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“
SUPERTEST
”
TRADE MARK

PETROLEUM CORPORATION LIMITED

DIRECTORS'
REPORT

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FOR THE YEAR ENDING DECEMBER 31st, 1944

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BALANCE SHEET AS AT 31st DECEMBER, 1944

ASSETS

CURRENT

Cash on hand and in Bank.....	\$	689,422.55	
Accounts Receivable after providing for losses.....		363,152.82	
Inventories — Merchandise.....		351,976.16	
Supplies and Prepaid Expenses.....		12,066.92	
Life Insurance (Cash Surrender Value).....		30,624.44	
			\$ 1,447,242.89

FIXED

Real Estate, Buildings and Equipment, less Reserve for Depreciation.....	\$	2,202,438.84	
Book Value of Loans and Investments, including advances to Trustees for the purchase of stock to be held for the benefit of employees.....		1,668,537.03	
Mortgages Receivable after providing for losses.....		62,134.07	
Investments in Subsidiaries.....		404,412.91	
			4,337,522.85

GOODWILL, COPYRIGHTS, TRADEMARKS.....			1.00
			\$ 5,784,766.74

LIABILITIES

CURRENT

Accounts Payable	\$	607,732.12	
Accrued Charges including provision for Government Taxes....		450,816.40	
			\$ 1,058,548.52

RESERVES

SPECIFIC

Reserves to provide for commissions, contingencies and post-war rehabilitation			524,311.34
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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	

Surplus		\$ 1,099,839.50	
		3,102,067.38	4,201,906.88
			\$ 5,784,766.74

We have completed an audit of the books of account and vouchers of Subertest Petroleum Corporation, Limited, for the year ended 31st December, 1944, 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, 1944, 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 AND COMPANY (Chartered Accountants)

INCOME AND SURPLUS ACCOUNT

	1944	1943
Net Earnings from Operations	\$ 596,648.50	\$ 488,981.78
LESS—Reserve for Government Taxes.....	280,000.00	215,000.00
Net Profit.....	\$ 316,648.50	\$ 273,981.78
LESS—Dividends Paid	121,734.00	121,746.50
	\$ 194,914.50	\$ 152,235.28
Previous Surplus	2,907,152.88	2,754,917.60
Balance Carried Forward.....	\$ 3,102,067.38	\$ 2,907,152.88

SUPERTEST PETROLEUM CORPORATION LIMITED

To the Shareholders:

In submitting this, the fifth Annual Report since the outbreak of war, your Directors feel gratified that your Company has been able to maintain its strong financial position throughout these war years. Particularly is this so since the advent of gasoline rationing, and while profits are necessarily lower than was the case before rationing became effective, the report for the current year nevertheless reveals an improvement over 1943, and with the end of the hostilities in Europe in sight, it does not seem unreasonable to assume that with the conclusion of the European campaign there will be some relaxation in the rigid rationing restrictions which have of necessity been imposed with respect to the sale of petroleum products.

During the past year operating conditions have been difficult, due largely to the man-power crisis, and it is a source of regret to your management that it is impossible to maintain the high calibre of service which in the past has been a by-word in the merchandising of "SUPERTEST" products. Many of our best young men are serving with His Majesty's Forces and we look forward to their return and to the restoration of the service policies by which your Company has been so favorably known.

Reference to the Balance Sheet and the Income and Surplus Account will reveal that your Company not only maintained its strong financial position, but that Net Profit at \$316,648.50 shows an improvement over the previous year. This is due to some extent to the fact that even under war conditions there was an increase in sales during 1944. We attribute this increase principally to the psychology which caused many to believe the war would be over before the year-end thus creating acceleration in the use of gasoline coupons during the latter months of 1944.

Also of influence on the report of improved earnings is the fact that Depreciation has been taken at a figure somewhat lower than in the previous year. While rates of Depreciation are the same as formerly, certain of the equipment of the Company has now been written off, and due to the fact that wartime conditions have not permitted replacement, Depreciation has of necessity been taken at a lower figure, thereby favorably influencing the net profit for the year.

As has been pointed out by many Executives, the post-war years will bring forth heavy expenditures for reconversion and for deferred maintenance. This is particularly so insofar as your Company is concerned—not in the matter of reconversion, of course, but certainly heavy expenditures will have to be faced in the rehabilitation and modernization of the properties of your Company. To this end Reserves are being built up for contingencies and post-war rehabilitation.

During the year your Company invested in the Bonds of the Sixth and Seventh Victory Loans. This item is included under the heading of "Loans and Investments". All in all your Directors regard the operations of the year with satisfaction and we feel that the end of hostilities in Europe can be expected to bring further improvement in the earnings position of your Company.

On behalf of the Board,

J. G. THOMPSON,

President.

March, 1945.

