ANNUAL REPORT
FOR
THE YEAR ENDED
DECEMBER 31, 1943
This report and the financial statements contained herein are submitted for the general information of the present stockholders of Scovill Manufacturing Company as such. It is not a representation, prospectus or circular in respect of any stock or security of the Company, and is not transmitted in connection with any sale or offer to sell or buy any stock or security now or hereafter to be issued, or with any preliminary negotiation for such sale.
DIRECTORS

Austin L. Adams
Col. Bennet Bronson
John P. Elton
W. Shirley Fulton
Chauncey P. Goss, Jr.
John H. Goss

William M. Goss
William T. Hunter
Francis T. Reeves
Leavenworth P. Sperry
Mark L. Sperry, Jr.
Roger S. Sperry

TRANSFER AGENT
The Colonial Trust Company
Waterbury, Connecticut

TRUSTEE AND PAYING AGENT OF DEBENTURES
J. P. Morgan & Co. Incorporated
New York

GENERAL OFFICE OF THE COMPANY
Waterbury, Connecticut

LOCATION OF PLANTS

Scovill Manufacturing Company
Hamilton Beach Company Division
Morency-Van Buren Division
Oakville Company Division
Waterville Division
A. Schrader's Son Division
A. Schrader's Son Division
A. Schrader's Son Division
A. Schrader's Son Division
Waterbury, Connecticut
Racine, Wisconsin
Sturgis, Michigan
Oakville, Connecticut
Waterville, Connecticut
Brooklyn, New York
Akron, Ohio
Birmingham, England
Toronto, Canada
OFFICERS

President & General Manager  John H. Goss
Executive Vice President & Treasurer  Leavenworth P. Sperry
Vice President  Chauncey P. Goss, Jr.
Vice President  William M. Goss
Vice President  Mark L. Sperry, Jr.
Vice President  Burdon P. Hyde
Vice President & Director of Purchases  Arthur P. Hickcox
Secretary & General Counsel  Francis T. Reeves
Assistant Treasurer & Comptroller  John V. Montague
Assistant Vice President—Mill Sales  Chauncey P. Goss, 3rd.
Assistant Vice President—Manufacturing Sales  Paul E. Fenton
Assistant Secretary  *Major Mark L. Sperry, 2nd.
Assistant Secretary  Clarence P. Cook
Assistant Secretary  William F. Burke

HAMILTON BEACH COMPANY DIVISION
Vice President & Assistant Treasurer  Thomas B. Myers
Assistant Secretary  Edwin Q. Bangs

OAKVILLE COMPANY DIVISION
Vice President  *Col. Bennet Bronson
Vice President & General Manager  George Boden
Assistant Vice President  Wilfred J. Delage
Assistant Secretary  Charles F. Doherty

A. SCHRADE’S SON DIVISION
Vice President  William T. Hunter
Assistant Secretary  Roy L. deBrauwere

MORENCY-VAN BUREN DIVISION
Manager  Tracy H. Van Buren

WATERVILLE DIVISION
Manager  Samuel G. Gaillard, Jr.

* In Military Service
To the Stockholders of

Scovill Manufacturing Company:

The Board of Directors submits herewith its annual report for 1943 and the report of Messrs. Ernst & Ernst, independent auditors.

The financial statements are preliminary due to a number of undetermined items which eventually will have to be charged to the income for the year before the final results can be stated. The principal undetermined items are claims which may arise from renegotiation of profit on Government work, charges due to reallocation of amortization of war facilities which may occur if the war emergency is terminated earlier than five years after completion of any such facility, retroactive costs imposed by Governmental agencies and adjustment of taxes and post-war refund for these causes. In addition there may be later expenses and losses applicable to war operations which cannot now be measured, such as rearrangement and rehabilitation of plant assets to which special amortization does not apply but which have been subjected to unusually heavy wartime depreciation and obsolescence not sufficiently recognized by Price Adjustment Boards and tax regulations.

Under these circumstances it is thought best to set aside all net income for 1943 in excess of dividends paid in that year, as a reserve for undetermined charges and surplus, and the accompanying financial statements are submitted on that basis. From this sum there will be deducted the above-named charges as they are determined, following which it is expected that there will be a substantial balance to be carried to the surplus account. It will be noted that there has been transferred to the surplus account an amount equal to dividends paid in 1943 so that the balance in that account is the same as at the close of the preceding year.

Obviously it is futile to guess the final earnings per share which may develop. Current assets, current liabilities, working capital and post-war refund may be changed materially in so far as they may be affected by the undetermined items.

The settlement of 1942 renegotiation, which was mentioned in last year's report to stockholders and charged to earnings for that year, has since been confirmed and fully paid.
Cash dividends of $2.00 per share were paid by distribution of $.50 per share in each of the months of April, June, October and December. The same amount was paid in 1942 and 1941.

Annual sinking fund requirement relating to the Company's Ten Year 3⅛% Debentures was paid, and a total of $500,000 of such debentures was retired during the year.

Sales as reported in 1943 were $126,235,581, compared with $106,279,570 in 1942 and $71,376,573 in 1941. A greater proportion than last year was attributable to Government work. So far as we can learn, our prices have been as low as any, and on the principal items manufactured the lowest available to the Government. The Company made voluntary price reductions on important items manufactured for the Government during 1943, which, when compared to prices in effect in 1942 and applied to shipments in 1943, indicate a resultant saving to the Government in excess of $11,000,000. Increasing savings to the Government from lower prices are continuing in 1944.

The Company has received Necessity Certificates for the estimated expenditure of about $7,450,000 on buildings and machinery, and up to December 31, 1943 there was spent on such facilities an amount of $7,172,000. These items at present are subject to amortization on a five-year basis, and $3,002,882 has been so charged to profit and loss, $1,141,629 of which occurred in 1943. Expenditures in 1943 on plant assets not subject to amortization amounted to $842,658.

Machinery and equipment owned by the Government and by other contractors, having a value of about $4,100,000, has been supplied to us. With this exception all of the facilities which the Company uses in its greatly expanded production have been financed with its own resources. The Company has entered into no V or VT loan agreements, nor has it any such arrangements under negotiation.

The employees of the Company, including the management, are justly proud of the remarkable record which they have achieved in meeting schedules of Government work, in quality of product, and in efficiency and economy of operations.

By order of the Board of Directors

JOHN H. GOSS
President.
ASSETS

CURRENT ASSETS
Cash................................................. $ 7,581,361
U. S. Certificates of Indebtedness—due 1944—cost and accrued interest.................. 15,030,885
Other marketable securities—cost and accrued interest ($290,562 at market quotations)........ 286,751
Accounts and notes receivable (less reserve of $166,524).... 9,211,731
Disbursements for plant facilities for others—not yet billed.... 899,790
Inventories of raw, in process and finished materials, parts, etc., (Note A).......................... 14,078,286
Leas reserves (Note B)................................ 11,453,902

Total Current Assets.................................. $44,464,420

INVESTMENTS AND OTHER ASSETS
Post-war refund of U. S. and Canadian excess profits taxes—estimated;.................. $ 2,044,049
Stocks, bonds, etc. (less reserves of $94,086)................................. 165,832
Loan to Trustees of Employees' Pension Fund (less reserve of $85,000).................. 228,995
Premium deposits with mutual insurance companies.............. 235,815
Mortgage notes receivable, real estate equities, etc........... 233,715
Sundry notes and accounts........................................ 241,876

Total INVESTMENTS AND OTHER ASSETS...................... $77,065,947

PROPERTY, PLANT AND EQUIPMENT (Note C)
Land, buildings, machinery and equipment, etc........................ $50,579,141
Less reserves for depreciation and amortization.................. 21,130,072

Excess of cost of investment in stock of A. Schrader's Son, Inc. over book value of net tangible assets at date of acquisition........ 7,439,749
Interest in patents, licenses, and development expenditures of joint venture (at cost, less amortization and reserve)........ 656,810

DEFERRED CHARGES
Unamortized debenture expenses........................................... $ 24,709
Prepaid royalties, insurance, etc........................................... 199,905

Total DEFERRED CHARGES........................................... $224,614

NOTE D: This Preliminary Consolidated Balance Sheet is subject to the following note as described in Note D to the accompanying Preliminary Consolidated Statement of Income and Retained Earnings.

(Other footnotes appear on pages 7 to 10.)
## LIABILITIES

### CURRENT LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable, accrued expenses, etc.</td>
<td>$3,343,272</td>
</tr>
<tr>
<td>Federal withholding tax on employees' wages</td>
<td>496,901</td>
</tr>
<tr>
<td>Federal normal tax, surtax and excess profits taxes—estimated.</td>
<td>$23,930,000</td>
</tr>
<tr>
<td>State and foreign taxes on income, also federal taxes of subsidiaries</td>
<td>908,544</td>
</tr>
<tr>
<td>Additional federal taxes of prior years, payroll taxes, federal capital</td>
<td>1,450,208</td>
</tr>
<tr>
<td>stock tax and sundry taxes</td>
<td>26,288,752</td>
</tr>
<tr>
<td>Debenture interest payable January 1, 1944</td>
<td>89,375</td>
</tr>
<tr>
<td>Less cash therefor on deposit with paying agent</td>
<td>89,375</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>$30,128,925</strong></td>
</tr>
</tbody>
</table>

### RESERVES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingency and operating reserves</td>
<td>1,710,316</td>
</tr>
</tbody>
</table>

**TEN YEAR 3 3/4% DEBENTURES—Due July 1, 1950**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sinking fund requirements—based upon income, with annual maximum of $500,000</td>
<td></td>
</tr>
<tr>
<td>payable on April 1</td>
<td></td>
</tr>
<tr>
<td>Originally issued</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Redeemed and canceled</td>
<td>4,500,000</td>
</tr>
<tr>
<td><strong>5,500,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

**RESERVED FOR UNDETERMINED CHARGES AND SURPLUS (Note D)**

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,175,617</td>
</tr>
</tbody>
</table>

**CAPITAL STOCK**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,400,000 shares authorized (par $25 per share)</td>
<td>$35,000,000</td>
</tr>
<tr>
<td>271,355 shares unissued</td>
<td>6,783,875</td>
</tr>
<tr>
<td>1,128,645 shares issued</td>
<td>28,216,125</td>
</tr>
<tr>
<td>81,807 shares in treasury</td>
<td>2,045,175</td>
</tr>
<tr>
<td>1,046,838 shares publicly owned</td>
<td>26,170,950</td>
</tr>
</tbody>
</table>

**SURPLUS (Notes D and E)**

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>7,380,139</td>
</tr>
</tbody>
</table>

Contingent liability: Note F.

*Subject to change to reflect adjustments of income for the year 1943.*

*(Preliminary Consolidated Statement of Income.)*

*Notes appear on page 10.*
PRELIMINARY CONSOLIDATED STATEMENT OF INCOME
SCOVILL MANUFACTURING COMPANY
AND SUBSIDIARIES
Year ended December 31, 1943

INCOME
Sales—billed for products, services and sundry
(less returns and allowances, etc.) $126,235,581
Less voluntary retroactive price reductions on the
above sales 1,994,604
Dividends, interest, rents, royalties and sundry
income 351,981
$124,240,977

COSTS, EXPENSES AND ESTIMATED TAXES ON INCOME
Manufacturing, selling, transportation and general
expenses (except the following items) $81,410,717
Taxes—property and sundry $1,100,336
Taxes—social security 2,453,270
Maintenance and repairs, etc. 7,078,024
Depreciation of plant facilities 1,005,799
Amortization of plant facilities (Note C) 1,141,629
Amortization ($69,342) of share in patents of joint
venture, expenses of rented property and sundry
charges 133,537
Increase in special inventory reserves (Note B) 51,830
Debenture charges:
Interest $186,942
Amortization of expense 6,393
Premium paid on $500,000 of debentures re-deemed in 1943 15,257
208,592
Estimated taxes on income:
Federal excess profits tax $22,300,000
Less debt retirement credit of $200,000 and
post-war refund credit of $2,030,000 2,230,000
$20,070,000
Federal normal tax, surtax and declared value
excess profits tax 1,830,000
State and foreign (net), also federal taxes of
subsidiaries 940,267 22,840,267 116,323,665 $8,269,293
RESERVED FOR UNDETERMINED CHARGES
AND SURPLUS (Note D) 6,175,617
TRANSFERRED TO SURPLUS TO EQUAL
DIVIDENDS PAID IN 1943 $2,093,676

Note D: From the amount "Reserved for Undetermined Charges and Surplus" there will
be deducted hereafter any amounts found necessary to cover renegotiation, re-
allocation of amortization when and if made by reason of the termination of the
war emergency and other proper charges which may appear later. It will be ad-
justed for tax corrections applicable to the year 1943 and the balance will be
available to add to the Surplus Account.

(Other footnotes appear on page 10)
# Preliminary Consolidated Surplus

## Scovill Manufacturing Company and Subsidiaries

Year ended December 31, 1943

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance—December 31, 1942</td>
<td>$7,380,139</td>
</tr>
<tr>
<td><strong>ADD</strong></td>
<td></td>
</tr>
<tr>
<td>Amount transferred from preliminary consolidated statement of income for 1943 to equal dividends paid in that year (see Note D to financial statements)</td>
<td>$2,093,676</td>
</tr>
<tr>
<td><strong>DEDUCT</strong></td>
<td></td>
</tr>
<tr>
<td>Cash dividends paid:</td>
<td></td>
</tr>
<tr>
<td>Per Share</td>
<td></td>
</tr>
<tr>
<td>April 1, 1943</td>
<td>$523,419</td>
</tr>
<tr>
<td>June 30, 1943</td>
<td>523,419</td>
</tr>
<tr>
<td>October 1, 1943</td>
<td>523,419</td>
</tr>
<tr>
<td>December 23, 1943</td>
<td>523,419</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,093,676</td>
</tr>
<tr>
<td><strong>Balance—December 31, 1943 (Notes D and E)</strong></td>
<td>$7,380,139</td>
</tr>
</tbody>
</table>

(Footnotes appear on page 10)
NOTES TO PRELIMINARY FINANCIAL STATEMENTS
SCOVILL MANUFACTURING COMPANY
AND SUBSIDIARIES
December 31, 1943

NOTE A: Inventories are stated at cost on the "last-in, first-out" method with respect to principal non-ferrous metals, other items being valued at the lower of cost or market. This basis was adopted by the Company for determining profits, as well as for federal income tax purposes, beginning with the year 1939.

NOTE B: The special reserves reduce inventories below both cost and market, following the Company's usual practice. The reserves have been maintained at an amount to bring the per pound valuation of copper to 5c, high grade zinc to 4c and all other zinc to 3.42c, with respect to practically all such metals in a raw state or contained in goods produced in the United States. In addition, as in the past, the reserves reduce by ten per cent the regular inventory valuation of certain finished goods and supplies, reduce the amount of overhead applicable to work in process and reduce to market certain other metal valued at cost in the inventory.

NOTE C: Land, buildings, machinery and equipment, etc. are stated substantially at cost. The amount of $50,579,141 includes $7,172,445 expended for plant additions under Government Necessity Certificates, subject to amortization; amortization of $1,141,629 on such additions has been charged to income for the year 1943. It is believed that sum is deductible for federal income tax purposes.

NOTE D: This note appears on the face of the financial statements.

NOTE E: Surplus at December 31, 1943 includes $1,600,614 paid in during 1937. Under provisions of the Indenture relating to outstanding Ten Year Debentures certain restrictions exist in respect of payment of dividends and acquisitions of the Company's own stock in excess of consolidated net income since January 1, 1940, plus the sum of $2,500,000; the amount of surplus in the accompanying Preliminary Consolidated Balance Sheet is $5,856,987 in excess of the amount thus restricted.

NOTE F: Contingent liability: Guaranty by the Company of a principal sum of $168,525 and interest, to beneficiaries of an independent Employees' Pension Fund held by Trustees, to the extent that the resources of the Fund prove to be inadequate. The Company is Trustee for its employees under an agreement with them to accumulate, from their pay, sums for the purchase for them of United States Savings Bonds. On December 31, 1943, the Company held, as Trustee, $140,207 (not included in the Preliminary Consolidated Balance Sheet) represented by $53,001 on deposit in special bank accounts and $87,206, cost of unregistered bonds.

NOTE G: Property, plant and equipment accounts of the English and Canadian branches are translated to United States currency at rates of exchange at which originally recorded; current and all other asset and liability accounts are translated at $4.025 for sterling and $.9009 for Canadian dollars. Combined net assets, on that basis, of the English and Canadian branches amounted to $1,072,546 at December 31, 1943. At the present time England and Canada have exchange restrictions in effect and the English branch is under control of the British Government. Profit and loss accounts of English and Canadian branches are translated to United States currency at $4.025 for sterling and $.9009 for Canadian dollars, except that provision for depreciation is translated at approximately the same rates used in computing United States dollar amounts for the related property, plant and equipment accounts. Combined net profits of those branches for the year amounted to $260,718, after deducting foreign taxes. Remittances to the United States during 1943 aggregated $43,127 more than the combined net profit of the English and Canadian branches plus net charges to them by domestic offices. Net assets of both branches decreased in amount during the year.
## SUNDROY COMPARISONS
### SCOILL MANUFACTURING COMPANY
### AND SUBSIDIARIES

<table>
<thead>
<tr>
<th>Description</th>
<th>1943</th>
<th>1942</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes—property and sundry</td>
<td>$1,100,336</td>
<td>$1,160,632</td>
</tr>
<tr>
<td>Taxes—social security</td>
<td>1,352,934</td>
<td>1,100,975</td>
</tr>
<tr>
<td>Maintenance and repairs, etc.</td>
<td>7,078,024</td>
<td>6,230,050</td>
</tr>
<tr>
<td>Depreciation of plant facilities</td>
<td>1,005,799</td>
<td>982,274</td>
</tr>
<tr>
<td>Amortization of plant facilities</td>
<td>1,141,629</td>
<td>872,753</td>
</tr>
<tr>
<td>Additions to property, plant and equipment</td>
<td>$2,201,854</td>
<td>$2,234,617</td>
</tr>
<tr>
<td>Gross book value of plant items disposed of</td>
<td>493,160</td>
<td>1,847,951</td>
</tr>
<tr>
<td>Net loss on disposals of plant items, charged to reserves for depreciation</td>
<td>35,625</td>
<td>141,311</td>
</tr>
<tr>
<td>Inventories of raw, in process and finished materials, parts, etc</td>
<td>$14,078,286</td>
<td>$14,547,385</td>
</tr>
<tr>
<td>Less reserves</td>
<td>2,624,384</td>
<td>2,572,555</td>
</tr>
<tr>
<td></td>
<td>$11,453,902</td>
<td>$11,974,830</td>
</tr>
<tr>
<td>Stockholders:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residents of Connecticut</td>
<td>6,329</td>
<td>6,176</td>
</tr>
<tr>
<td>Non-residents</td>
<td>3,435</td>
<td>2,707</td>
</tr>
<tr>
<td>Total</td>
<td>9,764</td>
<td>8,883</td>
</tr>
</tbody>
</table>
REPORT OF AUDITORS

New York, N. Y., March 20, 1944

To the Stockholders of

Scovill Manufacturing Company

We have examined the preliminary consolidated balance sheet of Scovill Manufacturing Company and wholly owned subsidiaries as of December 31, 1943, and the preliminary consolidated statements of profit and loss and surplus for the year then ended. We have, except as to the English branch, reviewed the systems of internal control and the accounting procedures of the companies and, without making detailed audits of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances, except for modifications imposed by war conditions as set forth in the following paragraph, and included all procedures which we considered necessary.

It was not practicable to confirm receivables from United States Government departments; as to such receivables we satisfied ourselves by means of other auditing procedures. We were present at factories and principal warehouses where physical inventories were taken, and observed and checked procedures followed in establishing quantities. Prices, basis of valuation and computations were tested. Physical inventories at certain locations were omitted, precluding the usual auditing procedures of observation or test check. The amount of such inventories, approximately $1,900,000 (before deduction of special reserves), represented the balances of ledger controlling accounts. As to such inventories we reviewed the accounting controls and records and satisfied ourselves as to the substantial accuracy of the amounts.

Statements of the English branch, which were not examined by us, have been incorporated in the accompanying financial statements on the basis reported by Chalmers, Wade & Co., independent accountants in England, adjusted by provision for British taxes on income.

In our opinion the consolidated position of Scovill Manufacturing Company and subsidiaries at December 31, 1943 and the final results of operations for the year then ended cannot be presented fairly until determination has been made of matters referred to in Note D to the accompanying financial statements; in all other respects, in our opinion, subject to inventories in the balance sheet being reduced below cost and market by application of reserves, the accompanying preliminary consolidated balance sheet and preliminary consolidated statement of income fairly present the consolidated position of the Company and subsidiaries at December 31, 1943 in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST

12
SCOVILL MANUFACTURING COMPANY

BRANCH OFFICES and WAREHOUSES

* STERLING, OHIO
  310 Sandusky Street
  A. Schaefer's Son Division

* ATLANTA, GEORGIA
  522 Peachtree Street
  The Scovill Manufacturing Corporation

* BIRMINGHAM, ENGLAND
  490 Tynern Road, Edgbaston
  A. Schaefer's Son Division

* BOSTON, MASSACHUSETTS
  413 Summer Street
  Scovill Manufacturing Company
  Oakville Company Division

* CHICAGO, ILLINOIS
  1620 West Washington Boulevard
  Scovill Manufacturing Company
  Oakville Company Division
  Watervile Division

* CINCINNATI, OHIO
  48 Central Avenue
  Scovill Manufacturing Company

* DETROIT, MICHIGAN
  5460 Cedar Avenue
  Scovill Manufacturing Company
  A. Schaefer's Son Division
  4167 Central Avenue
  Watervile Division

* LOS ANGELES, CALIFORNIA
  323 South Soto Street
  Scovill Manufacturing Company
  A. Schaefer's Son Division
  Watervile Division
  Monsey-Van Buren Division

* LYNCHBURG, VIRGINIA
  1561 Market Street
  The Scovill Manufacturing Corporation

MELBOURNE, AUSTRALIA
  Schaefer-Scovill Company Pty. Ltd.

NEW YORK, NEW YORK
  Cadillac Building
  46th Street & Lexington Ave.
  Scovill Manufacturing Company (Incorporated)
  Hamilton Branch Company Division
  Oakville Company Division
  Watervile Division

PHILADELPHIA, PENNSYLVANIA
  16th Street & Chestnut Street
  Scovill Manufacturing Company

PITTSBURGH, PENNSYLVANIA
  2002 W. Liberty Avenue
  Scovill Manufacturing Company

* PROVIDENCE, RHODE ISLAND
  185 Public Street
  Scovill Manufacturing Company

* SAN FRANCISCO, CALIFORNIA
  454 Brannan Street
  Scovill Manufacturing Company
  Oakville Company Division
  Watervile Division
  Monsey-Van Buren Division

* STURGIS, MICHIGAN
  Scovill Manufacturing Company
  Monsey-Van Buren Division
  Watervile Division

SYRACUSE, NEW YORK
  Syracuse-Kenmore Insurance Building
  Scovill Manufacturing Company (Incorporated)

* TORONTO, CANADA
  154 King Street, West
  A. Schaefer's Son Division