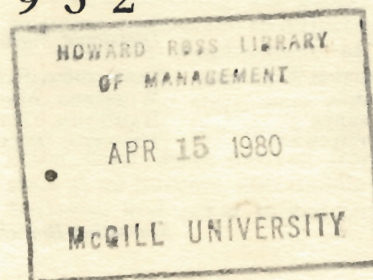


IMPERIAL  
OIL  
LIMITED

HEAD OFFICE  
SARNIA  
ONTARIO

•  
ANNUAL REPORT

1932



# I M P E R I A L   O I L   L I M I T E D

H E A D   O F F I C E ,   S A R N I A ,   O N T A R I O

•

## *President*

C. O. STILLMAN

•

## *Vice-Presidents*

G. HARRISON SMITH

A. M. McQUEEN

VICTOR ROSS

•

## *Directors*

C. O. STILLMAN

G. HARRISON SMITH

A. M. McQUEEN

VICTOR ROSS

C. A. EAMES

L. C. McCLOSKEY

JOHN McNEIL

•

*Head Office, Accounting Department, Sarnia, Ontario.*

F. E. HOLBROOK, *Secretary-Treasurer.*

•

## *Transfer Office*

56 CHURCH STREET, TORONTO, CANADA

•

## *Refineries at:*

IOCO, BRITISH COLUMBIA  
CALGARY, ALBERTA

REGINA, SASKATCHEWAN  
SARNIA, ONTARIO  
FORT NORMAN, NORTH WEST TERRITORIES

MONTREAL EAST, QUEBEC  
IMPEROYAL, NOVA SCOTIA

•

## *Divisional Marketing Head Offices at:*

VANCOUVER, BRITISH COLUMBIA  
CALGARY, ALBERTA  
EDMONTON, ALBERTA  
REGINA, SASKATCHEWAN

SASKATOON, SASKATCHEWAN  
WINNIPEG, MANITOBA  
HAMILTON, ONTARIO  
TORONTO, ONTARIO

MONTREAL, QUEBEC  
SAINT JOHN, NEW BRUNSWICK  
HALIFAX, NOVA SCOTIA  
ST. JOHN'S, NEWFOUNDLAND

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*Marketing Branches throughout Canada.*

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# TO THE SHAREHOLDERS OF IMPERIAL OIL LIMITED

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*Sarnia, Ontario, May 29th, 1933*

YOUR Directors submit herewith the Consolidated Balance sheet as of 31st December, 1932, and the Consolidated Income Statement for the twelve months then ending.

Operating profits earned in Canada were \$4,331,157.08, or 16.17 cents per share, which was 29.44 per cent. of the total earnings of the Company. The total earnings after providing for depreciation and Dominion Income Tax were \$14,713,237.95 or 54.93 cents per share as compared with \$18,226,894.88 or 68.16 cents per share in 1931. Inventories depreciated \$1,998,244.83 during the year. The reduced earnings reflect the unprecedented economic difficulties experienced in all classes of industry. There was a reduction in the consumption of petroleum products, principally in the prairie provinces, and a contraction in the margin of profit on each unit of sale. The net profit on gasoline manufactured and sold by your Company in 1932 was less than nine-tenths of one cent per Imperial Gallon.

The wholesale price index of commodities in Canada during 1932 averaged 104.6 per cent. of the 1913 level. Petroleum products in Canada averaged 84.1 per cent. of the 1913 price level, but the advantages which the consumer might have enjoyed from this favorable relation of prices were offset by the heavy taxes imposed on gasoline.

During the past ten years as the price of gasoline has been reduced the road tax has been increased to an almost equal extent, and last year the tax was raised to six cents in Prince Edward Island, Nova Scotia, Ontario and Saskatchewan, and to seven cents in New Brunswick, Manitoba and British Columbia. The six-cent road tax became effective in Quebec Province in December, 1931. It is the belief of your Directors that this road tax which is paid directly by the consumer is an important factor in restricting consumption. This restriction of consumption has proved that an inordinate tax tends to reduce the revenues of the various provincial governments.

Your Company has consistently endeavoured to maintain a low rate of labor turnover by careful selection and training of employees, and has minimized as far as is possible seasonal fluctuations in their numbers. This policy was established in the interests of efficiency and economy.

Notwithstanding, the general recession of business made some re-adjustment desirable to maintain employment at the highest possible level, and in the past two years two important steps were taken. The first of these was the marketing of products other than those derived from petroleum, such as oil burners, automobile tires, storage batteries and other motor car accessories.

The second step was a re-adjustment of working hours whereby available work was shared among a larger number of employees than would otherwise be possible. In October it was announced that a working week of five days maximum or its equivalent would apply from November 1st to all employees then on a five-and-a-half day week. This has made it possible to maintain a greater number of men and women in steady employment and has combatted within the organization the fear of unemployment, which not only discourages the exercise of purchasing power but also disturbs the personnel of an industry.

#### DEBT ADJUSTMENT AND INTEREST REDUCTION

Ever since its inception in 1880 your Company has cooperated to the best of its ability with the agricultural interests. As the West developed, depots were opened to make petroleum products readily available and a vast equipment of refineries, storage tanks and warehouses, tank cars and trucks was built up. This was necessary not only to ensure continuity of supply, but to permit accumulation of stocks sufficient to meet the peak demands of the relatively brief seasons of intense agricultural activity.

Until 1929 your Company's transactions with the Western farmer — as with the great majority of its customers — were on a cash basis. But the Spring of 1929 found many thousands of farmers unable to buy for cash and unable to find any agency willing to finance purchases of the fuels and oils needed to seed and harvest their crops. Accordingly your Company decided to extend credit to thousands of Western farmers for their greatly needed supplies of petroleum products. Considerations which influenced this decision were:—that the obligation of the individual farmer would be small; that the credit risk would be good; that as your Company had in the past shared in the prosperity of the West, it

should be ready to share also in its adversity.

Subsequent events made it impossible for the great majority of these farmers to meet their obligations which were carried upon the Company's books with interest at six per cent. per annum.

Realizing the discouraging influence of increasing burdens of debt your Company last December announced an adjustment of these debts and a reduction in interest charges.

Payment was extended over a five-year period beginning October 1st, 1933, with annual payments falling due on October 1st, of each year.

All interest charges were cancelled from the time the debts were incurred until October 1st, 1933.

Interest thereafter will be at the rate of four per cent. per annum. Payment of principal and interest due each year will be based on 70-cent wheat. If the price is less than 70 cents the installment is reduced proportionately. Should the price be in excess of 70 cents the annual payment will not thereby be increased and the farmer will enjoy the added benefit of the higher price.

It was felt that such a debt adjustment plan was warranted by the extraordinary conditions prevailing. The policy very definitely contributed towards creating a better business sentiment in the West and your Company won invaluable and enduring good will by its leadership in this connection.

#### MARINE DEPARTMENT

The Imperial and International fleets as at December 31, 1932, consisted of 24 vessels of 180,863 deadweight tons. These are modern tankers and are maintained in a high state of efficiency to afford the most economical operation. During the year they transported 25,608,824 barrels of crude oil and products.

## PRODUCING ACTIVITIES

### WESTERN CANADA

Your Company drilled only one well in the West last year. This was in the Lethbridge area and was abandoned at 4,578 feet as a dry hole.

Production in the Turner Valley was curtailed in accordance with the Alberta Government's conservation regulations. The output of naphtha and crude oil from the Turner Valley totalled 875,810 barrels. Imperial Oil and its subsidiary and associated companies contributed 457,353 barrels or 52 per cent. of this. Future activities of your Company which controls 52 productive wells in the Turner Valley will be regulated by the Government's conservation program. The Company has three shut-in wells, capable of producing dry gas, at Erickson Coulee, Deadhorse Coulee and Pouce Coupe.

Mining Activities in the Great Bear Lake area warranted opening up the Company's wells at Fort Norman. These were drilled in 1919 in anticipation of future needs of the development of the North with its great mineral resources. Last year a small refinery was completed and operated at Fort Norman and sufficient gasoline and fuel oil was manufactured there to meet requirements for mining and transport work in the territory. Plans are progressing to supply the increased demand for products which is expected in this area during the coming season.

### COLOMBIA

Production of crude oil in Colombia totalled 16,417,125 barrels or 44,856 barrels daily, as compared with a total of 18,237,190 barrels or a daily average of 49,965 barrels in 1931. The potential production was greatly in excess of the crude oil produced and the curtailment was voluntary. Drilling was restricted to proven structures and consisted principally of completing wells to a shallow producing horizon and deepening older wells to lower productive sands.

Thirty-two new wells were drilled. Twenty-six of these were at Infantas and averaged initially 179 barrels daily. Six were at La Cira and averaged 603 barrels initially. Fifty-four wells were deepened with satisfactory results. The small amount of drilling involved in bringing in the shallow wells and deepening the older producers resulted in development of relatively low cost crude.

Twenty-three of the shallow wells completed extended the proven area of the upper producing zone at Infantas and added to the field reserves.

A notable achievement in efficiency and economy was the elimination of all gas wastage.

### PERU

Crude oil production from La Brea y Parinas Estate in Peru was 7,635,681 barrels or 20,862 daily average as compared with a total of 7,675,719 barrels or a daily average of 21,029 barrels in 1931. This voluntary curtailment was made to adjust output to the available markets. At December 31, 1932, there were 1,813 producing wells in the field. Production of casinghead gasoline was 783,605 barrels.

Total shipments of crude oil and products were 8,220,374 barrels. Of these shipments 44.2 per cent. went to Europe, 37.6 per cent. to South America and 18.2 per cent. to Canada.

Your Directors record with regret the death on December 29th of Mr. Albert Stephen Rogers. With his late father and brother Mr. Rogers built up the Queen City Oil Company which amalgamated with this Company in 1912 at which time he became a member of the Board. He is remembered by the personnel of the Company as a man of splendid business ability, great personal charm and strong humanitarian instincts.

*By order of the Board*

C. O. STILLMAN

President

# IMPERIAL OIL LIMITED - IMPERIAL OIL REFINERIES, LIMITED

## CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1932

### A S S E T S

<b>CURRENT ASSETS:</b>		
Cash.....	\$13,816,336.66	
Bills and Accounts Receivable.....	13,804,235.65	
Inventories.....	26,661,474.48	
Materials and Supplies.....	2,922,926.25	
		<u>\$57,204,973.04</u>
DEFERRED AND PREPAID CHARGES.....		280,671.01
<b>OTHER ASSETS:</b>		
Stocks of Other Companies, Dominion of Canada Bonds, Miscellaneous Investments and Other Assets.....		78,844,011.29
GOODWILL, PATENTS, COPYRIGHTS, TRADEMARKS AND LICENSES.....		49.00
<b>FIXED (CAPITAL) ASSETS:</b>		
Lands, Buildings, Plant and other Equipment.....	\$112,333,826.73	
Floating Equipment.....	12,252,501.97	
		<u>\$124,586,328.70</u>
<b>TOTAL ASSETS.....</b>		<b>\$260,916,033.04</b>

### L I A B I L I T I E S

<b>CURRENT LIABILITIES:</b>		
Accounts Payable.....	\$5,036,344.03	
<b>Accrued Liabilities:</b>		
Reserve for Income Taxes.....	2,102,707.24	
Other Accrued Liabilities.....	755,375.15	
		<u>\$7,894,426.42</u>
DEFERRED CREDITS.....		116,136.63
<b>RESERVES:</b>		
Depreciation on Buildings, Plant, Floating and other Equipment...	54,702,872.86	
Other Reserves including Fire, Marine, Cargo and Freight Insurance, Annuities, etc.....	12,538,862.13	
		<u>67,241,734.99</u>
<b>CAPITAL STOCK:</b>		
Authorized 32,000,000 shares no par value		
Issued and Outstanding:		
December 31, 1932—26,783,092 shares.....		75,704,936.22
<b>SURPLUS:</b>		
Surplus at Dec. 31, 1931.....	108,584,327.79	
Add: Surplus Adjustment.....	41,069.07	
		<u>108,625,396.86</u>
Add: Profits for 1932.....	14,713,237.95	
		<u>123,338,634.81</u>
Deduct: Dividends paid in 1932.....	13,379,836.03	
Surplus at Dec. 31, 1932.....		<u>109,958,798.78</u>
<b>TOTAL LIABILITIES.....</b>		<b>\$260,916,033.04</b>

# IMPERIAL OIL LIMITED - IMPERIAL OIL REFINERIES, LIMITED

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## CONSOLIDATED INCOME STATEMENT

DECEMBER 31, 1932

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	NET INCOME AFTER DOMINION INCOME TAX
Income from Canadian Business comprising all Refining and Marketing Operations.....	\$ 4,331,157.08
Income from Transportation (Marine and Tank Car Depts.).....	1,070,282.41
Other Net Income:	
Rents, Interest, Dividends and Income received from Investments outside of Canada..	9,311,798.46
TOTAL.....	<u>\$14,713,237.95</u>

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### TO THE SHAREHOLDERS OF IMPERIAL OIL LIMITED:

I have examined the accounts of Imperial Oil Limited and Imperial Oil Refineries, Limited, for the year ended December 31st, 1932, and have obtained all the information and explanation which I have required. In my opinion the foregoing consolidated balance sheet and income statement are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the said two Companies according to the best of my information and the explanations given to me and as shown by the books of the said Companies.

April 12th, 1933.

L. E. FREEMAN, *Auditor.*

Approved on behalf of the Board.

G. H. SMITH, *Director.*

C. A. EAMES, *Director.*

