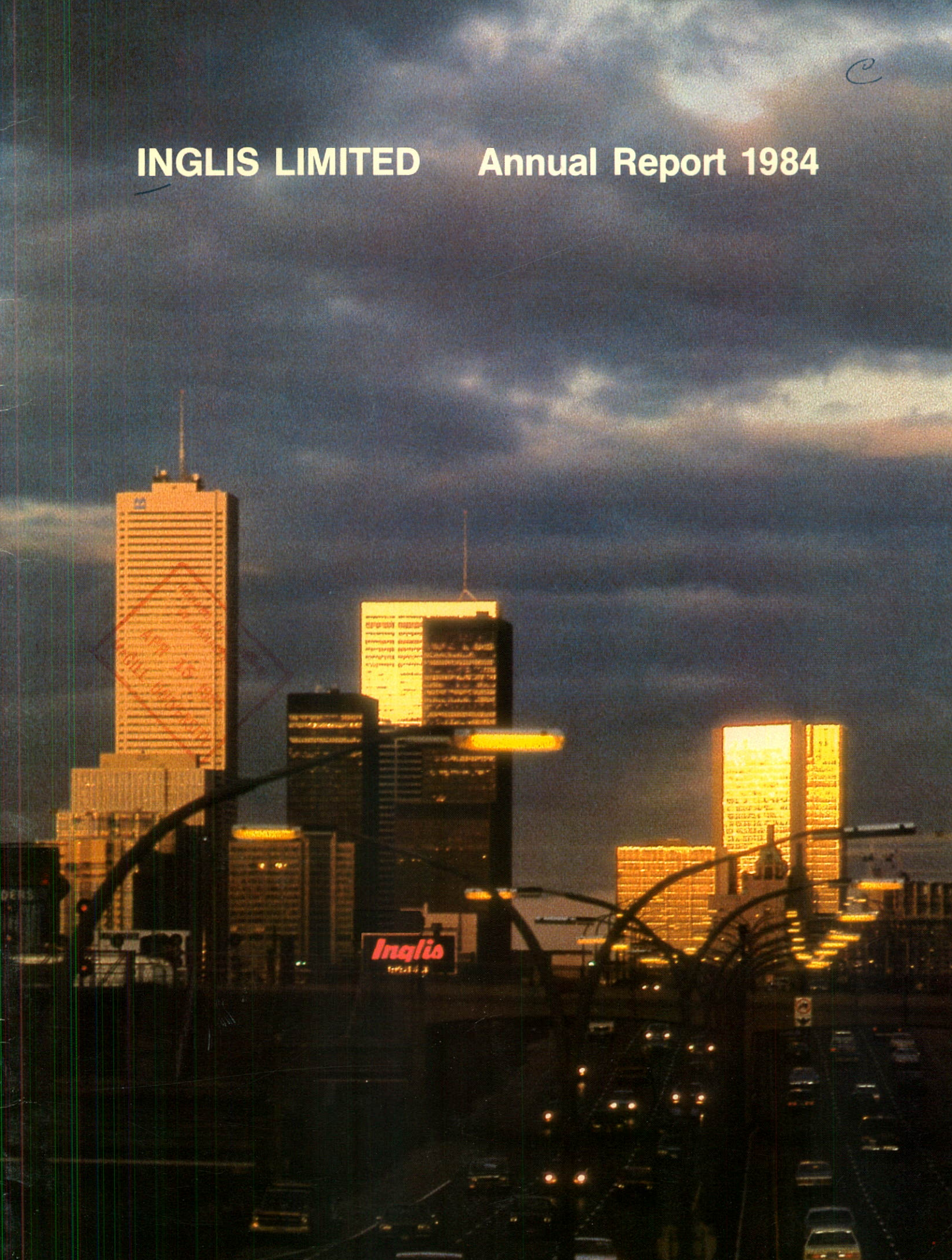


©

# INGLIS LIMITED Annual Report 1984



**Inglis**  
1984-85

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## Company Profile

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Inglis Limited manufactures and markets major home appliances as well as certain other related products.

With head office in Mississauga, the Company operates four production plants in southern Ontario, one in Toronto, which manufactures automatic washers, one in Stoney Creek, which produces refrigerators, one in Mississauga, which produces refrigerators and dehumidifiers, and one in Cambridge which produces automatic dryers and dishwashers. A fifth factory in Montmagny, Quebec, produces electric ranges and built-in ovens. Inglis employees now number approximately 2,500.

The Company markets its products for nation-wide sale under the Inglis, Whirlpool and Admiral brand names through the Company's own sales offices in Halifax, Montreal, Toronto, Winnipeg, Calgary, Edmonton and Vancouver. Sears Canada Inc. is a major customer of the Company's products.

Inglis maintains a service administration and national parts distribution centre in Mississauga, not far from Metropolitan Toronto, as well as 20 Company-owned service branches across the country. The Company also has a network of more than 500 authorized service depots coast to coast.

### ANNUAL MEETING

The annual meeting of shareholders will be held on Friday, April 26, 1985 at 9 a.m., at the head office of the Company, 1901 Minnesota Court, Mississauga, Ontario.

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

*Pictured on the cover is the Inglis flashing sign adjacent to the Gardiner Expressway in Toronto, Ontario.*

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## Financial Highlights

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	1984	1983
Sales	\$286,880,000	\$308,598,000
Net earnings	9,388,000	15,728,000
Dividends paid	1,211,000	974,000
Working capital	41,917,000	41,819,000
Shareholders' equity	65,775,000	57,598,000
Per share of common stock *		
Net earnings	\$1.78	\$2.99
Dividends	.23	.19
Book value	12.50	10.94

\*1983 figures have been restated to reflect the four-for-one stock split that was effective May 18, 1984.

### CONTENTS

Directors' Report	2
Financial Statements	4
Five Year Statistical Review	10
Directors and Officers	11
Corporate Information	12
Products	12

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## Report of the Board of Directors

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Robert J. Collins-Wright

### TO THE SHAREHOLDERS:

Your directors present herewith the Annual Report of your Company for the year ended December 31, 1984.

Net sales for the year ended December 31, 1984 amounted to \$286,880,000, compared to \$308,598,000 for the year ended December 31, 1983. Net earnings for 1984 were \$9,388,000 or \$1.78 per share, as compared to \$15,728,000 or \$2.99 per share for 1983. Net earnings per share for 1983 have been restated to reflect the four-for-one stock split that was effective May 18, 1984.

The reduced sales activity in 1984 was primarily a reflection of a decline in total industry unit shipments of major home appliances in those segments of the

market in which the Company participates. As well, the eighteen-week work stoppage at the Company's manufacturing facility in Montmagny, Quebec, had an adverse effect on sales.

During a year of extremely competitive market conditions, cost increases not entirely offset by increases in selling prices had an adverse effect on net earnings as did the work stoppage in Montmagny. The significant improvement in earnings reported for 1983 was enhanced by non-recurring gains resulting from the 1982 Admiral acquisition.

Five new directors were elected to the board in 1984: Robert J. Flautt, Senior Vice President of Whirlpool Corporation; Christopher G. Fleming, Vice Chairman of National Victoria and Grey Trust Company; Roger Lachapelle, President and Chief Executive Officer of Corby Distilleries Limited; Jack D. Sparks, Chairman of the Board, President and Chief Executive Officer of Whirlpool Corporation, and George E. Wardeberg, Executive Vice President of Whirlpool Corporation. The broad experience of these gentlemen will enable them to make significant contributions to the Inglis Board of Directors. President and Chief Executive Officer Robert Collins-Wright was named to the additional post of Chairman of the Board.

Five members also left the board in 1984: Donald S. Anderson (10 years service) and Sidney L. Boyar (12 years service) both reached the Board of Directors' mandatory retirement age and did not stand for re-election; Robert B. Willemin (14 years service), who served with distinction as Chairman of the Board for more than thirteen years, also did not stand for re-election; Mr. C. Richard Sharpe (3 years service) submitted his resignation from the board as did John H. Eser following his retirement from Whirlpool Corporation.

During the year, the project to relocate the dryer production line from the Company's Toronto plant to its

Cambridge plant was successfully completed as was the 53,000 sq. ft. warehouse addition at the Company's Laval, Quebec, facility.

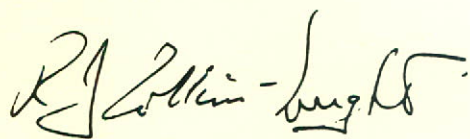
In January 1985, the Company announced its plan to relocate its dishwasher manufacturing operations from its Stoney Creek plant to its Cambridge plant during the last half of 1985, based on the need for manufacturing efficiencies and economies, in order to enable the Company to maintain its competitive market position.

Also in January 1985, it was announced that Whirlpool Corporation had increased its holdings in Inglis to approximately 50.4 per cent by buying shares on the open market over the past several months. Management views this increased ownership as an additional indication of Whirlpool's confidence in Inglis and a strengthening of the relationship between the Companies which will assist Inglis to be more competitive as it faces increased domestic and offshore competition.

Current industry forecasts call for a modest increase in factory unit shipments in 1985 over 1984 levels and Management is optimistic that 1985 will prove to be a reasonably good year for the Company.

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

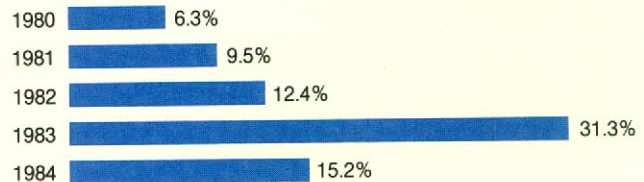
On behalf of the Board,



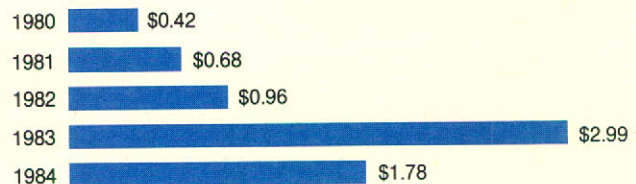
Robert J. Collins-Wright  
Chairman of the Board,  
President and Chief Executive Officer

February 28, 1985

### Return on Shareholders' Equity (per cent)

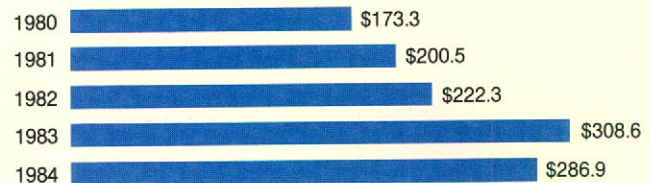


### Net Earnings Per Common Share (dollars)



### Sales

(millions of dollars)



**INGLIS LIMITED**

(Incorporated under the laws of Ontario)

**Balance Sheet** at December 31

ASSETS	1984	1983
<b>Current</b>		
Short-term investments	\$ 8,839,000	\$ 20,819,000
Accounts receivable	19,393,000	22,238,000
Inventories (note 2)	66,151,000	67,026,000
Deferred taxes and prepaid expenses	2,373,000	2,138,000
<b>Total current assets</b>	<b>96,756,000</b>	<b>112,221,000</b>
<b>Fixed assets</b>		
Land	4,693,000	4,795,000
Buildings	19,570,000	18,623,000
Equipment	30,417,000	24,670,000
	54,680,000	48,088,000
Less accumulated depreciation	21,812,000	19,991,000
	32,868,000	28,097,000
Unamortized tooling costs	2,983,000	1,524,000
	35,851,000	29,621,000
	<b>\$132,607,000</b>	<b>\$141,842,000</b>

(See accompanying notes)

**Auditors' Report**

To the Shareholders of Inglis Limited:

We have examined the balance sheet of Inglis Limited as at December 31, 1984 and the statements of income and 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, 1984

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.

Toronto, Canada,  
February 7, 1985.

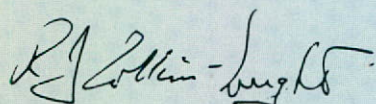
*Clarkson Gordon*  
Chartered Accountants

LIABILITIES	1984	1983
<b>Current</b>		
Bank loans and advances	\$ 6,164,000	\$ 10,980,000
Accounts payable, warranties and accrued charges	40,395,000	39,909,000
Income and other taxes payable	3,239,000	12,010,000
Deferred service contract revenue	3,050,000	3,247,000
Current portion of long-term debt (note 3)	1,991,000	4,256,000
Total current liabilities	54,839,000	70,402,000
Warranty provision	1,952,000	2,606,000
Deferred income taxes	3,192,000	1,452,000
Long-term debt (note 3)	6,849,000	9,784,000

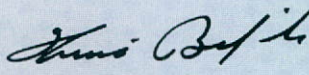
#### SHAREHOLDERS' EQUITY

<b>Capital—</b>		
Authorized		
40,000,000 shares of no par value (note 5)		
Issued		
5,263,324 shares	11,814,000	11,814,000
Retained earnings (note 4)	53,961,000	45,784,000
	65,775,000	57,598,000
	\$132,607,000	\$141,842,000

On behalf of the Board:



ROBERT J. COLLINS-WRIGHT  
Director



HERVÉ BELZILE  
Director

# Statement of Income and Retained Earnings

Year ended December 31

	1984	1983
Sales	\$286,880,000	\$308,598,000
Earnings before the undernoted expenses	\$ 18,939,000	\$ 32,014,000
Depreciation and amortization	2,842,000	3,502,000
Interest on long-term debt	824,000	1,799,000
Other interest (net)	851,000	278,000
	4,517,000	5,579,000
Earnings before income taxes	14,422,000	26,435,000
Income taxes (note 6)	5,034,000	10,707,000
<b>Net earnings for the year</b>	<b>9,388,000</b>	<b>15,728,000</b>
Dividends	1,211,000	974,000
	8,177,000	14,754,000
<b>Retained earnings, beginning of year</b>	<b>45,784,000</b>	<b>31,030,000</b>
<b>Retained earnings, end of year (note 4)</b>	<b>\$ 53,961,000</b>	<b>\$ 45,784,000</b>
Earnings per share (note 5)	\$1.78	\$2.99

(See accompanying notes)



# Statement of Changes in Financial Position

Year ended December 31

	1984	1983
<b>Source of funds</b>		
Operations—		
Net earnings for the year	\$ 9,388,000	\$15,728,000
Add (deduct) items not affecting working capital		
Depreciation and amortization	2,842,000	3,502,000
(Gain) loss on disposal of fixed assets	(134,000)	1,228,000
Deferred income taxes	1,740,000	(648,000)
Warranty provision	(654,000)	302,000
	13,182,000	20,112,000
Proceeds on disposition of fixed assets	597,000	262,000
Long-term debt issued		150,000
	13,779,000	20,524,000
<b>Application of funds</b>		
Additions to fixed assets	9,535,000	3,732,000
Reduction of long-term debt	2,935,000	15,356,000
Dividends	1,211,000	974,000
	13,681,000	20,062,000
Increase in working capital	98,000	462,000
Working capital, beginning of year	41,819,000	41,357,000
Working capital, end of year	\$41,917,000	\$41,819,000

(See accompanying notes)

# Notes to Financial Statements December 31, 1984

## 1. Significant accounting policies

These financial statements are prepared in accordance with accounting principles generally accepted in Canada, the more significant of which are as follows:

### (a) Inventories—

Inventories are valued at the lower of cost or net realizable value. Cost is determined on a first-in, first-out basis and includes material, direct labour and applied manufacturing overhead costs.

### (b) 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 the following rates:

Buildings—2½% to 5%
Equipment—10% 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 their estimated useful life.

### (c) Service contract revenue—

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

### (d) Product warranty—

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

### (e) Deferred income taxes—

Timing differences between reported income and taxable income, principally capital cost allowance claimed for tax purposes in excess of depreciation provided in the financial statements, result in a difference between income taxes currently payable and the provision for taxes on the statement of income and retained earnings. 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. Current deferred taxes applicable to the current portion of warranty obligations and differences relating to current assets have been grouped with prepaid expenses.

### (f) 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.

### (g) Foreign exchange—

Foreign currency transactions are translated into Canadian dollars at the rates prevailing on the date of the transactions. Current assets and liabilities in foreign currencies at the close of the year are translated at the year-end rate of exchange.

## 2. Inventories

Inventories consist of:

	1984	1983
	(in thousands)	
Finished products	\$41,839	\$42,250
Materials and work in process	24,312	24,776
	<u>\$66,151</u>	<u>\$67,026</u>

## 3. Long-term debt

	1984	1983
	(in thousands)	
11% secured sinking fund debentures, Series "A" \$1,700,000 due annually from 1985 to 1987 and \$1,800,000 at maturity in 1988	\$ 6,900	\$ 8,600
Mortgages, due 1984, with interest at 2% below prime, repayable at any time		2,500
Government of Canada non-interest bearing capital assistance loans due 1985 to 1990	1,940	1,940
Ontario Development Corporation debenture, interest free to 1984 and at 16½% for 1985, due 1984 and 1985		1,000
	<u>8,840</u>	<u>14,040</u>
Less current portion	1,991	4,256
	<u>\$ 6,849</u>	<u>\$ 9,784</u>

A first fixed and floating charge on all lands, buildings, machinery and equipment has been provided as collateral for the 11% debentures. Repayments on long-term debt are as follows: 1986—\$2,088,000; 1987—\$2,088,000; 1988—\$2,188,000; 1989—\$388,000 and 1990—\$97,000.

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#### 4. Restrictions on distributions of retained earnings

The trust indenture for the 11% debenture includes provisions relating to the level of working capital and restrictions on payment of dividends. As at December 31, 1984, dividends of up to \$26,900,000 could be distributed.

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#### 5. Share capital

During 1984 the shareholders of the Company authorized a split of the Company's common shares on the basis of 4 new shares for 1 old share.

At the same time the authorized number of common shares was increased to 40 million. Earnings per share for 1983 has been restated to reflect the split.

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#### 6. Variations in the effective income tax rate

	1984	1983
The Company's income tax rate is made up as follows:		
Combined basic Canadian federal and provincial income tax rate	49.1%	49.7%
Increase (decrease) in tax rate resulting from—		
Manufacturing and processing profits deduction	(3.4)	(5.7)
Inventory allowance	(6.0)	(3.6)
Investment tax credit	(1.6)	
Miscellaneous	(3.2)	0.1
Effective income tax rate	34.9%	40.5%

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#### 7. Lease commitments

Future payments under operating leases with a term of more than one year are as follows: 1985—\$2,816,000; 1986—\$2,518,000; 1987—\$2,192,000; 1988—\$322,000; and 1989—\$101,000.

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#### 8. Pension and Retirement plans

Based on the latest actuarial estimate at December 31, 1984 of the Company's pension and retirement plans, the unfunded obligation for past service pension benefits is approximately \$3,000,000. This obligation will be amortized over periods not exceeding fourteen years.

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#### 9. Related party transactions

Whirlpool Corporation and Sears Canada Inc. are associated companies and account for their investments in the Company on an equity basis.

During the year, the Company made sales to and acquired goods and services from Whirlpool Corporation of \$1,691,000 and \$12,522,000 respectively (1983—\$4,573,000 and \$12,800,000). An amount payable of \$2,141,000 (1983—\$945,000) is outstanding to Whirlpool Corporation at year end.

Approximately 34% (1983—31%) of the Company's sales in 1984 were made to Sears Canada Inc. and at December 31, 1984 there is a receivable balance of \$946,000 outstanding (1983—\$877,000).

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#### 10. Segmented information

The Company operates in one industry, the manufacture and sale of major appliances in Canada.

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#### 11. Subsequent event

In January 1985, Whirlpool Corporation announced that it had increased its holding to approximately 50.4% of the Company's issued shares.

## Five Year Statistical Review 1980—1984

(thousands of dollars except per share)

	1984	1983	1982	1981	1980
<b>Operations</b>					
Sales	\$286,880	\$308,598	\$222,266	\$200,516	\$173,348
Earnings before income taxes	\$ 14,422	\$ 26,435	\$ 8,584	\$ 5,701	\$ 3,125
Per cent to sales	5.0%	8.6%	3.9%	2.8%	1.8%
Net earnings for the year	\$ 9,388	\$ 15,728	\$ 5,045	\$ 3,563	\$ 2,213
Per cent to sales	3.3%	5.1%	2.3%	1.8%	1.3%
Per share <sup>*</sup>	\$ 1.78	\$ 2.99	\$ .96	\$ .68	\$ .42
Earned on shareholders' equity	15.2%	31.3%	12.4%	9.5%	6.3%
Dividends paid	\$ 1,211	\$ 974	\$ 895	\$ 895	\$ 737
Per share <sup>*</sup>	\$ .23	\$ .19	\$ .17	\$ .17	\$ .14
Depreciation on buildings and equipment	\$ 1,994	\$ 2,110	\$ 2,092	\$ 2,343	\$ 1,796
Amortization of tooling	\$ 848	\$ 1,392	\$ 917	\$ 826	\$ 722
Additions to land, buildings and equipment—net	\$ 6,765	\$ 1,491	\$ 13,762	\$ 3,148	\$ 3,456
Additions to tooling	\$ 2,307	\$ 751	\$ 1,188	\$ 1,258	\$ 634
<b>Balance Sheet</b>					
Working capital	\$ 41,917	\$ 41,819	\$ 41,357	\$ 34,305	\$ 33,429
Ratio of current assets to current liabilities	1.76:1	1.59:1	1.93:1	2.15:1	2.28:1
Land, buildings and equipment—net	\$ 32,868	\$ 28,097	\$ 28,716	\$ 17,046	\$ 16,047
Unamortized tooling	\$ 2,983	\$ 1,524	\$ 2,165	\$ 1,894	\$ 1,462
Long-term debt	\$ 6,849	\$ 9,784	\$ 24,990	\$ 10,300	\$ 11,150
Shareholders' equity					
Capital	\$ 11,814	\$ 11,814	\$ 11,814	\$ 11,814	\$ 11,814
Retained earnings	\$ 53,961	\$ 45,784	\$ 31,030	\$ 26,880	\$ 24,212
	\$ 65,775	\$ 57,598	\$ 42,844	\$ 38,694	\$ 36,026
Number of shares outstanding (in thousands) <sup>*</sup>	5,263	5,263	5,263	5,263	5,263
Book value per share <sup>*</sup>	\$ 12.50	\$ 10.94	\$ 8.14	\$ 7.35	\$ 6.84
<b>Non-Financial</b>					
Number of employees (year end)	2,542	2,869	2,484	1,977	1,955
Number of shareholders (year end)	547	571	630	686	721

<sup>\*</sup>Restated for 1983 and prior years to reflect the four-for-one stock split that was effective May 18, 1984.

### Current Cost Information (unaudited)

The Canadian Institute of Chartered Accountants has issued recommendations entitled "Reporting the Effects of Changing Prices". These recommendations have not been fully implemented as Management believes the information that would be provided using the methods suggested involves numerous estimates and subjective assumptions which might impair the validity of the information provided to the shareholders. Had the recommendations been adopted using specific price level indices, the depreciation and amortization charge would have increased by approximately \$844,000 (1983 \$574,000) and cost of sales decreased by approximately \$581,000 (1983—increase \$505,000).

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## Directors and officers

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### DIRECTORS

**Hervé Belzile, F.C.A.**

Chairman and Chief Executive Officer  
Alliance Mutual Life Insurance Company

**Robert J. Collins-Wright**

Chairman of the Board, President  
and Chief Executive Officer  
Inglis Limited

**Robert J. Flautt**

Senior Vice President and Treasurer  
Whirlpool Corporation

**Christopher G. Fleming**

Vice Chairman  
National Victoria and Grey Trust Company

**Roger Lachapelle**

President and Chief Executive Officer  
Corby Distilleries Limited

**Arthur H. Mingay**

Chairman of the Board and  
the Executive Committee  
The Canada Trust Company

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

Senior Partner  
Lash, Johnston

**R. Barrett Simpson**

Former Vice President and Treasurer  
Inglis Limited

**Jack D. Sparks**

Chairman of the Board, President  
and Chief Executive Officer  
Whirlpool Corporation

**George E. Wardeberg**

Executive Vice President  
Whirlpool Corporation

### OFFICERS

**Robert J. Collins-Wright**

Chairman of the Board, President  
and Chief Executive Officer

**Alfred C. Chink**

Vice President—Finance and Treasurer

**Gordon I. Forsell**

Vice President—  
Inglis, Whirlpool and Admiral Sales

**Peter A. Ketchum**

Vice President—  
Management Information Systems and  
Physical Distribution

**Leonard G. Patterson**

Vice President—  
Manufacturing Operations

**G. Douglas Smith**

Vice President—Human Resources

**Norman A. Stewart**

Vice President—Consumer Services

**Donald H. Hobbs**

Corporate Secretary

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## Corporate Information

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### Head Office

1901 Minnesota Court  
Mississauga, Ontario  
L5N 3A7

### Principal Bankers

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

### Auditors

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

### Transfer Agent and Registrar

Canada Permanent Trust Company  
20 Eglinton Avenue West  
Toronto, Ontario M4R 2E2  
and  
600 Dorchester Boulevard West  
Montreal, Quebec H3B 1N6

### Dividend Disbursing Agent

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

### Stock Exchanges

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

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## Products

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### Home Laundry

Automatic Washers  
Automatic Dryers

### Refrigerators

Top Freezer  
Side-by-Side

### Residential Trash Compactors

### Dehumidifiers

### Dishwashers

Undercounter  
Portable

### Electric Ranges

Free-Standing  
Wall Ovens  
Surface Units

### Commercial Laundry

Coin-Operated Washers  
Coin-Operated Dryers



**INGLIS LIMITED**  
1901 Minnesota Court, Mississauga, Ontario, Canada L5N 3A7