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# *Inqilis*

**ANNUAL REPORT 1980**

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MCGILL UNIVERSITY

# Financial Highlights

	1980	1979
Sales . . . . .	<b>\$173,348,000</b>	\$154,527,000
Net earnings . . . . .	<b>\$ 2,213,000</b>	\$ 4,125,000
Per share . . . . .	<b>\$ 1.68</b>	\$ 3.13
Dividends paid . . . . .	<b>\$ 737,000</b>	\$ 737,000
Per share . . . . .	<b>\$ .56</b>	\$ .56
Working Capital . . . . .	<b>\$ 33,429,000</b>	\$ 34,528,000
Shareholders' equity . . . . .	<b>\$ 36,026,000</b>	\$ 34,550,000
Per share . . . . .	<b>\$ 27.38</b>	\$ 26.26

## INGLIS LIMITED

14 Strachan Avenue, Toronto, Canada M6K 1W6

Le secrétaire, au siège social, vous fera volontiers parvenir un exemplaire du rapport annuel en français, sur demande.

# Report of the Board of Directors

To the Shareholders:

Your Directors present herewith the Annual Report of your Company for the year ended December 31, 1980.

Net sales for the year ended December 31, 1980 amounted to \$173,348,000 compared to net sales of \$154,527,000 for the year ended December 31, 1979. Net earnings for 1980 were \$2,213,000 or \$1.68 per share as compared with net earnings of \$4,125,000 or \$3.13 per share for 1979.

Results for 1980 were adversely affected by sharply escalating material costs that were only partially offset by increases in selling prices, the full positive impact of most of such increases being reflected in results of fourth quarter operations. While total industry unit shipments of major home appliances in those segments of the market in which the Company participates declined as compared to 1979, Inglis' unit shipments increased over the previous year and resulted in increased market share for all of the Company's major product lines for the second successive year.

Some of the highlights of our 1980 operations were:

- The Company acquired an additional acre of land adjacent to the Toronto Plant property to further augment its parking and as a hedge for possible future expansion.
- The Company acquired approximately six acres of land located adjacent to the intersection of Highway 401 and Mississauga Road in the City of Mississauga, the municipality at the west of Metropolitan Toronto, for the site of a new Administration Centre, construction of which is nearing completion. The Centre will house approximately 190 administrative employees and occupancy is expected to be completed by June, 1981. The space made available at the Toronto Plant by the transfer of personnel will be used for expansion of manufacturing operations.
- The Company was successful in obtaining orders for new business in both the domestic and export markets, which are expected to reflect increased sales in 1981.

In January, 1981, the Company introduced, for the first time in Canada, solid state electronic touch control laundry appliances. These solid state appliances herald the beginning of the use of electronic technology by Inglis in Canada and your Company is pleased to be the leader in making them available to Canadian customers.

Your Directors wish to record their appreciation of the dedication and effort of the employees and the support of our customers and suppliers during the past year.

On behalf of the Board,



**Robert J. Collins-Wright**  
President and Chief Executive Officer

February 25, 1981



**Robert B. Willemin**  
Chairman of the Board

# Balance Sheet

December 31, 1980 (with comparative figures at December 31, 1979) (000's)

## INGLIS LIMITED

(Incorporated under the laws of Ontario)

<b>Assets</b>	<b>1980</b>	<b>1979</b>
<b>Current assets</b>		
Short-term notes . . . . .	<b>\$ 4,500</b>	\$ 4,500
Accounts receivable (note 2) . . . . .	<b>12,942</b>	10,321
	<b>17,442</b>	14,821
Inventories (note 2)—		
Finished products . . . . .	<b>25,025</b>	24,281
Materials and work in process . . . . .	<b>15,581</b>	16,695
	<b>40,606</b>	40,976
Deferred taxes and prepaid expenses . . . . .	<b>1,471</b>	976
Total current assets	<b>59,519</b>	56,773
<b>Fixed assets</b>		
Land . . . . .	<b>2,181</b>	1,062
Buildings . . . . .	<b>10,742</b>	9,449
Equipment . . . . .	<b>19,138</b>	18,507
	<b>32,061</b>	29,018
Less accumulated depreciation . . . . .	<b>16,014</b>	14,429
	<b>16,047</b>	14,589
Unamortized tooling costs . . . . .	<b>1,462</b>	1,550
Assets under capital leases (note 3) . . . . .	<b>829</b>	627
	<b>18,338</b>	16,766
	<b>\$77,857</b>	\$73,539

On behalf of the Board:

Robert B. Willemin, Director

Robert J. Collins-Wright, Director

(See accompanying notes to financial statements)

# Inglis

<b>Liabilities</b>	<u>1980</u>	<u>1979</u>
<b>Current liabilities</b>		
Bank advances (note 2) . . . . .	\$ 46	\$ 309
Accounts payable, warranties and accrued charges . . . . .	21,226	17,729
Income and other taxes payable . . . . .	2,179	2,450
Deferred service contract revenue . . . . .	1,575	1,652
Obligation under capital leases . . . . .	214	105
Current portion long-term debt . . . . .	850	—
Total current liabilities	<u>26,090</u>	<u>22,245</u>
<b>Provision for warranty</b> . . . . .	<b>1,600</b>	<b>1,750</b>
<b>Deferred income taxes</b> . . . . .	<b>2,356</b>	<b>2,472</b>
<b>Obligation under capital leases</b> (note 4) . . . . .	<b>849</b>	<b>627</b>
Less current portion . . . . .	<b>214</b>	<b>105</b>
	<u>635</u>	<u>522</u>
<b>Long-term debt</b> (note 5) . . . . .	<b>12,000</b>	<b>12,000</b>
Less current portion . . . . .	<b>850</b>	<b>—</b>
	<u>11,150</u>	<u>12,000</u>
<b>Shareholders' equity</b>		
<b>Capital—</b>		
Authorized		
1,500,000 shares of no par value		
Issued		
1,315,831 shares . . . . .	<b>11,814</b>	<b>11,814</b>
<b>Retained earnings</b> . . . . .	<b>24,212</b>	<b>22,736</b>
	<u>36,026</u>	<u>34,550</u>
	<u><b>\$77,857</b></u>	<u><b>\$73,539</b></u>

## Auditors' Report

To the Shareholders of Inglis Limited:

We have examined the balance sheet of Inglis Limited as at December 31, 1980 and the statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

**Clarkson Gordon**  
Chartered Accountants

Toronto, Canada, February 16, 1981.

## Statement of Earnings

### INGLIS LIMITED

For the year ended December 31, 1980 (with comparative figures for 1979) (000's)

	<u>1980</u>	<u>1979</u>
Sales . . . . .	<b>\$173,348</b>	\$154,527
Earnings on operations before the undernoted . . . . .	<b>\$ 7,203</b>	\$ 10,433
Less:		
Depreciation and amortization . . . . .	<b>2,518</b>	2,439
Interest on long-term debt . . . . .	<b>1,320</b>	1,320
Other interest expense . . . . .	<b>424</b>	446
Interest income . . . . .	<b>(184)</b>	(221)
	<b>4,078</b>	3,984
Earnings before income taxes . . . . .	<b>3,125</b>	6,449
Income taxes . . . . .	<b>912</b>	2,324
<b>Net earnings for the year . . . . .</b>	<b>\$ 2,213</b>	\$ 4,125
Earnings per share . . . . .	<b>\$ 1.68</b>	\$ 3.13

## Statement of Retained Earnings

### INGLIS LIMITED

For the year ended December 31, 1980 (with comparative figures for 1979) (000's)

	<u>1980</u>	<u>1979</u>
<b>Retained earnings, beginning of year . . . . .</b>	<b>\$ 22,736</b>	\$ 19,348
<b>Net earnings for the year . . . . .</b>	<b>2,213</b>	4,125
	<b>24,949</b>	23,473
Dividends . . . . .	<b>737</b>	737
<b>Retained earnings, end of year . . . . .</b>	<b>\$ 24,212</b>	\$ 22,736

(See accompanying notes to financial statements)

# Statement of Changes in Financial Position

## INGLIS LIMITED

For the year ended December 31, 1980 (with comparative figures for 1979) (000's)

	<u>1980</u>	<u>1979</u>
<b>Source of funds:</b>		
Operations—		
Net earnings for the year. . . . .	<b>\$ 2,213</b>	\$ 4,125
Add items not requiring an outlay of working capital:		
Depreciation and amortization . . . . .	<b>2,518</b>	2,439
Deferred income taxes. . . . .	<b>(116)</b>	(207)
	<u><b>4,615</b></u>	<u>6,357</u>
<b>Application of funds</b>		
Additions to fixed assets . . . . .	<b>3,675</b>	1,757
Current maturities of long-term debt. . . . .	<b>850</b>	—
Decrease in long-term warranty provision. . . . .	<b>150</b>	155
Current maturities of obligation under capital leases. . . . .	<b>302</b>	105
Dividends . . . . .	<b>737</b>	737
	<u><b>5,714</b></u>	<u>2,754</u>
<b>Increase (decrease) in working capital . . . . .</b>	<b>(1,099)</b>	3,603
<b>Working capital, beginning of year . . . . .</b>	<b>34,528</b>	30,925
<b>Working capital, end of year . . . . .</b>	<b><u>\$33,429</u></b>	<b><u>\$34,528</u></b>

(See accompanying notes to financial statements)

# Notes to Financial Statements

## INGLIS LIMITED

December 31, 1980

### 1. Summary of principal accounting policies

#### Inventories—

Inventories are valued at the lower of cost on a first-in, first-out basis or net realizable value.

#### Fixed assets—

Land, buildings and equipment are stated at cost. Depreciation is based on the estimated average useful lives of the various classes of assets, calculated on the straight-line method at rates varying from 2½% to 25%. Upon sale or retirement, the cost of the asset and the related accumulated depreciation are removed from the accounts and any gain or loss thereon is taken into earnings.

Major tooling costs are amortized over one to five years based on the estimated useful life of the tool.

#### Service contract revenue—

Service contract revenue is deferred on receipt and amortized over the one-year term of the service contract.

#### Product warranty—

The company recognizes the estimated cost of warranty obligations to the consumers of its products at the time the product is sold.

#### Income taxes—

As a result of differences in the timing of expenses for tax and book purposes, income taxes currently payable differ from the provision for taxes shown on the statement of earnings. Deferred taxes applicable to the current portion of warranty obligations and differences relating to current assets giving rise to current deferred taxes payable have been grouped and shown with prepaid expenses.

#### Leases—

Leases are classified as either capital or operating leases. A lease that transfers substantially all of the benefits and risks incident to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of such lease. Assets recorded under capital leases are amortized on the same straight-line method described under the caption "Fixed assets" above. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.

Deferred taxes applicable to the use of accelerated depreciation for income tax purposes, and to other non-current items, are classified as deferred income taxes.

#### Investment tax credits—

The benefits arising from the investment tax credit provisions of the Income Tax Act are treated as a reduction of the current year's income tax provision.

#### Foreign exchange—

Current assets and liabilities in United States currency have been converted into Canadian dollars at the rate of exchange in effect at December 31, 1980.

### 2. Bank advances

Accounts receivable and inventories have been pledged to the bank as security for the bank advances.

### 3. Assets under capital leases

(a) The following is an analysis of equipment under capital lease:

Equipment (cost)	\$671,000
Less accumulated amortization	134,000
	<u>\$537,000</u>

The equipment under the capital lease will be amortized on a straight-line basis over its useful life of five years.

(b) The following is an analysis of vehicles under capital lease:

Vehicles (cost)	\$371,000
Less accumulated amortization	79,000
	<u>\$292,000</u>

The vehicles under the capital lease will be amortized on a straight-line basis over its useful life of three years.

### 4. Obligation under capital leases

The following is a schedule of future minimum lease payments under capital leases together with the balances of the obligations:

1981	\$ 330,000
1982	323,000
1983	304,000
1984	130,000
Total minimum lease payments	1,087,000
Less amount representing interest	238,000
Balance of the obligation	<u>\$ 849,000</u>

### 5. Long-term debt

At December 31, 1980, \$12,000,000 of 11% Secured Sinking Fund Debentures, Series "A", maturing February 1, 1994 were outstanding with sinking fund payments commencing February 1, 1981 at the rate of \$850,000 annually to 1993 and \$950,000 at maturity.

These debentures are secured by a first floating charge on the undertaking and assets of the company subject to the pledge of assets referred to in note 2. The trust indenture includes provisions relating to the level of working capital and restrictions on payment of dividends. The most restrictive of the provisions limits dividends to 70% of the net earnings accumulated after December 31, 1975. The accumulated amount (as defined) available for the payment of dividends is \$7,268,000 as at December 31, 1980.

### 6. Commitments

(a) Based on the latest actuarial valuation of the company's pension and retirement plans, it is estimated that the unfunded obligation of the company for past service pension benefits is approximately \$2,600,000. The obligation will be funded and absorbed against income by annual payments to the Trustee based upon amortization periods not exceeding fourteen years.

(b) During the year the company purchased land and began construction of a new administration centre. The total estimated cost of the centre is approximately \$3,900,000 of which \$2,161,000 had been incurred to December 31, 1980. The new centre is expected to be completed by June 1981.

### 7. Related party transactions

Whirlpool Corporation and Simpsons-Sears are associated companies of Inglis and account for their investments in the company on an equity basis.

During the year the company acquired goods and services totalling \$13,498,000 from Whirlpool Corporation and the balance owing to Whirlpool at December 31, 1980 amounted to \$335,000.

Approximately 39% of the company's sales in 1980 were made to Simpsons-Sears and at December 31, 1980 there were no material balances outstanding.



# Five Year Statistical Review 1976—1980

(In Thousands of Dollars)

## INGLIS LIMITED

	1980	1979	1978	1977	1976
<b>Operations</b>					
Sales . . . . .	\$173,348	\$154,527	\$133,699	\$122,644	\$121,792
Earnings before income taxes . . . . .	\$ 3,125	\$ 6,449	\$ 5,950	\$ 1,658	\$ 5,406
Per cent to sales . . . . .	1.8%	4.2%	4.5%	1.4%	4.4%
Net earnings for the year . . . . .	\$ 2,213	\$ 4,125	\$ 3,981	\$ 1,343	\$ 3,080
Per cent to sales . . . . .	1.3%	2.7%	3.0%	1.1%	2.5%
Per share . . . . .	\$ 1.68	\$ 3.13	\$ 3.03	\$ 1.02	\$ 2.34
Earned on shareholders' equity . . . . .	6.3%	12.6%	13.5%	4.9%	12.0%
Dividends paid . . . . .	\$ 737	\$ 737	\$ 526	\$ 526	\$ 526
Per share . . . . .	\$ .56	\$ .56	\$ .40	\$ .40	\$ .40
Depreciation on buildings and equipment . . . . .	\$ 1,583	\$ 1,573	\$ 1,636	\$ 1,463	\$ 1,221
Amortization of tooling . . . . .	\$ 722	\$ 866	\$ 787	\$ 431	\$ 464
Amortization of capital leases . . . . .	\$ 213	—	—	—	—
Additions to land, buildings and equipment—net . . . . .	\$ 3,041	\$ 1,323	\$ 400	\$ 4,314	\$ 3,629
Additions to tooling . . . . .	\$ 634	\$ 434	\$ 607	\$ 1,409	\$ 682
Additions to capital leases . . . . .	\$ 415	\$ 627	—	—	—
<b>Balance Sheet</b>					
Working capital . . . . .	\$ 33,429	\$ 34,528	\$ 30,925	\$ 26,203	\$ 20,310
Ratio of current assets to current liabilities . . . . .	2.28:1	2.55:1	2.63:1	2.40:1	1.88:1
Land, buildings and equipment—net . . . . .	\$ 16,047	\$ 14,589	\$ 14,839	\$ 16,075	\$ 13,224
Unamortized tooling . . . . .	\$ 1,462	\$ 1,550	\$ 1,982	\$ 2,162	\$ 1,184
Unamortized capital leases . . . . .	\$ 829	\$ 627	—	—	—
Long-term debt . . . . .	\$ 11,150	\$ 12,000	\$ 12,000	\$ 12,000	\$ 4,000
Shareholders' equity—					
Capital . . . . .	\$ 11,814	\$ 11,814	\$ 11,814	\$ 11,814	\$ 11,814
Retained earnings . . . . .	\$ 24,212	\$ 22,736	\$ 19,348	\$ 15,893	\$ 15,076
	\$ 36,026	\$ 34,550	\$ 31,162	\$ 27,707	\$ 26,890
Number of shares outstanding (in thousands) . . . . .	1,316	1,316	1,316	1,316	1,316
Book value per share . . . . .	\$ 27.38	\$ 26.26	\$ 23.68	\$ 21.06	\$ 20.44
<b>Non-Financial</b>					
Number of employees (year end) . . . . .	1,955	1,932	2,090	1,881	2,070
Number of shareholders (year end) . . . . .	721	786	842	869	929

## Directors

**Donald S. Anderson**

**Herbert K. Anspach**

**Hervé Belzile, C.A.**

**Sidney L. Boyar**

**Air Marshal Hugh Campbell, C.B.E., C.D.**

**Robert J. Collins-Wright**

**James D. Irving, M.B.E.**

**Douglas J. Peacher**

**Donald M. Pringle, Q.C.**

**R. Barrett Simpson**

**Robert B. Willemin**

### Bankers

The Royal Bank of Canada  
Royal Bank Plaza,  
Toronto, Canada M5J 2J5

### Auditors

Clarkson Gordon  
P.O. Box 251,  
Toronto-Dominion Centre,  
Toronto, Canada M5K 1J7

### Transfer Agent and Registrar

Canada Permanent Trust Company  
20 Eglinton Avenue West,  
Toronto, Canada M4R 2E2

600 Dorchester Boulevard West,  
Montreal, Canada H3B 1N6

### Stock Exchanges

Common Stock of Inglis Limited  
is listed on The Toronto Stock Exchange  
and the Montreal Stock Exchange.

The exchange symbol for Inglis Limited is ING.

## Officers

**Robert B. Willemin**

Chairman of the Board

**Robert J. Collins-Wright**

President and Chief Executive Officer

**Alfred C. Chink**

Vice President—Finance  
and Treasurer

**Gordon I. Forsell**

Vice President—  
Inglis and Whirlpool Sales

**Peter A. Ketchum**

Vice President—  
Management Information  
Systems and  
Physical Distribution

**Leonard G. Patterson**

Vice President—  
Manufacturing Operations

**G. Douglas Smith**

Vice President—  
Personnel

**Norman A. Stewart**

Vice President—  
Consumer Services

**Donald H. Hobbs**

Corporate Secretary

**The complete Inglis product line is listed below:**

automatic washers

automatic dryers

refrigerators

ranges

dishwashers

Trash Masher compactors

dehumidifiers

fuel pumps

coin operated laundry equipment

commercial icemakers



INGLIS LIMITED

14 Strachan Avenue, Toronto, Canada M6K 1W6

