

United Fuel Investments
Limited
and
Controlled Companies



Fifth Annual Report

March 31, 1933

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FIFTH ANNUAL REPORT
OF THE DIRECTORS OF
UNITED FUEL INVESTMENTS LIMITED
FOR THE YEAR ENDED 31st MARCH, 1933

Hamilton, Ontario
1st June, 1933

TO THE SHAREHOLDERS:

Your Board of Directors present the Fifth Annual Report of your Company covering the operations for the fiscal year ended March 31, 1933. The statements include the consolidated Balance Sheet and the Profit and Loss and Surplus accounts for the fiscal year ended on said date as certified by your auditors, together with comparative figures for a similar period a year ago.

FINANCIAL POSITION

The Consolidated Balance Sheet as at 31st March, 1933, shows net working capital of \$672,893.01 and a ratio of better than 4 to 1, representing an improvement of \$351,543.24 as compared with last year, when the ratio was 1.3 to 1. It is noteworthy that during the past fiscal year the inventories of your Company, consisting mainly of coal and coke, were considerably reduced and at 31st March, 1933, were at a minimum consistent with current requirements. As a result, current loans were paid off and neither your Company nor any of its subsidiaries was indebted to its bankers at the close of the present fiscal year.

UNITED FUEL INVESTMENTS LIMITED

The increase in working capital is accounted for as follows:

Operating profit before providing for depreciation, which is retained within the Company, and after adjustment for sundry items relating to prior periods and Dominion Income Taxes	\$177,422.87
Final amount receivable from Union Gas Company of Canada Limited under contract	180,000.00
	\$357,422.87

Out of which expenditures have been made as follows:

Net additions to plant and equipment	\$25,752.12	
Retirement of bonds, par value of	30,500.00	56,252.12
		\$301,170.75

Add:

Net decrease in deferred charges and increase in sundry reserves by charges against profits not affecting working capital	50,372.49
	\$351,543.24

OPERATIONS

The consolidated operating profit, before providing interest and depreciation, for the fiscal year amounted to \$641,216.30, compared to \$626,645.03 in the preceding year. After deducting interest and depreciation charges there was a loss of \$15,439.88 as compared to a loss of \$4,039.15 last year.

Earnings of your subsidiaries continued to be adversely affected mainly by the stagnation of industry and continuing lower prices of the companies' products. The premium paid for United States funds in connection with the purchase of coal and payment of bond interest continued to be an onerous charge against the profits of the companies.

During the year the Coke Company operated at capacity with an increase in coke production of 9% over the preceding year. The entire production was marketed—the average selling price realized during the year was slightly lower. The market prices of the by-products, namely, ammonium sulphate, tar and motor benzol also were lower than in 1931-32, but the larger turnover increased the total revenue from these sources.

Volume of gas sold during the past fiscal year declined less than 2% from the previous year. Continuing abnormal business conditions tended to further restrict the sale of gas, particularly for industrial uses. Your Company, however, increased its domestic and commercial business,

UNITED FUEL INVESTMENTS LIMITED

with the result that the reductions were offset to a large degree and it is confidently anticipated that during the coming year a larger volume of gas will be sold for all purposes. Your subsidiaries are at all times in a position to furnish a dependable supply of gas, which is one of the prime requisites of satisfactory service.

FRANCHISE SUIT

The United Gas and Fuel Company of Hamilton Limited last year launched a suit against the Dominion Natural Gas Company to obtain a declaration from the Courts as to the overlapping of the respective rights of the two companies in the East Hamilton area. As stated in last year's Annual Report, the United Company was granted in the year 1931 an amended franchise (exclusive for ten years) in the City of Hamilton. Under this franchise, the United Company's rights are safeguarded in respect to the major portion of the city and the suit was launched to determine its rights in that smaller area where the Dominion Natural Gas Company had duplicated the pipeline system of the United Company. The Ontario Courts have rendered judgments unfavourable to the United Company, and an appeal to the Judicial Committee of the Privy Council at London, England, is now pending.

PLANT EXPENDITURES

Plant expenditures during the past year have involved no large outlays and have been confined to those incidental to the aggressive development of new business referred to above. The Company's plants and distributing system are in excellent condition and in accordance with the Company's policy, current repairs have been charged to operations.

PERSONNEL

During the year Mr. T. Pates Pinckard, who has had many years' experience in the public utility business, was appointed Vice-President and General Manager of your subsidiary Companies.

Mr. W. L. Duffield, General Manager of the City Gas Company of London, was elected a Director of each of your subsidiary Companies.

In conclusion your Directors take this opportunity of placing on record their appreciation of the loyal co-operation of the staff and employees of the Company.

For 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, 1933

	31st March, 1933	31st March, 1932
Profit from Operations before charging Depreciation, Interest or Manage- ment Fee	\$678,886.01	\$664,339.60
<i>Deduct:</i>		
Management Fee	\$ 10,000.00	\$ 10,000.00
Interest on Bonds	418,754.67	306,845.36
Interest on Bank Loans, etc	41,925.13	126,247.58
Bond and Loan Expenses and Dis- count absorbed	27,669.71	27,694.57
	498,349.51	470,787.51
	\$180,536.50	\$193,552.09
Provision for Depreciation on basis recommended by Companies' Con- sulting Engineer	195,976.38	197,591.24
Combined losses, less profits for all Companies for year.	\$15,439.88	\$4,039.15

Consolidated Surplus Account

Balance at beginning of period	(Deficit)	\$ 59,962.81	(Surplus)	\$ 3,242.09
Less: Adjustments applying to prior years (net)		3,352.63		59,165.75
		\$56,610.18		\$55,923.66
Receivable under contract with Union Gas Company of Canada Limited	(Deficit)	180,000.00	(Deficit)	180,000.00
		\$123,389.82		\$124,076.34
Combined losses less profits for all Companies for year as above		\$ 15,439.88		\$ 4,039.15
Provision for Dominion of Canada Income Taxes		6,466.26		—
Dividends paid.		—		180,000.00
		21,906.14		184,039.15
Balance at end of period.	(Surplus)	\$101,483.68	(Deficit)	\$ 59,962.81

UNITED FUEL INV
AND ITS

HAMILTON BY-PRODUCT COKE OVENS
OF HAMILTON LIMITED, UNITED

Consolidated

ASSETS	1933 31st March	1932 31st March	31st
PROPERTY			
Comprising Gas and Coke Manufacturing Plant, Transmission Lines, Distribution Systems, Real Estate, Buildings, Automobiles, Fix- tures, Franchises, Rights, Organization Expenses, Interest during Construction, etc., including premiums paid on acquisi- tion of Subsidiary Companies of \$6,378,954.68	<u>\$16,077,236.52</u>	<u>\$16,051,484.40</u>	
<i>Note.—The above assets are shown at their book values.</i>			
CURRENT AND WORKING ASSETS			
Cash on hand and in banks	\$ 99,485.23	\$ 122,214.47	
Accounts Receivable, less Reserve	385,833.50	426,369.56	
Union Gas Company of Canada Limited, a Shareholder—Final payment under contract	90,000.00	—	
Inventories	310,788.36	945,859.23	
Jobs in Process and Trial Installations	—	5,149.07	
	<u>\$ 886,107.09</u>	<u>\$ 1,499,592.33</u>	
Deferred Charges, Bond Discount and Prepaid Expenses	<u>614,226.82</u>	<u>659,916.33</u>	
	<u>\$17,577,570.43</u>	<u>\$18,210,993.06</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, 29th May, 1933.

ESTMENTS LIMITED

SUBSIDIARIES

LIMITED, UNITED GAS AND FUEL COMPANY
 SUBURBAN GAS COMPANY LIMITED

Balance Sheet

March, 1933

	LIABILITIES	1933 31st March	1932 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 Pre- ferred 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
		<u>\$ 9,100,000.00</u>	<u>\$ 9,100,000.00</u>
Surplus		101,483.68	59,962.81 (Deficit)
		<u>\$ 9,201,483.68</u>	<u>\$ 9,040,037.19</u>
General Mortgage 6½% Bonds due 1st July, 1956 .		\$ 775,000.00	\$ 775,000.00
Hamilton By-Product Coke Ovens Limited First Mortgage 7% Bonds due 1st February, 1943 .		1,286,800.00	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		1,757,000.00	1,787,500.00
		<u>\$ 6,143,800.00</u>	<u>\$ 6,174,300.00</u>
CURRENT LIABILITIES			
Bank Loan (Secured) less amount on deposit .		—	\$ 922,101.71
Accounts Payable and Accrued Charges		\$ 144,484.68	201,653.77
Union Gas Company of Canada Limited		10,244.90	—
Meter Deposits		8,993.60	10,241.87
Accrued Interest on Bonds, including Provision for U.S. Exchange		46,490.90	44,245.21
Reserve for Dominion of Canada Income Taxes		3,000.00	—
		<u>\$ 213,214.08</u>	<u>\$ 1,178,242.56</u>
RESERVE FOR DEPRECIATION AND RENEWALS		2,019,072.67	1,818,413.31
<i>Preferred Dividends are in arrears to the extent of 10½%.</i>		<u>\$17,577,570.43</u>	<u>\$18,210,993.06</u>

Approved on behalf of the Board.

S. A. MORSE, *Director.*
 J. A. FRASER, *Director.*

REPORT

Subsidiaries, Hamilton By-Product Coke Ovens, Limited, United Gas and Fuel Company
 and 31st March, 1933, 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, 1933, 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

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A. T. LEAVITT, *Vice-President*

ARTHUR F. WHITE

G. R. COTTRELLE

G. H. CASSELS, K.C.

J. A. FRASER

R. L. BEVAN

Hamilton By-Product Coke Ovens Limited

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A. V. YOUNG

J. P. BELL

N. S. BRADEN

W. H. LOVERING

United Gas and Fuel Company of Hamilton Limited

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First Vice-President and Advisory Counsel *Vice-President and General Manager*

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A. L. PAGE

W. I. S. HENDRIE

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United Suburban Gas Company Limited

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A. T. LEAVITT