



**CANADIAN OIL  
COMPANIES, LIMITED**

**FORTY-FIRST  
ANNUAL REPORT**

**FOR THE YEAR ENDING DECEMBER 31**

**1949**

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**FORTY-FIRST**

*Annual Report*



## HIGHLIGHTS

	1949	Previous Year 1948	5 Years Ago 1944
Sales in Gallons .....	130,829,382	120,421,249	80,307,762
Sales in Dollars .....	\$ 33,818,436	\$ 31,425,709	\$17,414,467
Net Earnings .....	\$ 931,181	\$ 887,408	\$ 437,630
Net Earnings per Gallon of Sales .....	$\frac{71}{100}¢$	$\frac{74}{100}¢$	$\frac{55}{100}¢$
Net Earnings per Common Share .....	\$ 1.66	\$ 1.58	\$ .96
Dividends Paid per Common Share .....	\$ .80	\$ .80	\$ .60
Income Tax per Common Share .....	\$ 1.57	\$ 1.31	\$ 2.32
Undivided Profits (Surplus Account) .....	\$ 2,643,488	\$ 2,286,507	\$ 1,359,659
Number of Shareholders .....	3,015	2,968	1,056
Current Assets .....	\$ 8,071,006	\$ 8,609,880	\$ 4,858,050
Current Liabilities .....	\$ 3,191,797	\$ 4,452,778	\$ 1,861,824
Working Capital .....	\$ 4,879,209	\$ 4,157,102	\$ 2,996,226
Capital Assets .....	\$ 21,078,356	\$ 19,886,192	\$12,109,298
Depreciation Reserves .....	\$ 10,951,893	\$ 10,109,519	\$ 7,480,031
Net Book Value .....	\$ 10,126,463	\$ 9,776,673	\$ 4,629,267
Capital Expenditures for Year .....	\$ 1,478,461	\$ 1,207,922	\$ 516,936
Depreciation for Year .....	\$ 1,128,671	\$ 967,565	\$ 553,468

# CANADIAN OIL COMPANIES, LIMITED



CANADIAN OIL COMPANIES LIMITED

CANADIAN OIL COMPANIES LIMITED

# The President Reports

## TO THE SHAREHOLDERS AND EMPLOYEES

This is another annual chapter in the history of a company which has served Canadians since 1908.

In tribute to the loyalty and initiative of the Company's 1,100 employees this 41st annual report of Canadian Oil Companies, Limited, is addressed to them, as well as to the Company's 3,000 shareholders.

It is a double pleasure to be enabled, on behalf of the Directors, to add my fellow employees in the Company to the circle of those who receive this report and thus tell them, as well as our shareholders, of our Company's progress in the year past and of our hopes and plans for the new year upon which we are embarked.

### A RECORD YEAR:

Both sales and earnings in 1949 attained the highest levels in the Company's history. Present indications point to further gains in 1950. Increasing availability of petroleum within Canada is contributing much to the rise in per capita consumption of petroleum products. This, coupled with the growth of population, heralds an ever-increasing demand for our products.

Your Company is determined to take full advantage of this growing opportunity by improving and extending its manufacturing, transportation and marketing facilities.

The growth and development of your Company are reflected in the "highlight" figures for the year on Page 1, where they are compared with the previous year (1948) and with five years ago (1944).

### CANADIAN OIL—A CANADIAN COMPANY:

It will interest our shareholders and employees to know that 99.34% of the outstanding shares of the Company are owned in Canada. Almost all our shareholders—97.3%—are Canadians.

### FINANCIAL STATEMENTS ARE ON PAGES 8 TO 11:

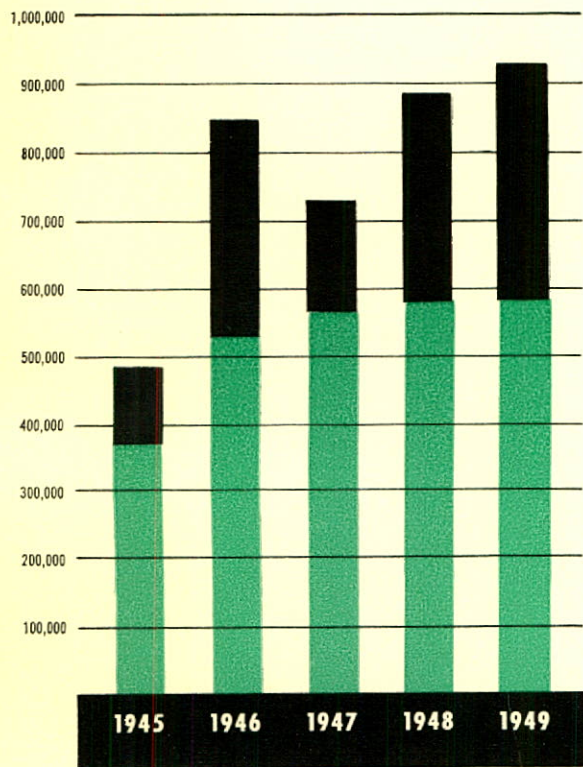
For easier reading and ready comparison, dollar totals are given in round figures in the comments which follow. The amounts appear in full detail in the audited statements on pages 8 to 11.

### EARNINGS:

Net profits for the year, after providing for depreciation, bond interest, and employees' pension plan, but before income taxes, were \$1,573,000. This figure compares with \$1,416,000 the year before—an increase of more than \$150,000.

A higher rate of federal income tax on corporations prevailed in 1949 as compared with 1948. This, of course, affected the final net profit. This factor, together with increased earnings, resulted in a total tax provision of some \$640,000—an increase of \$112,000 over the previous year.

Net profit, after providing for income taxes, was \$930,000, compared with \$887,000 in 1948—an increase of about \$44,000.



**NET PROFIT AND DIVIDENDS**

After providing for preferred stock dividends, earnings were equal to \$1.66 per share of common stock, as compared with \$1.58 in the previous year.

Depreciation provision amounted to \$1,128,000 an increase of \$161,000 over 1948.

Dividends at the rate of 80 cents per share were paid on the common stock during the year. These, together with the preferred stock dividends, brought total payments to \$574,000.

The balance of 1949 earnings, nearly \$357,000, has been retained in the business, to make the Company even stronger and to help its future expansion.

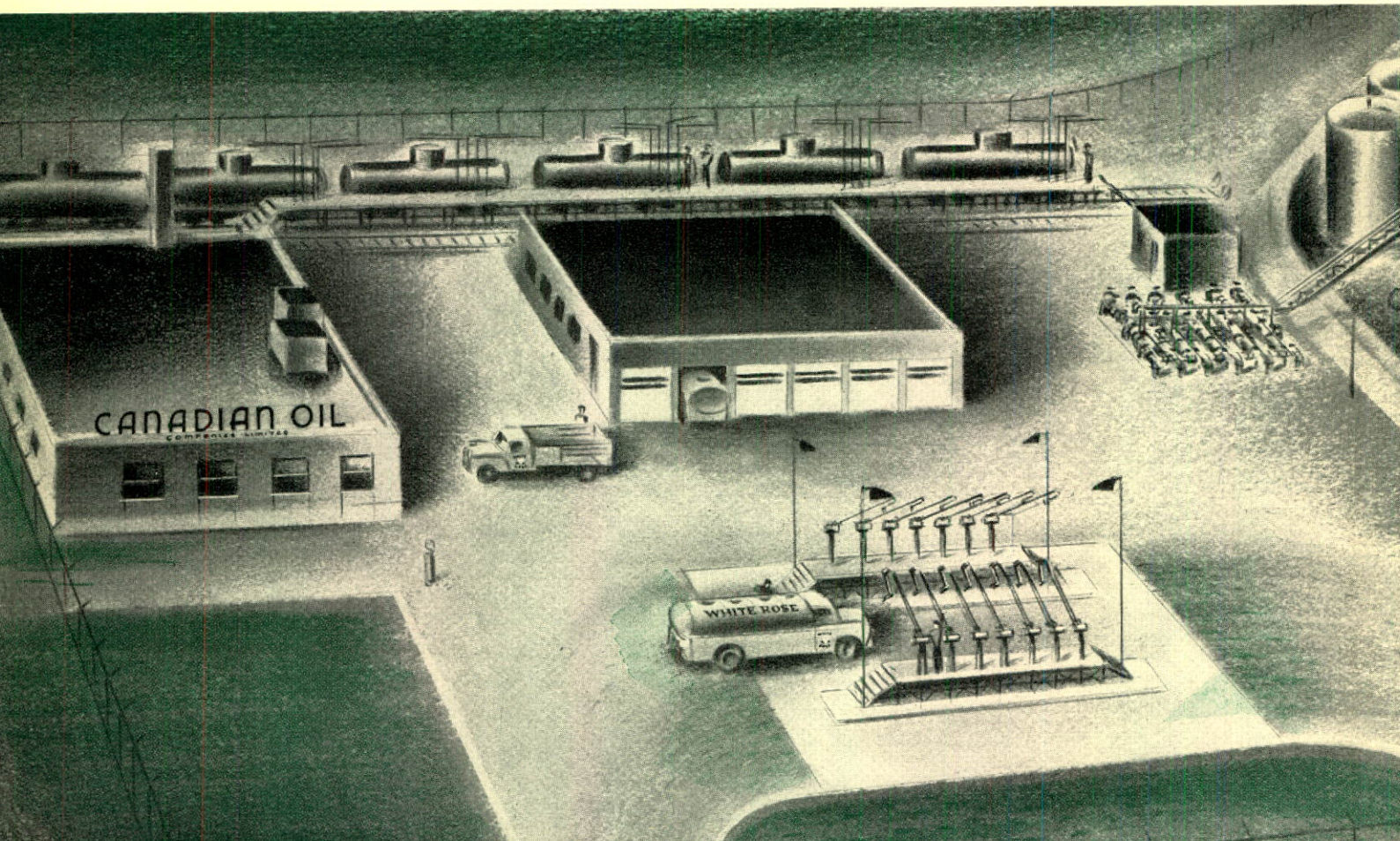
Our Company's net earnings averaged only about 7/10 of one cent for each gallon sold. The small margin on which we operate may be illustrated in the thought that a motorist using 10 gallons of gasoline a week would pay an amount which would net the Company only \$3.64 for his year's supply or one cent a day.

**BALANCE SHEET:**

During the year \$2,000,000 of 3½% First Mortgage Sinking Fund Bonds were sold. Of this amount \$527,000 is on deposit with the Trustee, to be applied on capital expenditure now in process. Also during the year \$314,000 was paid off the existing funded debt, consisting of \$274,000 of 3¼% Bonds of Canadian Oil Companies, Limited and \$40,000 of Serial Bonds of White Rose Limited. The amount paid included \$140,000 due January 1st, 1950, under the Sinking Fund requirements on the 3¼% First Mortgage Bonds.

Capital Assets were increased during the year by \$1,192,000 and now exceed \$21,000,000. In addition your Company invested \$900,000 in the Interprovincial Pipe Line Company, detailed later.

The above factors, together with the retained earnings for the year, have resulted in an increase of \$722,000 in the Company's working capital position to a new high of \$4,879,000.



In view of the continuing high level of prices it has been deemed advisable to increase the Reserve for Future Depreciation in Inventory values. This Reserve now stands at \$225,000, an increase of \$72,000 during the year.

**INTERPROVINCIAL PIPE LINE COMPANY:**

With adequate proven crude oil reserves in Western Canada to supply not only that area but Ontario as well, your Company should be in a more favorable position than previously in regard to crude oil supplies. Upon completion of the new pipe line from Alberta to Lake Superior we will use Canadian crude oil in our Petrolia refinery. This will reduce your Company's requirements for United States dollars by \$3,500,000 annually.

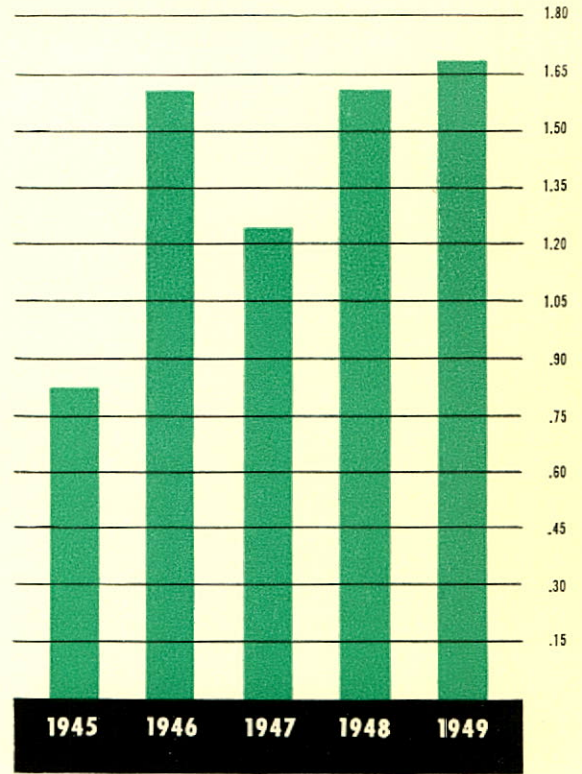
Your Company has contributed towards the building of this pipe line by investing \$900,000 in the debentures and stock of the Interprovincial Pipe Line Company. We are proud to participate in this venture, which helps to utilize Canadian crude oil and assists in balancing our country's dollar position. Apart from these factors, we believe a sound investment has been made.

**SALES:**

The demand for your Company's products rose to an all-time high in 1949, when sales reached nearly 131,000,000 gallons. This total was a gain of almost 10,500,000 gallons, or 8% over the preceding year. As compared with 1944, the 1949 sales show an increase in five years of 50,521,620 gallons, or 63%. Your Company's sales are largely of gasoline and other petroleum products associated with the automotive trade, together with a proportionate volume of industrial lubricants.

**WHITE ROSE CREDIT CARDS:**

We have recently arranged with four leading United States oil companies for your White Rose Credit Card to be honored in all



**NET PROFIT PER COMMON SHARE**



parts of that country. We hope this will prove to be a convenience to shareholders and our customers generally who travel in the United States on business or pleasure, and who like to purchase their automotive requirements through the Credit Card plan.

Credit Cards of these co-operating United States companies will be honored at your Company's retail outlets in Canada. We expect to see a great many more American motorists stopping at the sign of the White Rose in the coming months.

#### EMPLOYEES PENSION PLAN:

In 1942 the Company began payments into a Pension Plan Trust Fund. These appropriations, plus accumulated interest, were merged into a full-scale contributory pension plan as of June 1st, 1949.

The Company is bearing the full cost of pensions for past service and is joining with the employees in the cost of future pensions.

Canadian Oil has a staff of loyal and conscientious employees, who fully merit the benefits to be derived from this forward step. A large number have served the Company for many years. This stability of staff is of utmost importance to the success of the Company.

The shareholders and directors say "thank you" to all employees for the part they have played in making 1949 such a successful year.

#### WHITE ROSE NEWS:

This quarterly publication is now being sent to the shareholders. We hope you are finding it of interest and trust it will be a means of keeping you informed of activities within the Company. Your comments and suggestions for its improvement will be welcomed.

#### THE LATE JOHN IRWIN:

On March 31st, 1949, Mr. John Irwin passed away suddenly, just one day after presiding at the shareholders annual meeting. Mr. Irwin became President of your Company in April, 1939. In the intervening ten years, including six wartime years with all of their attendant problems, Canadian Oil made great strides under his guidance.

#### THE LATE HERMAN F. HOECKER:

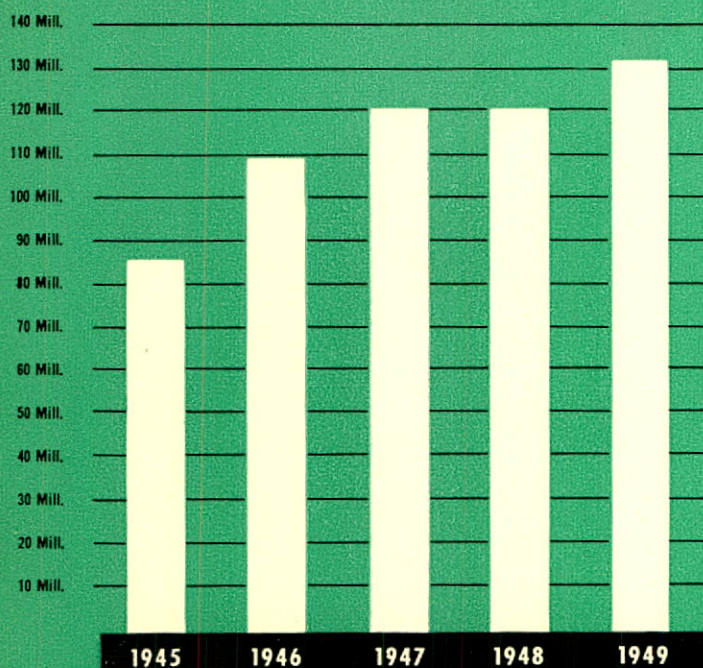
It is also our sad duty to record the passing of Herman F. Hoecker, who was associated with the Company since its inception in 1908. During his entire career the late Mr. Hoecker was one of the senior executives of the Company. He was its Secretary for many years, and for some time served on the Board of Directors.

I feel all shareholders would wish to join with the directors and staff in extending to the families of Mr. Irwin and Mr. Hoecker our deepest sympathy.

On behalf of the Board,

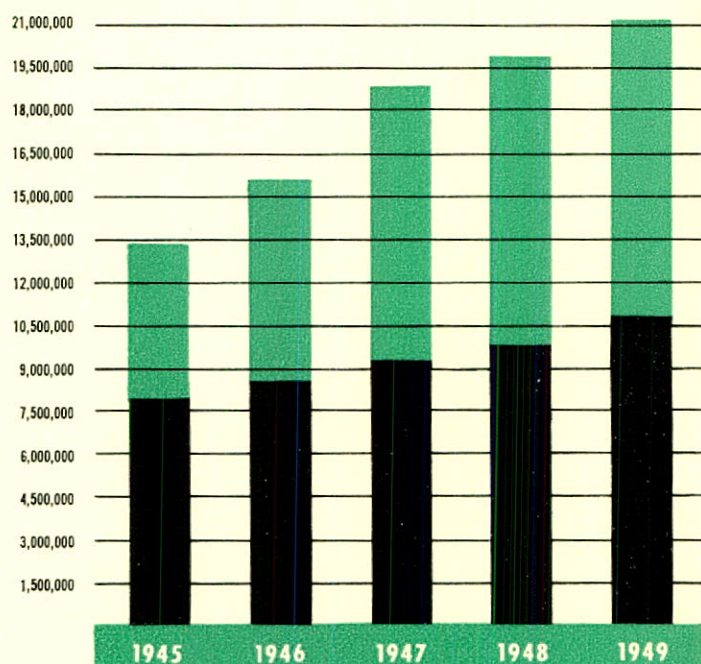
*W. H. Kea*  
President

#### SALES - GALLONS



#### CAPITAL ASSETS

#### AND DEPRECIATION RESERVES





# CANADIAN OIL COMPANIES, LIMITED



## DIRECTORS

P. A. THOMSON, *Chairman*

AUBREY DAVIS	W. HAROLD REA
JOHN W. MCKEE	DOUGLAS ROBINSON
A. J. NESBITT	E. G. SMITH
GORDON F. PERRY	W. DENT SMITH

## OFFICERS

P. A. THOMSON ..... *Chairman of the Board*  
W. HAROLD REA ..... *President*  
GORDON F. PERRY ..... *Vice-President*

A. C. MORRIS ..... *Vice-President and General Manager*  
REG. C. WEST ..... *Vice-President, Sales*  
DOUGLAS ROBINSON ..... *General Counsel and Secretary*  
C. W. WALKER ..... *Treasurer*  
J. F. KIDNER, C.A. .... *Comptroller*  
A. LAWRENCE ..... *Operations Manager*

## FISCAL AGENTS

NESBITT, THOMSON & COMPANY LIMITED

## TRANSFER AGENTS AND REGISTRARS

THE TORONTO GENERAL TRUSTS CORPORATION

## AUDITORS

THORNE, MULHOLLAND, HOWSON & McPHERSON

## HEAD OFFICE OF THE COMPANY

WHITE ROSE BUILDING  
204 Richmond Street West, Toronto 1, Canada.



# C O N S O L I D A T E D

*December*

## CANADIAN OIL CO

AND ITS WHOLLY

### ASSETS

#### CURRENT ASSETS:

Cash on hand and in banks.....	\$ 430,304.29	
Accounts receivable after provision for doubtful accounts.....	1,860,126.53	
Inventory of merchandise and supplies as determined and certified by the management and valued on a basis which in total does not exceed the lower of laid down cost or fair market value.....	<u>5,780,575.25</u>	\$ 8,071,006.07

REFUNDABLE PORTION OF EXCESS PROFITS TAX..... 206,889.18

#### INVESTMENT—INTERPROVINCIAL PIPE LINE COMPANY:

\$850,000 par value 4% convertible debentures (quoted market value \$1,411,000).....	850,000.00	
1,000 common shares (at par).....	<u>50,000.00</u>	
Total Cost.....		900,000.00

MORTGAGES AND DEFERRED ACCOUNTS RECEIVABLE AND SUNDRY INVESTMENTS..... 1,867,411.12

DEFERRED CHARGES TO OPERATIONS INCLUDING FINANCING EXPENSES..... 442,547.37

FUNDS HELD BY TRUSTEE RE 3½% FIRST MORTGAGE BONDS, TO BE APPLIED ON FUTURE CAPITAL EXPENDITURES..... 527,395.88

#### CAPITAL ASSETS:

Land, refinery, marine terminals, tanker, tank cars, bulk plants, retail outlets, automotive equipment, office buildings and equipment and drums valued as per appraisal made by the Canadian Appraisal Company Limited dated August 15, 1922, or at cost for subsequent additions..... 21,078,355.66

GOODWILL..... 1.00

\$33,093,606.28

# BALANCE SHEET



31. 1949

## COMPANIES, LIMITED

### OWNED SUBSIDIARIES

#### LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued charges.....	\$2,721,072.83	
Provision for taxes on income.....	408,224.36	
Dividends payable January 2, 1950.....	62,500.00	\$ 3,191,797.19

DEFERRED LIABILITIES INCLUDING LIABILITY SECURED BY ASSIGNMENT OF MORTGAGES RECEIVABLE.....

1,264,496.44

FUNDED DEBT:

FIRST MORTGAGE BONDS:	Issued	Redeemed	
3¼% 1947 Series due 1962.....	\$4,500,000	\$274,000*	\$4,226,000.00
3½% 1949 Series due 1964.....	2,000,000	—	2,000,000.00
2¾% Serial Bonds, White	\$6,500,000	\$274,000	\$6,226,000.00
Rose Ltd. (Head Office Building)	\$ 320,000	\$ 80,000	\$ 240,000.00
	<u>\$6,820,000</u>	<u>\$354,000</u>	<u>\$6,466,000.00</u>

Less: Bonds of White Rose Ltd. due in 1950 included in Accounts Payable..... 40,000.00 6,426,000.00

\*(Including sinking fund payment due January 1, 1950)

RESERVE FOR DEPRECIATION ON CAPITAL ASSETS..... 10,951,892.79

RESERVE FOR FUTURE DEPRECIATION IN INVENTORY VALUES..... 225,000.00

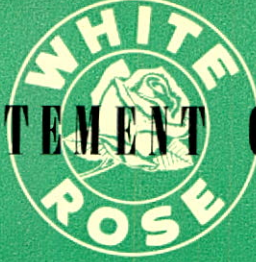
CAPITAL STOCK:

Cumulative preference \$100 par	No. of Shares		
	Authorized	Issued	
8%.....	20,000	20,000	2,000,000.00
5% Redeemable.....	10,000	10,000	1,000,000.00
Issuable in Series.....	50,000		
4% Redeemable.....		10,000	1,000,000.00
	<u>80,000</u>	<u>40,000</u>	<u>4,000,000.00</u>
Common (No Par).....	750,000	409,000	4,390,932.00
	<u>830,000</u>	<u>449,000</u>	<u>8,390,932.00</u>

SURPLUS..... 2,643,487.86 11,034,419.86

\$33,093,606.28

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS



*Year Ended December 31, 1949*

## CANADIAN OIL COMPANIES, LIMITED AND ITS WHOLLY OWNED SUBSIDIARIES

NET PROFIT FOR YEAR BEFORE UNDERMENTIONED ITEMS .....	\$2,990,816.81
DEDUCT:	
Provision for Depreciation on Capital Assets .....	\$1,128,671.19
Interest on First Mortgage Bonds .....	192,581.53
Payment re Employees' Pension Plan .....	96,583.18
	<u>\$1,417,835.90</u>
NET PROFIT BEFORE TAXES ON INCOME .....	1,572,980.91
PROVISION FOR TAXES ON INCOME .....	<u>641,800.00</u>
NET PROFIT FOR YEAR .....	<u><u>\$ 931,180.91</u></u>

*Auditors Report* **TO THE SHAREHOLDERS . . .**

# CONSOLIDATED STATEMENT OF SURPLUS



*Year Ended December 31, 1949*

## CANADIAN OIL COMPANIES, LIMITED AND ITS WHOLLY OWNED SUBSIDIARIES

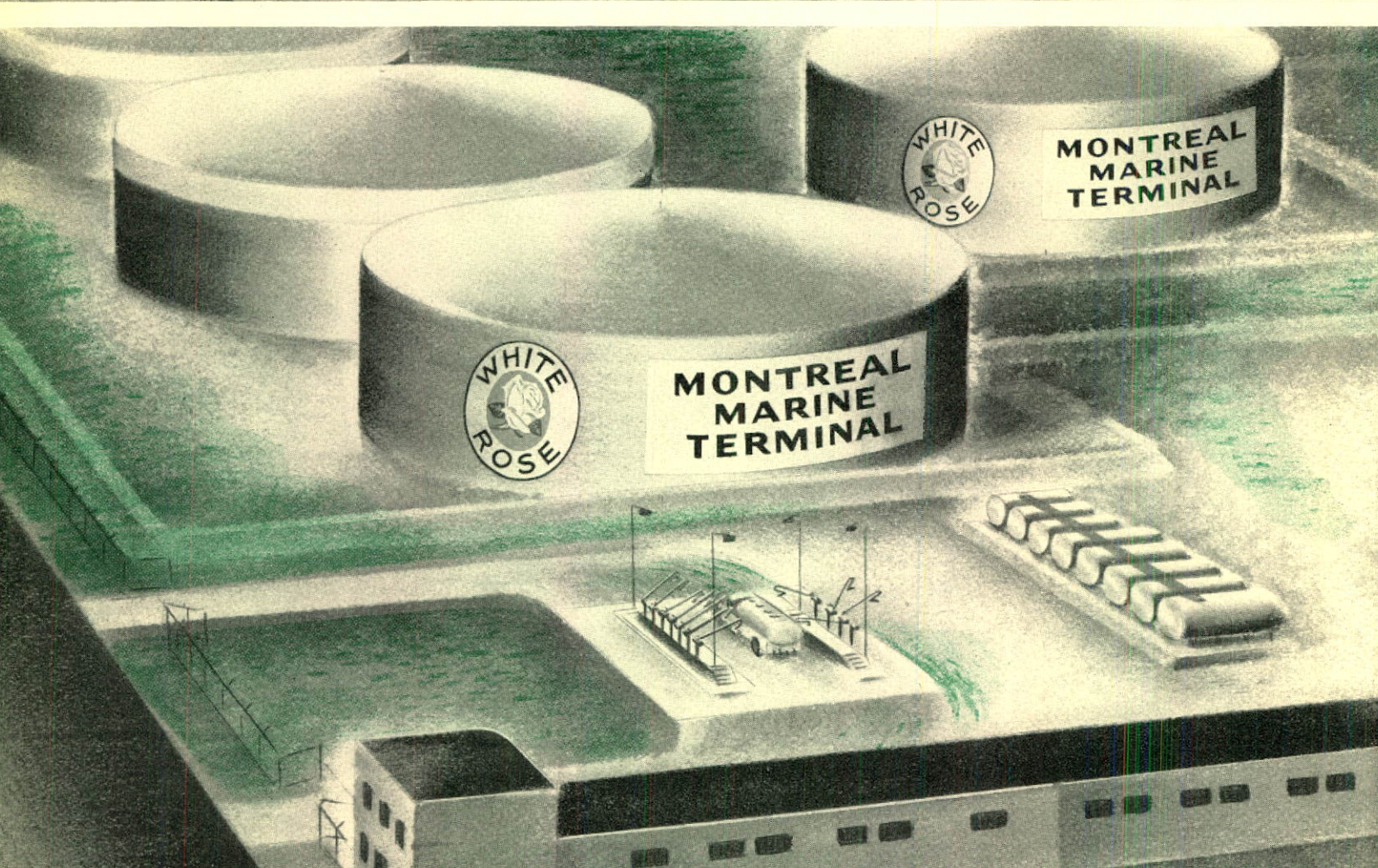
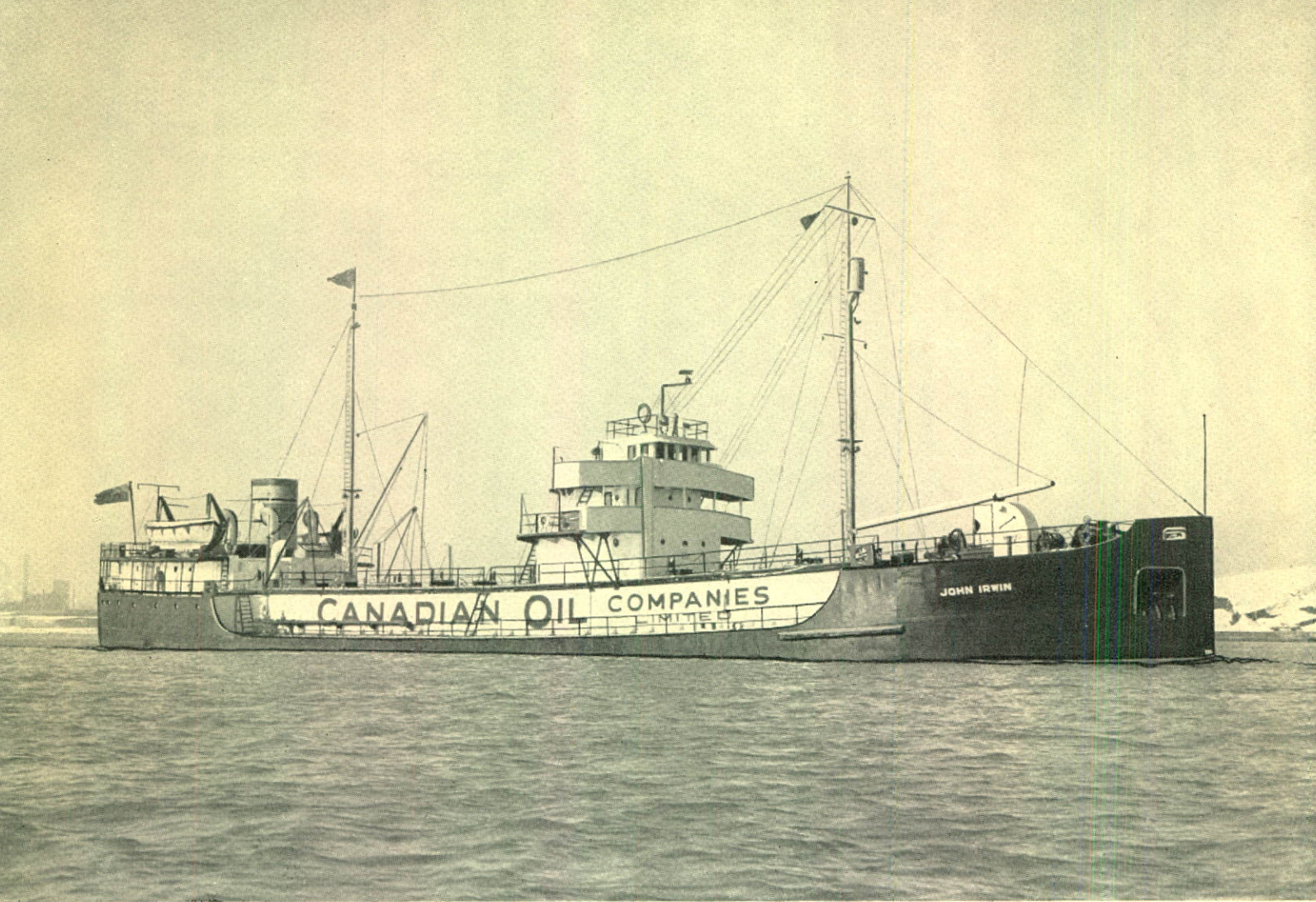
SURPLUS, DECEMBER 31, 1948.....		\$2,286,506.95
NET PROFIT FOR YEAR.....		931,180.91
		<u>3,217,687.86</u>
DIVIDENDS:		
8% Preference Shares .....	\$160,000.00	
5% Preference Shares .....	50,000.00	
4% Preference Shares .....	40,000.00	
	<u>\$250,000.00</u>	
Common Shares—80c per Share .....	324,200.00	\$574,200.00
SURPLUS, DECEMBER 31, 1949.....		<u><u>\$2,643,487.86</u></u>

We have made an examination of the consolidated balance sheet of Canadian Oil Companies, Limited and its wholly owned subsidiaries as of December 31, 1949 and of the consolidated statements of profit and loss and surplus for the year ended on that date. In connection therewith we examined or tested the accounting records and other supporting evidence and made a general review of the accounting methods and of the operating and income accounts for the year but did not make a detailed audit of the transactions.

We report that in our opinion the above consolidated balance sheet and the related statements of profit and loss and surplus are properly drawn up so as to exhibit a true and correct view of the state of the companies' affairs as of December 31, 1949 and the results of their operations for the year ended on that date, according to the best of our information and the explanations given us and as shown by the books of the companies. All our requirements as auditors have been complied with.

THORNE, MULHOLLAND, HOWSON & McPHERSON  
Chartered Accountants

Toronto, February 20, 1950



**WHITE ROSE**

**CANADIAN OIL COMPANIES, LIMITED**  
*Annual*  
**CREDIT CARD**  
 EXPIRES DECEMBER 31ST 1950

ACCOUNT NAME	ACCOUNT NO.
ADDRESS	
ISSUED TO	

LICENSE NO. \_\_\_\_\_ BEARER'S SIGNATURE \_\_\_\_\_

DEALERS DISPLAYING TRADE MARKS SHOWN HEREON ARE REQUESTED TO HONOUR THIS CARD SUBJECT TO CONDITIONS SHOWN

THIS CREDIT CARD WILL BE HONoured BY THE COMPANIES AND THEIR DEALERS IDENTIFIED BY THE SIGNS SHOWN BELOW IN THE AREAS SPECIFIED.

**IN CANADA**  
 CANADIAN OIL COMPANIES, LIMITED.  
 Provinces of: Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta

**IN THE UNITED STATES**  
**CONOCO**  
 CONTINENTAL OIL COMPANY  
 Rocky Mountain, Southwest, Central and Central East Coast States

**PURE**  
 THE PURE OIL COMPANY  
 27 North Central, Mid-Western, Eastern and Southern States

**HI-SPEED**  
 HICKOK OIL CORPORATION  
 Northern Ohio and Michigan

**TYDOL**  
 TIDEWATER ASSOCIATED OIL CO.  
 Northeastern States and Midwest

**TIDEWATER ASSOCIATED OIL CO.**  
 Far Western States

**CANADIAN OIL COMPANIES, LIMITED**  
**CREDIT CARDS**  
 are good anywhere in Canada and the United States

By arrangement with a group of leading American Oil Companies (whose combined operations cover the whole United States) your company's credit cards are honoured not only in Canada, from the Rockies to the Atlantic, but also throughout the U.S.A.

The credit cards of these companies, in return are honoured by us in Canada.

Canadian Oil credit cards are available by application through any White Rose Dealer or through any office of the Company.

Shown below is one of our two deep water terminals accommodating ocean going Tankers—the other being near Quebec City.

