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United Fuel Investments  
Limited  
and  
Controlled Companies



Sixth Annual Report

March 31, 1934

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SIXTH ANNUAL REPORT  
OF THE DIRECTORS OF  
UNITED FUEL INVESTMENTS LIMITED  
FOR THE YEAR ENDED 31st MARCH, 1934

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Hamilton, Ontario,  
May 29, 1934.

TO THE SHAREHOLDERS:

The Sixth Annual Report of United Fuel Investments, Limited, covering the operations for the fiscal year ended March 31, 1934, is presented herewith. The report includes the Consolidated Balance Sheet and Profit and Loss and Surplus Accounts as certified by your Auditors together with comparative figures for the similar period a year ago.

OPERATIONS

Net Profit for the current fiscal year after deducting interest and depreciation charges amounted to \$296,861. This compares with a net loss of \$15,440 for the previous fiscal year.

The improvement in the commodity price level has benefited your Company in that higher prices were received during the year for practically all your Company's products excepting gas. This has resulted in an increase in gross revenue over last year and accounts in a large measure for the improvement in earnings.

The volume of gas sold during the year increased  $33\frac{1}{3}\%$  over the previous year. A large proportion of this increase was in sales for industrial purposes and was due to intensive effort to increase the sales of gas and to a betterment in business conditions in our markets. The revenues of the Company, however, were not increased in the same proportion because of the lower rates received from large volume consumers.

The severity of the winter increased the demand for coke and as a result sales of coke exceeded those of the previous year and constituted a record for the Company.



## UNITED FUEL INVESTMENTS LIMITED

The coke plant operated at its maximum productivity. In addition major economies were realized in operation which contributed substantially to the improvement in the year's results. Other factors in the improvement were the lower interest charges occasioned by the easier working capital position of your subsidiary companies during the past year and the reduction in premium paid on United States funds.

### FINANCIAL POSITION

A reduction of \$388,000 was effected in the consolidated funded debt of the Company in the past fiscal year. Of this amount \$63,000 is due to the acquisition of United Gas and Fuel First Mortgage Bonds and Hamilton By-Product Coke Ovens First Mortgage Bonds for sinking fund purposes, and \$325,000 of the General Mortgage Bonds of United Fuel Investments Limited were retired at a cost of \$281,125. These General Mortgage Bonds were issued to enable your Company and its subsidiaries to take care of floating liabilities in the form of bank loans which had to a large extent been incurred on account of capital expenditures.

Working Capital of the Company as shown by the Consolidated Balance Sheet amounted to \$779,347.02 as at March 31st, 1934, as compared with \$672,893.01 as shown for the corresponding period in the previous year. The increase of \$106,454.01 is after the retirement of funded debt mentioned above, and is accounted for as follows:

Net earnings for the year . . . . .		\$296,861.79
Net adjustments for items relating to prior periods . . . . .		15,831.34
Provision for depreciation and other reserves which are retained within the Company . . . . .		226,701.57
		\$539,394.70
<i>Deduct:</i> Appropriation for Dominion Income Tax . . . . .		51,550.00
		\$487,844.70
Bond Discount and Deferred Charges decreased principally through the book profit on retirement of Bonds . . . . .		39,621.32
		\$527,466.02
Net Additions to Plant and Equipment amounted to . . . . .	\$33,012.01	
And the par value of Bonds redeemed amounted to . . . . .	388,000.00	
	421,012.01	
Leaving an improvement in working capital of . . . . .		\$106,454.01

## UNITED FUEL INVESTMENTS LIMITED

Arrears of dividends on the Preferred Stock have accumulated to the extend of 16½%. Your Directors are giving serious consideration to this matter to the end that a solution may be found that can be recommended.

### PLANT EXPENDITURES

Additions to Fixed Assets were kept at a minimum and expenditures made were only those required to provide for the growth of the business. Plants and properties have been maintained in excellent working condition.

### FRANCHISE SUIT

The suit of the United Gas and Fuel Company of Hamilton, Limited, against the Dominion Natural Gas Company to determine the respective rights of the two Companies in the East Hamilton Area, as referred to in last year's Annual Report, was carried to the Judicial Committee of the Privy Council at London, England. The case was recently heard, and resulted in an unfavourable decision. The Courts have thereby established the right of the Dominion Natural Gas Company to compete in that part of the City of Hamilton which prior to 1904 was part of the Township of Barton. Your Company has an exclusive franchise covering the main portion of the Hamilton market which was granted in 1931 for a period of ten years.

In conclusion your Directors again wish to place on record their appreciation of the loyal co-operation of the staff and employees of the Company.

On behalf of the Board of Directors,

S. A. MORSE,  
*President.*



# UNITED FUEL INVESTMENTS LIMITED

## AND ITS SUBSIDIARIES

HAMILTON BY-PRODUCT COKE OVENS LIMITED, UNITED GAS AND FUEL COMPANY  
OF HAMILTON LIMITED, UNITED SUBURBAN GAS COMPANY LIMITED

### *Consolidated Statement of Profit and Loss for Year ended 31st March, 1934*

	31st March, 1934	31st March, 1933
Profit from Operations before charging Depreciation, Interest or Management Fee . . . . .	\$910,417.85	\$678,886.01
<i>Deduct:</i>		
Management Fee . . . . .	—	\$10,000.00
Interest on Bonds . . . . .	\$388,550.21	418,754.67
Interest on Bank Loans, etc . . . . .	2,602.79	41,925.13
Bond and Loan Expenses and Discount absorbed . . . . .	23,138.78	27,669.71
	414,291.78	498,349.51
	\$496,126.07	\$180,536.50
Provision for Depreciation on basis recommended by Companies' Consulting Engineer . . . . .	199,264.28	195,976.38
	\$296,861.79	\$15,439.88 (Loss)
Combined profits, less <i>losses</i> for all Companies for year . . . . .	\$296,861.79	\$15,439.88 (Loss)

### *Consolidated Surplus Account*

Balance at beginning of period . . . . .	\$101,483.68 ( <i>Surplus</i> )	\$59,962.81 ( <i>Deficit</i> )
Adjustments applying to prior years (net) . . . . .	15,831.34	3,352.63
	\$117,315.02	\$56,610.18 ( <i>Deficit</i> )
Receivable under contract with Union Gas Company of Canada Limited . . . . .	—	180,000.00
	\$117,315.02	\$123,389.82
Combined profits less <i>losses</i> for all Companies for year as above . . . . .	\$296,861.79	\$15,439.88 ( <i>Loss</i> )
<i>Less:</i> Provision for Dominion of Canada Income Taxes . . . . .	51,550.00	6,466.26
	245,311.79	21,906.14 ( <i>Loss</i> )
Balance at end of period—Surplus . . . . .	\$362,626.81	\$101,483.68

UNITED FUEL INV  
AND ITS

HAMILTON BY-PRODUCT COKE OVENS  
OF HAMILTON LIMITED, UNITED

*Consolidated*

ASSETS	1934 31st March	1933 31st March	31st
PROPERTY:			
Comprising Gas and Coke Manufacturing Plant, Transmission Lines, Distribution Systems, Real Estate, Buildings, Automobiles, Fixtures, Franchises, Rights, Organization Expenses, Interest during Construction, etc., including premiums paid on acquisition of Subsidiary Companies of \$6,378,954.68. . . . .	<u>\$16,110,248.53</u>	<u>\$16,077,236.52</u>	
<i>Note.—The above assets are shown at their book values.</i>			
CURRENT AND WORKING ASSETS:			
Cash on hand and in banks . . . . .	\$229,576.83	\$ 99,485.23	
Accounts Receivable, less Reserve . . . . .	379,618.88	385,833.50	
Union Gas Company of Canada Limited—a Shareholder—final payment under contract . . . . .	—	90,000.00	
Inventories . . . . .	443,923.71	310,788.36	
Instalment Accounts Receivable . . . . .	14,403.84	—	
	<u>\$1,067,523.26</u>	<u>\$ 886,107.09</u>	
Deferred Charges, Bond Discount and Prepaid Expenses	574,605.50	614,226.82	
	<u>\$17,752,377.29</u>	<u>\$17,577,570.43</u>	

AUDITORS'

We have audited the accounts of United Fuel Investments Limited and its of Hamilton Limited and United Suburban Gas Company Limited, for the year end have required. Depreciation of Physical Assets is as approved by the Consulting the above Balance Sheet correctly sets forth the combined position of the Companies given us and as shown by the books of the Companies.

TORONTO, 23rd May, 1934.



# ESTMENTS LIMITED

## SUBSIDIARIES

LIMITED, UNITED GAS AND FUEL COMPANY  
SUBURBAN GAS COMPANY LIMITED

### Balance Sheet

March, 1934

LIABILITIES	1934 31st March	1933 31st March
CAPITAL STOCK:		
Authorized:		
250,000 6% Cumulative Preferred Shares of \$100 each Redeemable at the option of the Company by call at \$110 per share		
\$25,000,000		
250,000 Common Shares of No Par Value		
Issued:		
90,000 6% Cumulative Redeemable Preferred Shares of \$100 each	\$9,000,000.00	\$9,000,000.00
100,000 Common Shares of No Par Value	100,000.00	100,000.00
	\$9,100,000.00	\$9,100,000.00
Surplus	362,626.81	101,483.68
	<u>\$9,462,626.81</u>	<u>\$9,201,483.68</u>
Reserve for Sinking Fund	\$18,812.28	—
General Mortgage 6½% Bonds due 1st July, 1956	\$450,000.00	\$775,000.00
Hamilton By-Product Coke Ovens Limited First Mortgage 7% Bonds due 1st February, 1943	1,282,300.00	1,286,800.00
Hamilton By-Product Coke Ovens Limited General Mortgage 6½% Bonds due 1st July, 1956	2,325,000.00	2,325,000.00
United Gas and Fuel Company of Hamilton Limited First Mortgage 5½% Bonds due 1st July, 1948	1,698,500.00	1,757,000.00
	<u>\$5,755,800.00</u>	<u>\$6,143,800.00</u>
CURRENT LIABILITIES:		
Accounts Payable and Accrued Charges	\$175,738.84	\$144,484.68
Union Gas Company of Canada Limited	11,352.84	10,244.90
Meter Deposits	8,359.45	8,993.60
Accrued Interest on Bonds, including Provision for U.S. Exchange.	38,725.11	46,490.90
Reserve for Dominion of Canada Income Taxes	54,000.00	3,000.00
	<u>\$288,176.24</u>	<u>\$213,214.08</u>
RESERVE FOR DEPRECIATION AND RENEWALS	2,226,961.96	2,019,072.67
<i>Preferred Dividends are in arrears to the extent of 16½%.</i>	<u>\$17,752,377.29</u>	<u>\$17,577,570.43</u>

Approved on behalf of the Board.

S. A. MORSE, *Director.*

T. P. PINCKARD, *Director.*

### REPORT

Subsidiaries, Hamilton By-Product Coke Ovens, Limited, United Gas and Fuel Company ed 31st March, 1934, and have received all the information and explanations we Engineer of the Companies, subject to which we report that in our opinion at 31st March, 1934, according to the best of our information and the explanations

CLARKSON, GORDON, DILWORTH, GUILFOYLE AND NASH,  
*Chartered Accountants.*

## United Fuel Investments Limited

### BOARD OF DIRECTORS

S. A. MORSE, *President*

ARTHUR F. WHITE, *Vice-President*

T. P. PINCKARD

G. R. COTTRELLE

G. H. CASSELS, K.C.

J. A. FRASER

JUDGE J. G. GAULD

## Hamilton By-Product Coke Ovens Limited

### BOARD OF DIRECTORS

S. A. MORSE, *President*

T. P. PINCKARD

W. L. DUFFIELD

*Vice-President and General Manager*

*Vice-President*

A. V. YOUNG

J. P. BELL

N. S. BRADEN

W. H. LOVERING

## United Gas and Fuel Company of Hamilton Limited

### BOARD OF DIRECTORS

S. A. MORSE, *President*

JUDGE J. G. GAULD

T. P. PINCKARD

*Vice-President and Advisory Counsel*

*Vice-President and General Manager*

W. L. DUFFIELD, *Vice-President*

A. L. PAGE

W. I. S. HENDRIE

DR. W. G. THOMPSON

## United Suburban Gas Company Limited

### BOARD OF DIRECTORS

S. A. MORSE, *President*

T. P. PINCKARD

JUDGE J. G. GAULD