

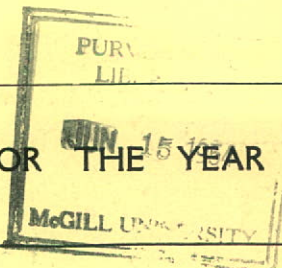
Stock

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SUPERTEST
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TRADE MARK
PETROLEUM CORPORATION LIMITED

DIRECTORS'
REPORT



FOR THE YEAR ENDING DECEMBER 31st, 1941



BALANCE SHEET AS AT 31st DECEMBER, 1941

ASSETS

CURRENT	\$2,050,517.51
Cash on hand and in Bank.....	\$1,289,117.90
Accounts Receivable, after providing for losses	473,137.96
Inventories - Merchandise.....	248,923.64
Supplies and Prepaid Expenses.....	14,702.96
Life Insurance (Cash Surrender Value).....	24,635.05
	\$2,050,517.51
FIXED	3,219,443.55
Real Estate, Building and Equipment, less Reserve for Depreciation.....	2,611,477.21
Book Value of Loans and Investments, including advances to Trustees for the purchase of stock to be held for the benefit of employees.....	126,394.53
Mortgages Receivable after providing for losses	77,158.90
Investment in Subsidiaries.....	404,412.91
	3,219,443.55
GOODWILL, COPYRIGHTS, TRADEMARKS	1.00

LIABILITIES

CURRENT	1,436,620.02
Accounts Payable.....	\$ 953,359.85
Accrued Charges, including provision for Government Taxes.....	483,260.17
	\$1,436,620.02

RESERVES

SPECIFIC	127,295.29
Reserves to provide for commissions and contingencies.....	127,295.29

CAPITAL

AUTHORIZED

Class "B" Preferred Stock 8,000 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 - 8,000 shares.....	\$ 200,000.00
Common Stock - 25,000 shares.....	25,000.00
Ordinary Stock - 85,000 shares.....	878,814.50

Surplus.....	1,103,814.50
	2,602,232.25

	\$3,706,046.75		\$5,269,962.06		\$5,269,962.06
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We have completed an examination of the books of account and vouchers of Supertest Petroleum Corporation, Limited, for the year ended 31st December, 1941, 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, 1941, according to the best of our information given us and as shown above 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

	1941		1940
Net Earnings from Operations	723,562.98		517,219.64
Less reserve against inventory	63,170.28		
Less Reserve for Gov. Taxes	300,000.00	363,170.28	14,020.76
		175,000.00	189,020.76
Net Profit	360,392.70		328,198.88
Less Dividends Paid	149,481.25		176,977.50
	210,911.45		151,221.38
Previous Surplus	2,391,320.80		2,240,099.42
Balance Carried Forward	2,602,232.25		2,391,320.80

SUPERTEST PETROLEUM CORPORATION LIMITED

To the Shareholders :-

In commenting on the progress of your Company for the year 1941, we would first of all call your attention to the conditions under which your Company operated,

At the commencement of the year it seemed apparent that there would be a substantial increase in the sale of Petroleum Products throughout Canada, brought about by the increased tempo of business and through the large demand which had developed through the necessity of supplying Petroleum Products to the Armed Services.

Sales were on an expanding basis during the first half of the year but the introduction of rationing at the mid-year resulted in a curtailment in sales during the busy summer months. Despite this condition, your Company again enjoyed an increase in gallonage over the previous year.

The demand for Petroleum Products from the various departments of the Armed Forces has been large since the outbreak of War. Your Company has however been favored with but a small portion of this business. Gasoline sales to the various Departments concerned during the past year amounted to only 1½% of our turnover on this product.

Reference to the Income and Surplus account on the adjoining page will reveal that Net Earnings, before setting aside increased Reserve for heavier Income Taxes, and to provide against Inventory losses, show a substantial increase over the previous year.

Contributory to the improved Earnings, and to the substantial improvement in cash position, is the fact that practically all expenses relating to the development of future business were eliminated. The loss of ground which is bound to result from the necessary continuance of such a policy during the War years will doubtless reflect adversely over a longer range operation.

It has become quite a problem to secure proper personnel for station operation. Many of our employees have left to join the Armed Forces and many others have taken positions in War industry. During the year certain experiments in the use of female help were undertaken and considerable progress was made. Through regulations of the Oil Controller, the hours of sale have been restricted and are from 7.00 a. m. until 7.00 p. m. The restricted hours of sale have been helpful in the problem of service station operation.

Existing conditions, of which all shareholders are aware, must be taken into consideration in assessing the current outlook. Tire supplies, other than for the most essential services, have been severely curtailed. April 1st will witness the introduction of Coupon books for gasoline rationing.

All steps are being taken to effect the necessary economies of operation in an effort to meet the situation as it can best be dealt with in the difficult conditions under which a marketing company is placed at the present time.

On behalf of the Board,
J. G. THOMPSON,

President.

March 30, 1942

