government of Canada treasury bills	165	163	187	105	115	116	126	78	117	75	39	75	22
(v) Other Government of Canada debt:													
(a) Term less than 3 years	93	102	149	99	120	160	60	84	78	82	30	- 10	28
(b) Term over 3 years	45	23	12	15	33	24	40	63	5	67	- 6	- 22	5
(vi) Provincial government debt	42	32	46	37	44	56	49	69	41	49	27	28	31
(vii) Municipal government debt	28	16	24	37	27	33	22	28	21	20	27	26	20
(viii) Corporation and institution bonds	48	46	52	42	38	38	49	50	53	45	53	43	53
(ix) Preferred and common shares ⁴	15	15	13	24	20	17	25	27	28	17	24	17	18
(x) Other investments ⁴	6	3					3	5	6	10	11		
(b) Investments in foreign securities	1		1	3	1	1	2	2	2	2	2	3	4
3. Loans and advances:													
(a) Short-term loans to subsidiary and associated companies	7	10	3	7	4	3	3	4	1	1	2	2	1
(b) Other short-term loans and advances receivable ⁵												70	47
Total selected assets ⁶	518	484	573	470	531	621	619	619	540	582	534	501	563
4. Bank loans:													
(a) Bank loans and overdrafts in Canadian currency	230	209	373	221	267	318	335	295	326	402	374	281	382
(b) Other bank loans ⁷												20	33
5. Short-term loans and notes payable:													
(a) Short-term loans from subsidiary and associated companies	6	7	11	8	7	9	10	7	6	12	13	16	14
(b) Other loans and notes, excluding buy-backs	266	201	184	196	229	240	243	300	207	183	152	182	136
Total selected liabilities	501	417	567	426	503	567	588	602	539	597	538	498	566
6. Total securities outstanding under buy-back agreements	131	110	112	114	188	107	201	189	236	178	97	103	106

¹ Prior to 1966 includes some chartered banks' certificates of deposits which are included from first quarter, 1966 in item 2 (a)(i).

² Net of short positions and excluding securities outstanding under buy-back agreements.

³ Detail not available prior to 1966.

⁴ Excluding investments in and loans and advances to subsidiary and associated companies.

⁵ Not included among selected assets prior to 1966.

⁶ Commencing 1966 includes item 3 (b).

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, special non-resident owned funds, 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.

Investment Dealers

This group includes firms which act as principals in the underwriting and trading of securities. Stock-brokers and, where possible, the brokerage business of investment dealers are excluded. Where investment dealers do not maintain separate accounts for their brokerage business, total operations of the firm are included but the effect on the data is believed to be small.

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,

Investment dealers do not report all balance sheet items, and total reported assets therefore do not equal total reported liabilities. Shareholders' equity, certain types of receivables and minor asset and liability items are not reported. The omission of these receivables is the largest single cause of difference between total reported assets and total reported liabilities.

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.

D. Investment Dealers

Item 1 - Cash on hand and on deposit

Included in this item are demand and term deposits with banks and other institutions. Short term notes of chartered banks and guaranteed investment certificates are also included, as are foreign currency and swapped deposits.

Item 2 - Securities owned or managed by the firm

The major assets of investment dealers are various types of securities. Since the accounting practices of investment dealers often differ from the practices of other types of firms in respect to security accounts, dealers are requested to report their securities in the following manner:

- (1) Securities should be reported at book value.
- (2) Securities outstanding under buy-back agreements should be excluded. This avoids duplication, since the owner of the securities is requested to report them.

- (3) Securities held under sell-back agreements should be included. This follows the rule that the owner should report the securities.
- (4) Short positions should be deducted from long positions.
- (5) Securities sold on an "if, as and when" basis should be omitted.
- (6) Borrowed securities should not be included in reported inventory.
- (7) The accounting of security transactions may differ at any specific point in time, depending on which accounting basis is employed.
By using:

- (a) **Trade date** - securities are entered on the accounts on the date that a buy or sell agreement or commitment was made.
- (b) **Value date** - securities are entered on the accounts on the date that settlement of the transactions was due.
- (c) **Delivery date** - securities are entered on the accounts on the date that delivery of the securities took place.

Generally, value and delivery dates coincide. Since financial institutions usually use the delivered date for accounting purposes, investment dealers are requested to use delivery date as well for reporting inventories of securities to DBS in order to have the securities counted in the statistics.

Item 3 - Short term loans and notes payable

3(a) includes short term and day-to-day loans from chartered banks in Canadian currency. Loans from subsidiary and affiliated companies are reported in 3(b), and all other loans, excluding buy-backs, are reported in 3(c).

Item 4 - Securities outstanding under buy-back agreements

Investment dealers raise funds through buy-back (re-purchase) agreements with various financial institutions, non-financial corporations and government agencies. Dealers generally regard the transactions as loans, but since the other parties to this type of transaction treat the securities as owned, dealers have been requested to exclude buy-backs from borrowing and to exclude the underlying securities from inventory reported. The amount of securities outstanding under these buy-back agreements is reported in Item 4.

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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