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United Fuel Investments  
Limited  
and  
Controlled Companies



Third Annual Report

March 31, 1931

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McGILL UNIVERSITY

THIRD ANNUAL REPORT  
OF THE DIRECTORS OF  
UNITED FUEL INVESTMENTS LIMITED  
YEAR ENDED MARCH 31, 1931

Hamilton, Ontario,  
June 26, 1931.

*To the Shareholders:*

Your Directors present herewith your Company's Third Annual Report, accompanied by the Consolidated Profit and Loss Statement for the fiscal year ended March 31, 1931, and the Consolidated Balance Sheet as at March 31, 1931.

The consolidated profit from operations, after provision for maintenance, renewals and repairs, amounted to \$858,608.15 for the fiscal year ended March 31, 1931, as against \$1,229,770.83 for the previous fiscal year. This decrease arises principally from the unusual mildness of the winter just past, the recession in industrial activity and lower prices obtained for coke. The lower coke prices were offset to some extent by a substantial increase in volume of sales. The new tariff regulations imposing \$1.00 per ton duty on foreign coke and 40c. per ton on anthracite coal which now apply should assist in the further expansion of this market.

After providing for interest on bonds and bank loans and for depreciation, there remained a balance of \$276,197.24 which, together with the amount at credit of surplus account, provided an amount sufficient to pay dividends for the year aggregating 5½% on the cumulative preferred shares of your Company, leaving a balance of \$3,242.09 in surplus account.

The consolidated balance sheet shows that during the fiscal year just past fixed assets were increased by \$132,347.55, reflecting additions to plant, including trackage facilities of the Hamilton By-Product Coke Ovens, Limited, and additions to the distribution system of the United Gas and Fuel Company of Hamilton, Limited. The serial notes of the coke company amounting to \$525,000 were paid off in full in October, 1930, while the first mortgage bonds of that Company were reduced \$101,400, and the gas company retired \$31,500 of first mortgage bonds. As the above expenditures were made out of current funds, the consolidated net current

*United Fuel Investments Limited*

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asset position was impaired. During the year the Union Natural Gas Company of Canada, Limited, acquired practically 100% of the common stock in your company and as a result of this step the operations of your company and its subsidiaries will be co-ordinated with those of the Union Company and in this way natural gas reserves, technical advice, management and the financial strength of the Union Company will be available to your company. By reason of this connection arrangements are being consummated, through Union Natural Gas Company, for the permanent financing of the special bank loans incurred in connection with the large capital expenditures for additions to plant and equipment made during the last three years, thus adjusting the Company's current position. The Union Natural Gas Company has also agreed to provide in certain events substantial cash payments to your Company available for the payment of Preferred dividends.

Your subsidiary United Gas and Fuel Company of Hamilton Limited is in a strong position with respect to its gas market. An amendment to the Company's franchise has been negotiated with the City of Hamilton and validated by the Ontario Legislature at its recent session. Under this amendment the United Company's franchise has become an exclusive one for ten years, in return for a lower base rate for gas during the same period. The Company is planning the further development of its gas market with particular regard to house-heating. In this work the Company will have the co-operation of the Union Natural Gas Company, which Company recently constructed a pipe line from its Haldimand gas field to Hamilton, and is thus in a position to provide a supplementary supply of natural gas, so essential to the building up of a large house-heating load.

All the properties of your Company and its subsidiaries have been maintained throughout the year in excellent repair and at the highest point of operating efficiency, and activities during the period have laid the foundation for a material increase in business. Your Directors have great confidence in your Company's future progress and growth.

On behalf of the Board of Directors.

S. A. MORSE,  
*President.*

UNITED FUEL INVESTMENTS LIMITED

CONSOLIDATED BALANCE SHEET

March 31, 1931

ASSETS

PROPERTIES, PLANTS, FRANCHISES, Etc.:

As at April 1, 1930.....	\$15,807,523.11	
Additions since.....	132,347.55	
		<u>\$15,939,870.66</u>

CURRENT ASSETS:

Cash on hand and in banks.....	\$217,616.87	
Accounts receivable, less reserve for bad debts.....	433,403.04	
Inventories as certified to by the management.....	500,975.36	
		<u>1,151,995.27</u>

DEFERRED CHARGES:

Franchise and other charges deferred.....	\$ 72,712.21	
Prepaid insurance, bond discount, etc.....	97,879.28	
		<u>170,591.49</u>

\$17,262,457.42

*To the Shareholders of United Fuel Investments Limited:*

We have examined the books and accounts of United Fuel Investments Limited and have obtained all the information and explanations we have required during the year on a basis approved of by the company's consulting engineers. The balance sheet is properly drawn up and shows the true financial position of our information and the explanations given to us and as shown by the

Toronto, May 29, 1931.

*United Fuel Investments Limited*

AND CONTROLLED COMPANIES

CONSOLIDATED BALANCE SHEET

March 31, 1931

LIABILITIES

CAPITAL AND SURPLUS:

Capital Stock:

Six per cent. Cumulative Redeemable Preferred Shares (Redeemable on any dividend date):

Authorized.....\$25,000,000.00

Issued..... \$9,000,000.00

Common Stock:

Consisting of 100,000 shares without nominal or par value (Authorized 250,000 shares)..... 100,000.00

Surplus, as per statement attached..... 3,242.09

\$ 9,103,242.09

*Note.*—Dividends on preferred shares will become in arrears on April 1 to the extent of \$45,000.00.

BONDS:

Hamilton By-Product Coke Ovens, Limited:

First Mortgage 7% Bonds, due February 1, 1943.... \$1,385,800.00

United Gas and Fuel Company of Hamilton, Limited:

First Mortgage 5½% Sinking Fund Bonds, due July 1, 1948..... 1,820,500.00

3,206,300.00

CURRENT LIABILITIES:

Bank Loans..... \$2,923,800.00

Dividend payable April 1, 1931..... 90,000.00

Accounts payable..... 188,929.24

Accrued interest, taxes, etc..... 138,502.62

Meter deposits..... 11,302.00

3,352,533.86

RESERVES FOR DEPRECIATION AND RENEWALS..... 1,600,381.47

CONTINGENT LIABILITY—\$25,000.00

\$17,262,457.42

United Fuel Investments Limited and controlled companies for the year ending March 31, 1931, have caused this balance sheet to be audited by PRICE, WATERHOUSE & CO., Auditors. A provision of \$195,699.76 has been made for depreciation accruing on the assets of the companies; on that basis we report that in our opinion the above consolidated balance sheet is correct and that the assets are shown at their fair value. This report is based on the books and records of the combined companies on March 31, 1931, according to the best of our knowledge and belief.

PRICE, WATERHOUSE & CO.,  
*Auditors.*

*United Fuel Investments Limited*

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United Fuel Investments Limited  
and Controlled Companies

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the Year ending March 31, 1931

<i>Particulars</i>	<i>Amount</i>
Profit from operations after provision for maintenance, renewals and repairs..	\$858,608.15
<i>Deduct:</i>	
Interest on bonds of constituent companies.....	\$215,939.91
Interest on bank loans.....	170,771.24
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	386,711.15
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BALANCE.....	\$471,897.00
Provision for depreciation and renewals on basis approved of by Company's Consulting Engineer.....	195,699.76
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NET PROFIT FOR THE YEAR.....	<u>\$276,197.24</u>

SURPLUS ACCOUNT

Surplus at April 1, 1930.....	\$182,972.94
Adjustments of tax reserves.....	39,071.91
Net profit for year, as above.....	276,197.24
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	\$498,242.09
<i>Deduct</i> —Dividends on Preferred Stock.....	495,000.00
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SURPLUS CARRIED TO BALANCE SHEET.....	<u>\$3,242.09</u>

*United Fuel Investments Limited*

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United Fuel Investments Limited

*BOARD OF DIRECTORS*

S. A. MORSE, *President*

President, Union Natural Gas Company, Limited

A. T. LEAVITT, *Managing Director*

A. F. WHITE

Vice-President, The Canadian Bank of Commerce

G. R. COTTRELL

Vice-President, Sawyer-Massey, Limited

G. H. CASSELS, K.C.

Blake, Lash, Anglin & Cassels

J. A. FRASER

Vice-President, Dominion Securities Corporation  
Limited

Hamilton By-Product Coke Ovens, Limited

*BOARD OF DIRECTORS*

A. T. LEAVITT, *President*

J. T. BYRNES

*Vice-President, Manager of Sales*

J. P. BELL

Manager-in-Chief, The Canadian Bank of Commerce,  
Hamilton

A. V. YOUNG

President, Hamilton Cotton Company Limited

J. A. FRASER

Vice-President, The Dominion Securities Corporation  
Limited

N. S. BRADEN

Vice-President, Canadian Westinghouse Company  
Limited

W. H. LOVERING

Deputy Registrar, Hamilton

United Gas and Fuel Company of Hamilton, Limited

*BOARD OF DIRECTORS*

JUDGE J. G. GAULD, *President*

W. I. S. HENDRIE

Chairman of the Board, Hamilton Bridge Company, Limited

S. A. MORSE

President, Union Natural Gas Company, Limited

A. L. PAGE

President, Frost Steel & Wire Company, Limited

F. F. TRELEAVEN

Barrister

