

Stock

SUPERTEST

PETROLEUM CORPORATION LIMITED

DIRECTORS' REPORT

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FOR THE YEAR ENDING DECEMBER 31st, 1949

BALANCE SHEET AS AT 31st DECEMBER, 1949

ASSETS

CURRENT		\$ 4,334,128.29
Cash and Negotiable Securities.....	\$ 1,356,228.49	
Accounts Receivable.....	1,990,044.34	
Inventories — Merchandise.....	898,930.83	
Supplies and Prepaid Expenses.....	49,450.78	
Life Insurance (Cash Surrender Value).....	39,473.85	
	<u>\$ 4,334,128.29</u>	
FIXED		\$10,878,073.82
Real Estate, Buildings and Equipment.....	\$ 8,513,979.32	
Book Value of Loan and Investments, including Investment in Subsidiaries and Advances to Trustees for the purchase of Stock to be held for the benefit of employees.....	1,444,969.94	
Mortgages Receivable.....	914,124.56	
	<u>\$10,878,073.82</u>	
GOODWILL, COPYRIGHTS, TRADEMARKS		1.00
		<u>\$15,212,203.11</u>

LIABILITIES

CURRENT		\$ 3,105,713.05
Accounts Payable.....	\$ 2,476,266.60	
Accrued Charges, including provision for Government Taxes.....	624,946.45	
Mortgages Payable.....	4,500.00	
	<u>\$ 3,105,713.05</u>	

RESERVES

SPECIFIC		\$ 5,112,373.51
Reserve for Depreciation.....	\$ 4,328,223.79	
Reserve for Doubtful Accounts.....	59,851.88	
Reserve for Property Rehabilitation and Contingencies.....	724,297.84	
	<u>\$ 5,112,373.51</u>	

CAPITAL

AUTHORIZED		
Preferred Stock "B" — 7,841 shares par value \$25.00		
Common Stock — 25,000 shares of no par value		
Ordinary Stock — 275,000 shares of no par value		
ISSUED AND OUTSTANDING		\$ 6,994,116.55
Preferred Stock "B" — 7,841 shares.....	\$ 196,025.00	
Common Stock — 25,000 shares.....	25,000.00	
Ordinary Stock — 85,000 shares.....	878,814.50	
	<u>\$ 1,099,839.50</u>	
SURPLUS		5,894,277.05
		<u>\$ 6,994,116.55</u>
		<u>\$15,212,203.11</u>

We have completed an audit of the books of account and vouchers of Supertest Petroleum Corporation, Limited for the year ended 31st December, 1949, and have prepared the above Balance Sheet which, in our opinion, is properly drawn up so as to reflect in a fair manner the financial position of the Company as on 31st December, 1949, according to the best of our information, the explanations given us and as shown by the books of the Company.

All our requirements as Auditors have been complied with.

WM. C. BENSON & CO.,
Chartered Accountants.

Dated at London, Ontario,
2nd March, 1950.

INCOME AND SURPLUS ACCOUNT

For the Year Ended 31st December, 1949

	1949	1948
Net Earnings from Operations.....	\$ 1,702,536.89	\$ 1,596,889.90
LESS — Reserve for Government Taxes.....	700,000.00	635,000.00
	<u>\$ 1,002,536.89</u>	<u>\$ 961,889.90</u>
LESS — Dividends Paid.....	286,724.00	231,731.50
	<u>\$ 715,812.89</u>	<u>\$ 730,158.40</u>
Previous Surplus.....	5,178,464.16	4,448,305.76
Balance carried forward.....	<u>\$ 5,894,277.05</u>	<u>\$ 5,178,464.16</u>

SUPERTEST PETROLEUM CORPORATION LIMITED

To the Shareholders:

During the past year, Canada has again witnessed an ever-increasing demand for petroleum products, an increase in which your Company has fully participated resulting in another all-time record in volume of sales. Net earnings of \$1,002,000.00 after taxes is likewise a record in the Company's history.

New developments instituted at the close of the war in the Province of Quebec and in Northern Ontario were continued aggressively in 1949 with gratifying results. Many new districts are seeing the "SUPERTEST" Maple Leaf Emblem for the first time with a large number of new accounts being opened up in both Provinces.

Other capital expenditures were concentrated principally on expanding and modernizing bulk storage plants to facilitate the handling of the continually increasing demand for your Company's products. The building of new service stations was held to a minimum in view of the aforementioned development programme. However, some remodelling of older buildings has taken place and all properties have been maintained in a good state of repair.

The Company's fleet of trucks has been enlarged to keep pace with increased volume, and older models have been replaced with new and modern units of larger capacity in an effort to reduce delivery costs.

Although Working Capital shows an increase from the previous year, this is the result of having deferred, to a considerable extent, the modernization of existing properties and the building of new service stations during the period of excessively high costs. A heavy programme of this nature lies ahead and will require large sums of capital in its completion.

In the light of higher earnings during the past several years, your Directors felt justified in establishing a dividend rate of \$3.00 per annum on Common and Ordinary shares.

All products of high quality were in good supply throughout the year. The effect of Alberta crude will be reflected, in due course, in the Eastern Canadian markets. When the Inter-provincial pipe line is completed, Western crude will be delivered by pipe line and water to the Eastern refineries improving greatly Canada's domestic supply position.

While your Directors view with some concern the continued unsettled condition of world affairs and fully appreciate that business trends indicate an era of keener competition, they face the future with optimism based on a strong belief in our democratic form of Government and confidence in the "SUPERTEST" Organization to maintain and enlarge its position in an extremely competitive Industry. In their opinion, the outlook for 1950 is encouraging.

Your Directors desire to express their profound appreciation for the faithful and effective services rendered by all "SUPERTEST" employees, tenants and dealers throughout the past year.

On behalf of the Board,

J. G. THOMPSON,

President.

April 1950.

