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“
SUPERTEST
”
TRADE MARK

PETROLEUM CORPORATION LIMITED

DIRECTORS'
REPORT

117



FOR THE YEAR ENDING DECEMBER 31st, 1945

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BALANCE SHEET AS AT 31st DECEMBER, 1945

ASSETS

CURRENT

Cash on hand and in Bank.....	\$	406,536.49	
Accounts Receivable after providing for losses.....		528,997.69	
Inventories — Merchandise.....		351,515.99	
Supplies and Prepaid Expenses.....		37,600.69	
Life Insurance (Cash Surrender Value).....		33,481.62	
			\$ 1,358,132.48

FIXED

Real Estate, Buildings and Equipment, less Reserve for Depreciation.....	\$	2,381,652.18	
Book Value of Loans and Investments, including advances to Trustees for the purchase of stock to be held for the benefit of employees.....		2,196,420.03	
Mortgages Receivable after providing for losses.....		108,610.68	
Investments in Subsidiaries.....		404,412.91	
			5,091,095.80

GOODWILL, COPYRIGHTS, TRADEMARKS			1.00
			\$ 6,449,229.28

LIABILITIES

CURRENT

Accounts Payable	\$	818,460.58	
Mortgages Payable		6,500.00	
Accrued Charges including provision for Government Taxes		421,848.52	
			\$ 1,246,809.10

RESERVES

SPECIFIC

Reserves to provide for Commissions, Contingencies, Post- War Rehabilitation, and Development.....			714,453.87
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CAPITAL

AUTHORIZED

Class "B" Preferred Stock — 7,841 shares of \$25.00 par value.
Common Stock — 25,000 shares of no par value.
Ordinary Stock — 275,000 shares of no par value.

ISSUED AND OUTSTANDING

Class "B" Preferred Stock — 7,841 shares.....	\$	196,025.00	
Common Stock — 25,000 shares.....		25,000.00	
Ordinary Stock — 85,000 shares.....		878,814.50	

		\$ 1,099,839.50	
Surplus		3,388,126.81	
			4,487,966.31
			\$ 6,449,229.28

We have completed an audit of the books of account and vouchers of Supertest Petroleum Corporation, Limited, for the year ended 31st December, 1945, 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, 1945, 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.

INCOME AND SURPLUS ACCOUNT

	1945		1944
Net Earnings from operations.....	\$ 837,798.43		\$ 596,648.50
LESS — Reserve for Government Taxes.....	375,000.00		280,000.00
Net Profit.....	\$ 462,798.43		\$ 316,648.50
LESS — Dividends Paid	176,739.00		121,734.00
Previous Surplus	\$ 286,059.43		\$ 194,914.50
	3,102,067.38		2,907,152.88
Balance carried forward.....	\$ 3,388,126.81		\$ 3,102,067.38

SUPERTEST PETROLEUM CORPORATION LIMITED

To the Shareholders:

In commenting on progress for the year 1945, your Directors are pleased to report that the Company has come through the difficult war period with its assets and earning power unimpaired. For the first eight months of the year, rationing of products handled by your Company was still effective, but with the discontinuance of gasoline rationing and the relaxation of certain other controls, we were in a position to put into effect policies which had been worked out and held in abeyance for the propitious moment, the partial results of which are reflected in the statement presented.

During the year, your Company took over the direct distribution of Dominion tires and tubes to all of its dealer outlets in place of marketing only through a limited number of Company-owned locations, and, although tire supply problems were onerous and tire rationing was still in effect, the results were particularly gratifying and in no small measure contributed to the year's profit.

Also with the relaxation of controls, your Company has gone into the extensive marketing of its own domestic fuel oil burner, which is having, and will have, the result of substantially increasing our market for furnace fuel oil in future years.

In addition to the foregoing, your Company has embarked on a comprehensive program for rehabilitation of its "service" at all retail outlets supplied by us, which service had deteriorated during the war owing to man-power controls and other circumstances beyond the control of your Company.

Net earnings from operations for the year, after Income Tax, are \$462,798.43—a substantial improvement over the previous year—but it must be borne in mind that property development and purchases of equipment have been at a minimum for a period of five years, and that the amount of depreciation charged against operations in 1945 therefore is considerably less than the previous yearly charge, and that with the replacement of equipment as soon as new equipment is available, the depreciation factor will then have greater effect on earnings.

During the year, a number of employees, formerly in the Armed Forces, returned to our staff, particularly toward the close of the year, and the addition of this trained personnel is assisting materially in building our organization for future developments.

Also, during the year, your Company subscribed to the Eighth and Ninth Victory Loans, this being reflected in the book value of loans and investments shown on the Balance Sheet, and the Company is in possession of sufficient liquid assets to be in a position to take advantage of opportunities as they occur and to make the necessary expenditures to rehabilitate and modernize its properties and equipment.

Your Directors take pleasure in presenting the report for 1945, and, generally speaking, are looking forward to the future with confidence.

On behalf of the Board,

J. G. THOMPSON,

March, 1946.

President.

