

Texaco Canada Ltd.

Seventh

ANNUAL REPORT

McCOLL-FRONTENAC
OIL COMPANY LIMITED



For Fiscal Year Ending
JANUARY Thirty-first - 1935

McCOLL-FRONTENAC OIL COMPANY
Limited



Seventh Annual Report

for
Fiscal Year Ending
JANUARY THIRTY-FIRST
1935

McCOLL-FRONTENAC OIL COMPANY

Limited

TO THE SHAREHOLDERS:

Your Directors have pleasure in submitting herewith your Company's seventh annual report, together with Balance Sheet as at January 31st, 1935, and Profit and Loss Account for the twelve months period ending on that date.

Current Assets amount to \$5,795,595.13 as compared with Current Liabilities of \$1,224,799.86, giving a net working capital of \$4,570,795.27.

Net additions to properties during the year under review amounted to \$974,691.33. These new additions have all been financed out of working capital. A considerable amount of this expenditure was used for the installation of a new high pressure cracking unit at the Montreal Refinery. This high pressure unit is of the latest design and has resulted in a more economical method of producing Gasoline. Since this unit was not in operation until the latter part of the past fiscal year the benefit will not be derived fully from it until the current year.

Total profits from operations and income from investments amounted to \$2,570,217.61 as compared with \$2,703,438.68 for the previous year, a decrease of \$133,221.07.

After deductions of reserves for depreciation, bad debts, bond interest, income tax, and preferred stock dividends, there remained a balance of \$637,165.51, equivalent to \$1.15 per share on the 550,000 shares of common stock now outstanding, as against \$1.27 per share shown last year.

Federal sales and excise taxes, and provincial and municipal taxes (exclusive of income tax) paid by your Company during the year amounted to \$644,864.00 as compared with \$589,473.00 for the preceding fiscal year, an increase of \$55,391.00. It will also be observed that the provision for income tax this year is \$170,000.00 as compared with \$140,000.00 for the year ended January 31st, 1934, an increase of \$30,000.00, making a total increase of \$85,391.00 in taxes for which your Company was liable during the past year. This is equivalent to 15c. per share on the outstanding 550,000 shares of the Common Stock of your Company.

While it is always difficult to forecast business conditions, your Directors believe that your Company will continue to receive its proportionate share of any increased gallonage, as has been the case during the year covered by this report.

Your Company's refineries, warehouses, service stations, tankers, rolling stock and other equipment are maintained in their customary high state of efficiency.

The continued loyalty and co-operation throughout the year of the staff and employees is greatly appreciated by your Directors.

On behalf of the Board,

JOHN IRWIN,
President.

MONTREAL, April 11th, 1935.

McCOLL-FRONTENAC OIL COMPANY LIMITED
AND WHOLLY OWNED CANADIAN
SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND
EARNED SURPLUS ACCOUNT YEAR ENDING
JANUARY 31, 1935

| | | |
|---|-------------------|------------------------------|
| Profits from Operations..... | \$2,536,468.99 | |
| <i>Add:</i> Income from Investments..... | 22,657.37 | |
| Profit on Sale of Investments..... | 11,091.25 | |
| | <u> </u> | \$2,570,217.61 |
| DEDUCT: | | |
| Reserve for Depreciation..... | \$ 647,808.56 | |
| Provision for Bad and Doubtful Accounts... | 17,659.86 | |
| Amortization of Bond Discount, etc..... | 45,333.84 | |
| Directors' Remuneration..... | 11,356.90 | |
| | <u> </u> | 722,159.16 |
| | | <u>\$1,848,058.45</u> |
| DEDUCT ALSO: | | |
| Bond Interest, etc..... | | 582,077.44 |
| | | <u>\$1,265,981.01</u> |
| Provision for Income Taxes year ending January 31, 1935.... | | 170,000.00 |
| | | <u>\$1,095,981.01</u> |
| Net Profit for the year after providing for Income Taxes.. | | |
| Dividends paid on 6% Preferred Stock..... | | 458,815.50 |
| | | <u>\$ 637,165.51</u> |
| Dividends paid on Common Shares..... | | 412,496.85 |
| | | <u>\$ 224,668.66</u> |
| <i>Add:</i> Surplus Balance, January 31, 1934..... | | 2,888,301.73 |
| | | <u>\$3,112,970.39</u> |
| DEDUCT: Cost of Preferred Shares purchased during 1934 for redemption..... | | 13,950.00 |
| | | <u> </u> |
| Earned Surplus Balance, January 31, 1935..... | | <u><u>\$3,099,020.39</u></u> |

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McCOLL-FRONTENAC C

AND WHOLLY OWNED CANA

CONSOLIDATED BALANCE

ASSETS

CURRENT ASSETS:

| | | |
|---|---------------|----------------|
| Cash on Hand and in Bank..... | \$ 530,619.41 | |
| Bonds and Stocks, less Reserve..... | 329,280.97 | |
| Accounts and Bills Receivable, less Reserve for Bad and Doubtful Accounts..... | 1,777,127.15 | |
| Inventories as determined and certified by the Management and valued on the basis of cost or market, whichever was the lower..... | 3,158,567.60 | |
| | | \$5,795,595.13 |

INVESTMENTS IN AND ADVANCES TO SUBSIDIARY COMPANIES:

| | | |
|------------------|---------------|------------|
| Investments..... | \$ 627,000.00 | |
| Advances..... | 291,415.79 | |
| | | 918,415.79 |

LOANS AND MORTGAGES TO CUSTOMERS (less Reserve).....

330,781.37

FIRST MORTGAGE COLLATERAL TRUST 6% BONDS due 1949, purchased in anticipation of Sinking Fund requirements.....

214,500.00

COST OF COMMON SHARES OF COMPANY PURCHASED UNDER BY-LAW "D" FOR SALE TO EMPLOYEES, BALANCE.....

60,599.42

DEFERRED CHARGES:

| | | |
|--|------------|--------------|
| Insurance, Taxes and Other Prepaid Expenses \$ | 394,873.23 | |
| Bond Discount and Expense..... | 611,905.23 | |
| | | 1,006,778.46 |

COST OF PROPERTIES:

| | | |
|--|-----------------|---------------|
| Land, Buildings and Equipment at cost..... | \$18,898,355.65 | |
| Trade Marks, Processes and Goodwill..... | \$ 742,837.66 | |
| Premium paid on Purchase of Subsidiary Companies Capital Stocks..... | 6,942,479.21 | |
| Balance, January 31, 1932..... | 7,685,316.87 | |
| | | 26,583,672.52 |

\$34,910,342.69

APPROVED ON BEHALF OF THE BOARD:

J. IRWIN, Director.
P. A. THOMSON, Director.

OIL COMPANY LIMITED DIAN SUBSIDIARY COMPANIES

SHEET JANUARY 31, 1935

LIABILITIES

CURRENT LIABILITIES:

| | | |
|---|---------------|----------------|
| Accounts and Notes Payable and Accrued Liabilities..... | \$ 570,126.55 | |
| Bond Interest Accrued..... | 187,200.00 | |
| Reserve for Income, Gasoline and Other Taxes..... | 467,473.31 | |
| | | \$1,224,799.86 |

DEFERRED CONTRACT LIABILITIES..... 152,660.84

MORTGAGES PAYABLE..... 223,906.30

RESERVES:

| | | |
|------------------------------|----------------|--------------|
| Depreciation..... | \$3,326,710.15 | |
| General and Contingency..... | 267,945.15 | |
| | | 3,594,655.30 |

FIRST MORTGAGE COLLATERAL TRUST 6%

| | | |
|---|----------------|--------------|
| BONDS DUE 1949 (Authorized Issue \$25,000,000)..... | \$9,880,000.00 | |
| Less: Redeemed and Cancelled..... | 305,500.00 | |
| | | 9,574,500.00 |

PREFERRED STOCK:

| | | |
|---|----------------|----------------|
| 6% Cumulative Sinking Fund Preferred Shares of \$100.00 each (Authorized Issue 100,000 Shares). | | |
| Issued.....82,053 Shares | \$8,205,300.00 | |
| Less: Redeemed..... 5,463 | 546,300.00 | |
| | 76,590 | \$7,659,000.00 |
| Deduct: Held for Redemption.. 237 | 23,700.00 | |
| | 76,353 | 7,635,300.00 |
| Redeemable at 105 on any dividend date, on thirty days' notice. | | |

COMMON STOCK AND SURPLUS:

| | | |
|--|----------------|------------------------|
| Common Shares— | | |
| Authorized—750,000 Shares without Nominal or Par Value. | | |
| Issued —550,000 Shares without Nominal or Par Value..... | \$9,390,000.00 | |
| Capital Surplus— | | |
| Representing the par value of Preferred Shares purchased for redemption during 1934..... | 15,500.00 | |
| Earned Surplus— | | |
| Balance, per statement attached..... | 3,099,020.39 | |
| | | 12,504,520.39 |
| | | <u>\$34,910,342.69</u> |

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of McColl-Frontenac Oil Company Limited and its wholly owned Canadian Subsidiary Companies for the year ending January 31, 1935, and have received all the information and explanations which we have required, and in our opinion, the above Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs at January 31, 1935, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

In accordance with Section 114 of the Companies' Act, 1934, we report that profits of subsidiary companies for the year ending January 31, 1935 have been included in the accounts of the Company only to the extent of the dividends declared and receivable.

PRICE, WATERHOUSE & CO.,
P. S. ROSS & SONS,
Auditors.

MONTREAL, March 26, 1935.

McCOLL-FRONTENAC OIL COMPANY LIMITED

1934

▽ ▽

JOHN IRWIN, Montreal

President

P. A. THOMSON, Montreal

Vice-President

J. A. WALES, Montreal

Vice-President in Charge of Operations

J. M. PRITCHARD, Montreal

Vice-President in Charge of Sales

S. S. GRIFFITHS, Toronto

Vice-President in Charge of Central Division Marketing

H. H. BRADBURN, Winnipeg

Vice-President in Charge of Western Division Marketing

COLONEL W. A. BISHOP, V.C., D.S.O., M.C., D.F.C., Montreal

Vice-President

FRED HUNT, Montreal

Secretary-Treasurer

L. A. BROOKS, C.A., Montreal

Comptroller

Directors

H. H. BRADBURN

S. S. GRIFFITHS

JOHN IRWIN

HON. W. G. MITCHELL, K.C.

A. J. NESBITT

GORDON F. PERRY

J. M. PRITCHARD

P. A. THOMSON

J. A. WALES

BRIG.-GEN. J. B. WHITE

Fiscal Agents

NESBITT, THOMSON & COMPANY LIMITED

Transfer Agents

MONTREAL TRUST CO.

Registrars

ROYAL TRUST CO.

Auditors

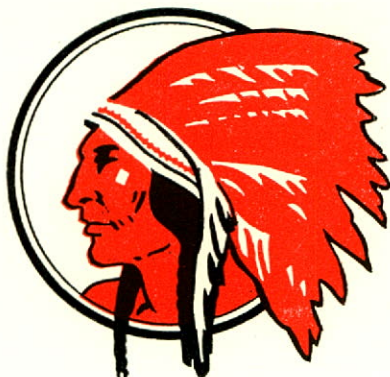
PRICE, WATERHOUSE & COMPANY

P. S. ROSS & SONS

Head Office of the Company

ROYAL BANK BUILDING

MONTREAL - CANADA



Do You Know That . . .

- Your Company operates two refineries with a combined throughout capacity of 17,500 barrels of crude oil per day?
- Your Company has recently installed at its Montreal East Refinery one of the most modern high-pressure cracking units in the world?
- Over 94% of the Preferred and Common Stock is held in Canada by more than 9,000 shareholders?
- Your Company owns and operates three large tank steamers on the St. Lawrence River and Great Lakes?
- Your Company operates five modern ocean-going tank steamers, each having a capacity of approximately 84,000 barrels?
- The brand names of your Company's gasolines are Cyclo-Ethyl and Marathon Blue?
- The brand name of your Company's quality motor oil is Red Indian (the symbol of endurance)?

We appreciate the assistance and support of shareholders in the past, and we sincerely hope for the continuation of your goodwill in the future.

