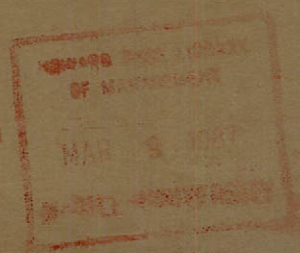


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# Auckland Limited Annual Report 1981





## Acklands' Business

Acklands Limited, which employs nearly 3,400 people, is Canada's leading warehouse and distributor of industrial supplies and automotive replacement parts. More than 95 percent of sales are derived from these two core businesses. The Company maintains a modern and highly efficient network of warehouses in every region of Canada, supporting more than 300 company-owned branches from coast-to-coast. Our various outlets service the industrial, wholesale and retail trade.

Within the automotive and industrial system, we operate specialty divisions

for paint and body supplies, fasteners, hand tools, machine tools and welding supplies.

The Company has two large engine rebuilding plants in Saskatoon and Montreal as well as smaller facilities for remanufacturing brakes, clutches and water pumps in Saskatoon.

In the United States, Acklands operates a major warehouse and 23 outlets serving the automotive jobber and do-it-yourself repair market under the name of Craig Motor Service Company.

This division is based in West Virginia.

## Acknowledgements

Acklands expresses its gratitude to our employees for their many contributions during a very difficult year. The challenges ahead are substantial and will require the commitment of everyone to achieve our goals.

Also, our thanks go to the many suppliers and customers who, with their efforts, work with us to build for the future.

## Annual Meeting

The Annual Meeting of Acklands Limited will be held on Wednesday, May 5, 1982 at 2.30 p.m. in the La Verendrye Room of the Carleton Club, 280 Fort Street, Winnipeg, Manitoba, Canada.

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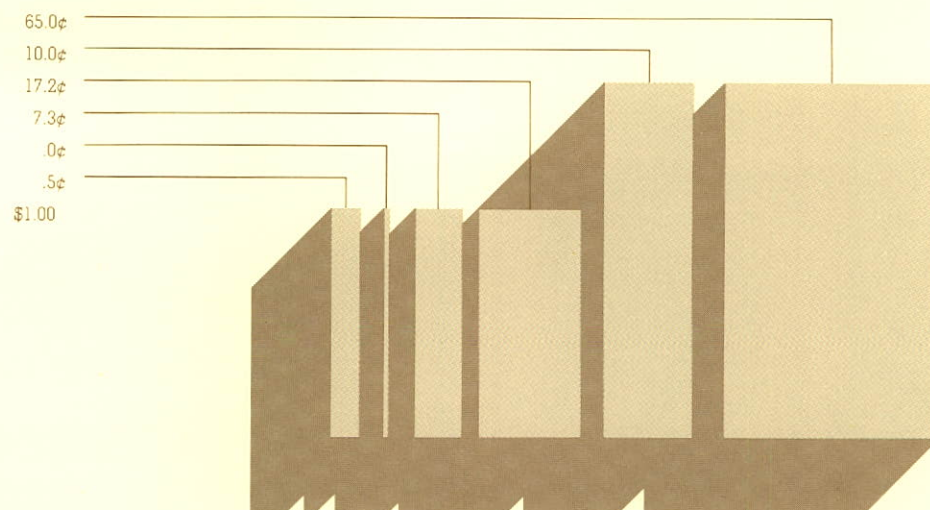


**Financial Highlights**

	1981	1980
Sales	\$390,969,000	\$349,973,000
Income before income taxes	1,961,000	7,354,000
Net Income	2,049,000	5,253,000
Earnings per common share—primary		
Before gain on sale of fixed assets	.47	1.85
Gain on sale of fixed assets (net of income taxes)	.22	.13
Net Income	.69	1.98
Dividends paid		
Preference shareholders	173,000	193,000
Common shareholders	1,628,000	1,460,000
Dividends paid per preference share	.96	.96
Dividends paid per common share	.60	.57
Shareholders' equity	60,631,000	57,827,000
Equity per common share	20.90	21.33
Total Assets	239,760,000	228,348,000

**Distribution of the  
1981 sales dollar**

Suppliers  
Selling expense  
Employees  
Depreciation and interest  
Taxes  
Profit



## PRESIDENT'S REPORT

Acklands Limited achieved increased revenues and much improved operating profit in 1981. Unfortunately, punitive interest rates, which fall heavily on a warehouse distributor with a large and varied inventory, severely eroded profit.

**REVENUES:** The Company recorded 1981 consolidated sales of \$390,969,000, an 11.7 percent increase over the previous year. The economic recession moderated consumer spending on automotive parts and accessories, while cutbacks in business investment diminished demand for industrial supplies and this resulted in a disappointing fourth quarter. Gross margins increased 16.9%.

**EARNINGS:** Operating profit (before interest, depreciation and taxes) was extremely positive, increasing by 19.5 percent to \$29,777,000. This performance reflects the underlying strength of our businesses.

However, net after-tax earnings were \$2,049,000, a decline from last year's \$5,253,000. This converts into \$0.69 per common share, compared with \$1.98 in 1980. The key reason for our earnings decline was interest expense, which escalated our 1981 financing costs to \$25,020,000, a substantial increase over the unacceptably high \$15,349,000 incurred in 1980. The persistence of high interest rates, during a period of general economic retrenchment, will continue to be a major concern in 1982.

**A LOOK AHEAD:** Acklands remains dedicated to the efficient marketing of industrial products and automotive replacement parts through its strong network of warehouses, branches and other distribution outlets. During 1982, we plan to make additional operational improvements by consolidating selected warehouses and branches.

We are satisfied with the progress of our acquisition of Craig Motor Service Company, West Virginia. We will undertake further expansion in U.S. markets as suitable opportunities arise.

In summary, a leaner, much more efficient Acklands is already emerging, placing us in a strong position to attain substantially improved earnings once interest rates moderate and the economy revives.



Nathan Starr  
President and Chief Executive Officer

## OPERATIONS REVIEW

**OVERVIEW:** Acklands' business strategy is to emphasize the warehousing and distribution of industrial supplies and automotive replacement parts at both the wholesale and retail levels.

Rising transportation costs, the economic recession and high interest rates have put tremendous pressure on profit margins. We have initiated management control and feedback mechanisms to hold down operating expenses and enhance productivity. Return-on-asset standards have been introduced in each of our autonomous operating divisions, while productivity standards have been implemented in our warehouses. The computerization of our nationwide distribution system is progressing and producing increased efficiencies.

**AUTOMOTIVE:** The auto parts aftermarket is going through a protracted transition.

We believe the strong pent-up demand in the aftermarket will spark a strong surge in sales once an economic upturn renews consumer confidence.

Currently, we are working aggressively to improve the market penetration, product mix and profitability of the 220 Bumper to Bumper wholesale/retail auto parts stores, a quarter of which are owned by Acklands.

**INDUSTRIAL:** Acklands operates Canada's most extensive distribution network of industrial products and supplies, servicing most major industries.

We are well positioned to accommodate any increased business resulting from an economic upturn, particularly in resource related sectors.

**OPERATIONS:** Our commitment to being a lean and more profitable company will result in the strict application of return-on-asset criteria. Marginal operations will be closed or consolidated with other facilities where possible, as occurred early this year with warehouses in Vancouver and Montreal.



## CONSOLIDATED BALANCE SHEET

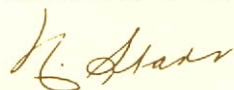
As at November 30, 1981

	1981	1980
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 421,000	\$ 3,271,000
Certificates of deposit		6,000,000
Accounts receivable	61,033,000	62,714,000
Inventories	124,462,000	109,510,000
Prepaid expenses	1,590,000	868,000
	<b>187,506,000</b>	<b>182,363,000</b>
<b>Other Assets</b>		
Investment in 50% owned companies	1,137,000	1,311,000
Mortgages and lien notes receivable and other assets	4,318,000	2,476,000
	<b>5,455,000</b>	<b>3,787,000</b>
<b>Fixed Assets (note 2)</b>		
Land, buildings and equipment	69,134,000	60,490,000
Accumulated depreciation	22,335,000	18,292,000
	<b>46,799,000</b>	<b>42,198,000</b>
	<b>\$239,760,000</b>	<b>\$228,348,000</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Bank advances (note 3)	\$ 68,785,000	\$ 62,200,000
Accounts payable and accrued liabilities	49,313,000	45,122,000
Income and other taxes payable	556,000	2,549,000
Principal due within one year on long-term debt	3,787,000	8,319,000
	<b>122,441,000</b>	<b>118,190,000</b>
<b>Long-Term Debt (note 4)</b>	<b>55,371,000</b>	<b>49,890,000</b>
<b>Deferred Income Taxes</b>	<b>1,317,000</b>	<b>2,441,000</b>
<b>Shareholders' Equity</b>		
<b>Capital Stock (note 5)</b>	<b>18,256,000</b>	<b>15,700,000</b>
<b>Retained Earnings</b>	<b>42,375,000</b>	<b>42,127,000</b>
	<b>60,631,000</b>	<b>57,827,000</b>
	<b>\$239,760,000</b>	<b>\$228,348,000</b>

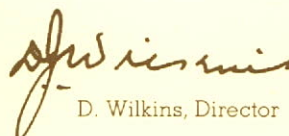
Contingent Liabilities and Commitments (note 6)

Obligations Under Leases (note 7)

Approved by the Board



N. Starr, Director



D. Wilkins, Director

## Auditors' Report

To the Shareholders of Acklands Limited

We have examined the consolidated balance sheet of Acklands Limited as at November 30, 1981 and the consolidated statements of income, 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 consolidated financial statements present fairly the financial position of the com-

pany as at November 30, 1981 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.

Winnipeg, Canada  
February 1, 1982

  
Chartered Accountants

## CONSOLIDATED STATEMENT OF INCOME

Year Ended November 30, 1981

	1981	1980
<b>Sales</b>	<b>\$390,969,000</b>	<b>\$349,973,000</b>
Cost of sales, selling and administrative expenses	361,192,000	325,055,000
	29,777,000	24,918,000
<b>Other Expenses</b>		
Depreciation	3,484,000	2,742,000
Interest on long-term debt	10,185,000	4,144,000
Other interest	14,835,000	11,205,000
	28,504,000	18,091,000
	1,273,000	6,827,000
Gain on sale of fixed assets	688,000	527,000
Income before income taxes	1,961,000	7,354,000
Income taxes recovered (expense) (note 8)	88,000	(2,101,000)
<b>Net Income</b>	<b>\$ 2,049,000</b>	<b>\$ 5,253,000</b>
<b>Earnings Per Share (note 9)</b>		
Income before gain on sale of fixed assets	\$0.47	\$1.85
Gain on sale of fixed assets (net of income taxes)	0.22	0.13
Net income	0.69	1.98

**Management's  
Reporting  
Responsibility**

Management has prepared and is responsible for the accuracy, integrity and objectivity of the financial information contained in this Report. The consolidated financial statements are in accordance with Canadian generally accepted accounting principles consistently applied in all material respects. These statements reflect the judgement of management and the use of estimates when necessary. The financial information contained elsewhere in the Annual Report is consistent with that in the financial statements.

Management maintains a system of internal accounting controls and procedures designed to provide reasonable assurance as to the accuracy and reliability of financial records. These controls are subject to an ongoing review by internal audit staff.

The Company's independent auditors, Thorne Riddell, have conducted an examination of the Company's financial records in accordance with Canadian generally accepted auditing standards. This examination includes procedures necessary to support their opinion on the financial statements of the company.

The Board of Directors oversees management's financial reporting responsibilities through its Audit Committee (composed of outside directors) which meets with management and the independent auditors to review accounting, auditing and financial reporting matters.

On Behalf of Management:



Nathan Starr,  
President & Chief Executive Officer



Arnold Glass,  
Vice-President Finance



# CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year Ended November 30, 1981

	1981	1980
Balance at beginning of year	\$42,127,000	\$38,527,000
Net income	2,049,000	5,253,000
	44,176,000	43,780,000
Dividends declared on: Second preference shares	173,000	193,000
: Common shares	1,628,000	1,460,000
	1,801,000	1,653,000
Balance at End of Year	\$42,375,000	\$42,127,000

# CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended November 30, 1981

Working Capital  
Derived From

Operations		
Net income	\$ 2,049,000	\$ 5,253,000
Add items not involving working capital		
Depreciation	3,484,000	2,742,000
Deferred income taxes	(1,174,000)	276,000
Gain on sale of fixed assets	(688,000)	(527,000)
Other items	260,000	294,000
	3,931,000	8,038,000
Increase in long-term debt	7,514,000	44,599,000
Proceeds from sale of fixed assets	1,871,000	1,315,000
Reduction of mortgages and lien notes receivable and other assets	716,000	246,000
Issue of common shares on conversion of debentures and preference shares	2,878,000	506,000
	16,910,000	54,704,000

Working Capital  
Applied To

Additions to fixed assets	5,393,000	10,893,000
Reduction of long-term debt	3,833,000	25,864,000
Dividends	1,801,000	1,653,000
Purchase of second preference shares	275,000	133,000
Reduction of minority interest		242,000
Acquisition of businesses including acquired working capital deficiency of \$1,152,000 (note 11)	3,609,000	
Increase in mortgages and lien notes receivable and other assets	1,107,000	574,000
Investment in 50% owned companies		24,000
	16,018,000	39,383,000

Increase in  
Working Capital  
Working Capital  
at Beginning of Year  
Working Capital  
at End of Year

	892,000	15,321,000
	64,173,000	48,852,000
	\$65,065,000	\$64,173,000

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended November 30, 1981

**1. Accounting Policies**

- (a) Principles of consolidation  
The consolidated financial statements include the accounts of all subsidiary companies. The operating results of all subsidiaries are included in the consolidated financial statements from the dates of acquisition and the acquisitions are accounted for as purchases.

- (b) Inventories  
Inventories are valued at the lower of cost and net realizable value.

- (c) Investment in 50% owned companies  
It is the company's practice to include in income its equity in net earnings of companies 50% owned and to reflect in the investment account its equity in undistributed earnings.

- (d) Fixed assets  
Fixed assets are stated at cost. Depreciation is recorded on a basis to amortize the cost of fixed assets over their estimated useful lives and the rates applied are substantially as follows

Buildings	2% Straight-line
Equipment, other than automotive	10% Straight-line
Equipment, automotive	30% Diminishing balance
Leasehold improvements	Over the unexpired terms of the lease

- (e) Leases  
Leases are classified as either capital or operating leases. Leases that substantially transfer all of the benefits and risks of ownership of property to the company are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded together with its related long-term obligation to reflect the acquisition and financing. Equipment recorded under capital leases is being depreciated on the same basis as described in note (d) above. Rental payments under operating leases are expensed as incurred.

- (f) Foreign exchange  
Operations conducted in U.S. currency are translated on the following bases

- (i) Asset and liability accounts in U.S. currency, except for fixed assets and long-term debt, are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date.

- (ii) Fixed assets and long-term debt are translated at the rate in effect when the transactions occurred.

- (iii) Revenues and expenses are translated at the average rate of exchange during the year and foreign currency gains or losses are recorded in income.

**2. Fixed Assets**

			1981	1980
	Cost	Accumulated depreciation	Net	Net
Land	\$ 7,182,000		\$ 7,182,000	\$ 6,139,000
Buildings	30,830,000	\$ 6,039,000	24,791,000	22,415,000
Equipment	21,935,000	13,247,000	8,688,000	7,773,000
Equipment under capital leases	4,896,000	1,064,000	3,832,000	2,589,000
Leasehold improvements	4,291,000	1,985,000	2,306,000	3,282,000
	\$69,134,000	\$22,335,000	\$46,799,000	\$42,198,000

**3. Bank Advances**

Bank advances are secured by the assignment of receivables, a first floating charge on inventories and a junior floating charge on all other assets.

**4. Long-Term Debt**

	1981	1980
Acklands Limited:		
7½% Unsecured convertible debentures		\$ 5,648,000
Note payable, with interest at prime		140,000
8½% Notes, payable \$16,000 quarterly to 1984	\$ 161,000	225,000
Prime related secured debentures, payable \$166,670 per month, maturing October 31, 1995	37,833,000	39,833,000
8% Notes, payable \$5,992 quarterly to November 30, 1985 and \$49,440 quarterly thereafter to November 30, 1995	2,074,000	
Obligations under capital lease with maturities to 1990 (note 7)	4,180,000	2,786,000
Subsidiaries:		
11½% Bank note, payable \$43,868 per month including interest, maturing December 7, 1982	2,642,000	
6% to 18.25% Mortgages, agreements and notes payable in monthly or quarterly instalments	12,268,000	9,577,000
	59,158,000	58,209,000
Principal included in current liabilities	3,787,000	8,319,000
	\$55,371,000	\$49,890,000

Interest on the Prime related secured debentures is at prime commercial lending rates plus ¾ of 1%, but not less than 11½%.

Principal due within each of the next five years is as follows

1982	\$3,787,000
1983	6,876,000
1984	3,446,000
1985	3,440,000
1986	3,370,000



## 5. Capital Stock

	Authorized		Issued	
	Shares	Amount	Shares	Amount
Non-voting second preference shares issuable in series	843,671	\$13,499,000		
Series A \$0.96 cumulative, convertible and redeemable at \$17 per share	222,078	\$ 3,553,000	190,984	\$ 3,056,000
Deduct				
Converted to common shares during the year	4,890	78,000	4,890	78,000
Purchased for cancellation during the year			20,100	322,000
	4,890	78,000	24,990	400,000
	217,188	\$ 3,475,000	165,994	\$ 2,656,000
Common shares without par value	3,870,685	\$13,507,000	2,567,764	\$12,644,000
Add issued on conversion of 7½% Unsecured convertible debentures			201,110	2,873,000
Second preference shares	4,890	78,000	4,890	83,000
	3,875,575	\$13,585,000	2,773,764	15,600,000
				\$18,256,000

## 6. Contingent Liabilities and Commitments

- Bank loans of 50% owned companies have been guaranteed in the amount of \$1,252,000.
- Employees' and officers' bank loans of \$5,306,000 have been guaranteed by the company to accommodate their purchase of company shares.
- Outstanding bank letters of credit amount to \$871,000.
- The benefits under the company's pension plan were amended in a prior year. These amendments gave rise to an unfunded past service liability, which, at November 30, 1981 is approximately \$1,115,000 and is being paid and charged to income in equal amounts until 1989.

## 7. Obligations Under Leases

- Capital leases  
The following is a schedule by year of future minimum lease payments together with the balance of the obligations under capital leases as of November 30, 1981
 

1982	\$1,038,000
1983	1,030,000
1984	1,042,000
1985	917,000
1986	719,000
1987-1990	1,398,000
	6,144,000
Amount representing interest	1,964,000
Balance of obligations included in long-term debt	\$4,180,000
- Operating leases  
The company has commitments under operating leases which, after recoveries from sub-tenants totalling \$1,292,000, call for future net rentals of \$18,771,000. Net rentals are as follows
 

1982	\$3,264,000
1983	3,049,000
1984	2,563,000
1985	2,203,000
1986	1,539,000
1987-2004	6,153,000

## 8. Income Taxes

Inventory allowance deductions of \$3,308,000 (\$3,103,000 in 1980) have been claimed in determining income for tax purposes. At November 30, 1981, there are losses of \$3,548,000 available to reduce future years' income for tax purposes as follows

Available until	
1984	\$2,759,000
1985	789,000
	\$3,548,000

The income tax effects of the loss carry forwards has not been recorded in the accounts.

## 9. Earnings Per Share

- The calculation of basic earnings per share, after adjusting for second preference share dividends, has been made using the weighted monthly average number of common shares outstanding in each year.
- Conversion of the second preference shares does not have a dilutive effect on earnings per common share and accordingly, fully diluted earnings per shares are not presented.

**10. Businesses Acquired**

Pursuant to purchase agreements completed in the current year, all the outstanding shares of two groups of companies engaged in the automotive after-market have been acquired for a total consideration of \$2,457,000. These acquisitions are accounted for as purchases. Details of the acquisitions are as follows

Net assets acquired, at assigned values		
Fixed assets	\$3,770,000	
Other long-term assets	1,730,000	\$5,500,000
Working capital deficiency	1,152,000	
Long-term debt	1,891,000	3,043,000
		\$2,457,000
Consideration given at fair value		
Cash		\$ 360,000
Issue of notes payable		2,097,000
		\$2,457,000

**11. Segmented Information**

The company is engaged in the distribution of automotive and industrial products in Canada and the United States as follows

	1981		
	Canada	United States	Total
Sales	\$371,242,000	\$ 19,727,000	\$390,969,000
Income (loss) from geographic segments	\$ 2,035,000	\$ (75,000)	\$ 1,961,000
Income taxes recovered	33,000	56,000	88,000
Net income (loss)	\$ 2,068,000	\$ (19,000)	\$ 2,049,000
Identifiable assets	\$225,247,000	\$ 14,513,000	\$239,760,000
	1980		
	Canada	United States	Total
Sales	\$349,183,000	\$ 790,000	\$349,973,000
Income (loss) from geographic segments	\$ 7,357,000	\$ (3,000)	\$ 7,354,000
Income taxes recovered (expense)	(2,101,000)		(2,101,000)
Net income (loss)	\$ 5,256,000	\$ (3,000)	\$ 5,253,000
Identifiable assets	\$227,597,000	\$ 751,000	\$228,348,000

**12. Other Information**

Remuneration of directors and senior officers, as defined, amounted to \$1,293,000 (\$1,251,000 in 1980).



## FIVE YEAR FINANCIAL SUMMARY

	1981	1980	1979	1978	1977
Sales	<b>\$390,969,000</b>	\$349,973,000	\$335,783,000	\$292,826,000	\$280,446,000
Depreciation	<b>3,484,000</b>	2,742,000	2,267,000	1,952,000	2,013,000
Interest on long-term debt	<b>10,185,000</b>	4,144,000	3,648,000	3,548,000	3,991,000
Net income					
Including extraordinary items	<b>2,049,000</b>	5,253,000	7,265,000	5,802,000	3,128,000
Before extraordinary items	<b>2,049,000</b>	5,253,000	6,832,000	4,545,000	3,055,000
Dividends					
Preference shareholders	<b>173,000</b>	193,000	205,000	207,000	215,000
Common shareholders	<b>1,628,000</b>	1,460,000	1,211,000	1,209,000	1,209,000
Working capital	<b>65,065,000</b>	64,173,000	48,852,000	46,801,000	46,161,000
Fixed assets, net	<b>46,799,000</b>	42,198,000	34,835,000	30,199,000	28,557,000
Long-term debt	<b>55,371,000</b>	49,890,000	31,155,000	31,041,000	34,363,000
Shareholders' equity	<b>60,631,000</b>	57,827,000	53,883,000	48,073,000	43,675,000
Total assets	<b>239,760,000</b>	228,348,000	208,285,000	187,692,000	168,677,000
Earnings per common share					
Including extraordinary items					
Primary	<b>.69</b>	1.98	2.80	2.22	1.16
Fully diluted	<b>.71</b>	1.74	2.37	1.90	1.05
Before extraordinary items					
Primary	<b>.69</b>	1.98	2.62	1.72	1.13
Fully diluted	<b>.71</b>	1.74	2.23	1.51	1.03
Dividends paid per common share	<b>.60</b>	.57	.48	.48	.48
Equity per common share	<b>20.90</b>	21.33	20.01	17.71	15.97
Common shares outstanding	<b>2,773,764</b>	2,567,764	2,529,163	2,520,008	2,519,098
Number of branches	<b>318</b>	284	290	295	309

## FINANCIAL REVIEW 1981

## Sales by Product Group

	1981	1980	1979	1978
Automotive and Industrial	\$251.4	\$295.5	\$322.0	\$372.3
Power Products	23.2	23.5	16.3	18.6
Home Entertainment & Electronics	18.2	16.8	11.7	.1
Total (millions)	\$292.8	\$335.8	\$350.0	\$391.0

## Pre-Tax Income by Product Group

	1981	1980	1979	1978
Automotive and Industrial	\$ 8.0	\$ 9.5	\$ 7.0	\$ 1.5
Power Products	.4	.0	1.0	(.2)
Home Entertainment & Electronics	(.3)	.0	(1.2)	.0
Total (millions)	\$ 8.1	\$ 9.5	\$ 6.8	\$ 1.3

## Inventory by Product Group

	1981	1980	1979	1978
Automotive and Industrial	\$ 79.7	\$ 94.1	\$ 98.9	\$116.4
Power Products	5.9	5.2	7.1	8.0
Home Entertainment & Electronics	6.6	4.9	3.5	.0
Total (millions)	\$ 92.2	\$104.2	\$109.5	\$124.4

## Receivables by Product Group

	1981	1980	1979	1978
Automotive and Industrial	\$ 45.2	\$ 52.8	\$ 56.4	\$ 56.2
Power Products	6.7	5.8	4.7	4.8
Home Entertainment & Electronics	2.2	2.5	1.6	.0
Total (millions)	\$ 54.1	\$ 61.1	\$ 62.7	\$ 61.0

## Working Capital

Bank advances were \$68.8 million at year end, compared with \$62.2 million in 1980. Working capital at year end totalled \$65.1 million, up slightly from \$64.2 million in the prior year.

## Ratio Analysis

	1981	1980
Working Capital	1.53:1	1.54:1
Debt/Equity	2.11:1	2.08:1
Asset Turnover	1.63:1	1.53:1
Return on Assets	.9%	2.3%
Inventory Turnover		
—including inter-company	3.0×	3.1×
—excluding inter-company	2.1×	2.3×
Accounts Receivable Turnover (trade only)	6.9×	6.1×
Personnel Productivity (wages to gross profit)	49.6%	49.8%

## Growth of Total Assets

	(\$ millions)	
1977	\$168.7	- 6.5%
1978	187.7	+ 11.3%
1979	208.3	+ 11.0%
1980	228.3	+ 9.6%
1981	239.8	+ 5.0%



### Capital Expenditures by Province

	(\$ millions)	
	1981	1980
Quebec	\$ .4	\$ 1.3
Ontario	\$ .3	\$ .4
Manitoba	\$ .1	\$ .3
Saskatchewan	\$ .6	\$ 2.7
Alberta	\$2.6	\$ 5.9
British Columbia	\$ .6	\$ .3
United States	\$ .8	\$ .0
Total	\$5.4	\$10.9

### Return on Common

	(\$ millions)		
	Equity	Income	% Return
1977	\$40.2	\$3.1	7.7%
1978	\$44.6	\$5.8	13.0%
1979	\$50.6	\$7.3	14.4%
1980	\$54.8	\$5.3	9.7%
1981	\$58.0	\$2.0	3.5%

### Operating Expense

	(\$ millions)		
	1981	1980	% Change
Payroll	\$ 67.1	\$ 57.5	+ 16.7
Selling	\$ 14.2	\$ 12.8	+ 10.8
Premises	\$ 15.6	\$ 12.5	+ 25.3
Warehouse	\$ 8.1	\$ 6.6	+ 22.8
Administration	\$ 14.5	\$ 12.0	+ 20.0
Depreciation	\$ 3.4	\$ 2.7	+ 27.3
Interest Paid	\$ 25.0	\$ 15.3	+ 63.0
Gain on sale of fixed assets	\$ (.7)	\$ (.5)	+ 30.6
Other Income/Expenses	\$ (6.4)	\$ (4.1)	+ 56.2
	\$140.8	\$114.8	22.6%

### 1981 Summary by Quarter

(\$ millions)	1981	Sales 1980	Net Income		Earnings per Share (dollars)	
			1981	1980	1981	1980
First Quarter	\$ 79.1	\$ 68.9	\$ .4	\$ .3	\$ .12	\$ .08
Second Quarter	\$102.0	\$ 91.3	\$ .7	\$ .1	\$ .25	\$ .03
Third Quarter	\$102.8	\$ 87.3	\$ (.6)	\$ .3	\$ (.23)	\$ .11
Fourth Quarter	\$107.1	\$102.5	\$1.5	\$4.6	\$ .55	\$1.76
	\$391.0	\$350.0	\$2.0	\$5.3	\$ .69	\$1.98

### Capitalization at Year End

	(\$ millions)		(Percentage)	
	1981	1980	1981	1980
Common Equity	\$ 58.0	\$ 54.8	50.0%	50.9%
Preferred Stock	\$ 2.6	\$ 3.0	2.2%	2.8%
Long-Term Debt	\$ 55.4	\$ 49.9	47.8%	46.3%
	\$116.0	\$107.7	100.0%	100.0%

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**Board of Directors**

Philip Ashdown  
Provincial Judge, Winnipeg  
Edwin W. Austin  
Executive Vice-President,  
Castor Holdings Ltd.,  
Montreal  
Moshe Bessin  
Vice President, Retail Division,  
Acklands, Toronto  
Donald E. Boxer  
Director, Burns Fry Limited, Toronto  
Donald Carr, Q.C.  
Senior Partner, Goodman and Carr,  
Toronto  
Daniel W. Casey  
Retired Bank Executive, Toronto  
Jacques Douville  
Executive, Montreal  
George Forzley  
Retired Acklands Executive, Vancouver

Herman Kahn  
Managing Director, Lehman Brothers  
Kuhn Loeb Incorporated, New York  
Norman A. Peden  
Retired Acklands Executive, Edmonton  
Simon Reisman  
President, Reiscar Ltd., Ottawa  
Dr. Nathan Schechter  
Physician, Ottawa  
Nathan Starr  
President and Chief Executive Officer,  
Acklands, Toronto  
Samuel Wallin  
President,  
Queen-Yonge Investments Ltd., Toronto  
Donald J. Wilkins  
Chairman of The Board,  
Acklands, Toronto

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**Executive Committee**

Moshe Bessin  
Donald E. Boxer  
Donald Carr, Q.C.  
Daniel W. Casey  
George Forzley  
Nathan Starr  
Donald J. Wilkins

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**Compensation  
Committee**

Simon Reisman, Chairman  
Donald Carr, Q.C.  
Daniel W. Casey

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**Audit Committee**

Donald E. Boxer, Chairman  
Philip Ashdown  
Daniel W. Casey

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**Major Divisions**

Automotive Warehouse Distributors Incorporated (U.S.)  
Craig Motor Service Company, Inc. (U.S.)  
Family Auto  
Gillis & Warren  
Maurice Rousseau  
Moto-Rite  
Regent Automotive  
Taylor, Pearson & Carson  
T.P.C. Turicare  
Westair Sales  
Western Automotive Rebuilders  
Western Warehouse Distributors  
Westward Distributors  
Westward Power Products



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**Directory***Officers and Staff*

Donald J. Wilkins Chairman of the Board	Theodore Stokes Vice-President and General Manager, Saskatchewan
Nathan Starr President and Chief Executive Officer	Lloyd Utigard Vice-President and General Manager, Western Automotive Rebuilders
Donald J. Dawson Senior Vice-President and General Manager	Berl Bessin Assistant Vice-President, International Division
Douglas G. Cumming Senior Vice-President, Operations	Arnold Harbour General Manager, Manitoba and Northwestern Ontario
Arnold Glass Vice-President, Finance and Secretary-Treasurer	Eugene Hretzay Assistant Secretary
Victor A. Aker Vice-President, British Columbia	Leonard Lavoie Manager, Information Services
Moshe Bessin Vice-President, Retail Division	Pierre Maranda General Manager, Quebec Automotive Division
Samuel H. Blank Vice-President, Director of Corporate Purchasing	Gerald W. McCallum Assistant Treasurer
Paul Burns Vice-President	Kiyo Nonomura Assistant Director of Corporate Purchasing
David M. Craig Vice-President, Credit	Joseph J. Rorai General Manager, Ontario Industrial Division
Blake E. Forrest Vice-President, International Division	Victor Russman General Manager, British Columbia
Michael Joel General Manager, Moto-Rite	Samuel N. Smilski Comptroller
Leonard J. Kenna Vice-President, Special Projects	Allan R. Smith Bumper to Bumper National Co-ordinator
Harry M. Kilmer President, Craig Motor Service Company, Inc.	Allan Stambaugh General Manager, Alberta
Alex Kozma Vice-President, Internal Audit	E. Roland Williams Assistant Vice-President, British Columbia
Donald T. Langton Vice-President, Ontario and Quebec Automotive Division	

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**Corporate Data**

Auditors Thorne Riddell, Winnipeg	Counsel Sokolov, Klein & Company, Winnipeg
Transfer Agents and Registrars Common Shares The Canada Trust Co., Vancouver, Winnipeg, Toronto and Montreal	Share Listings Toronto, Vancouver and Winnipeg Stock Exchanges Ticker Symbol: ACK
Second Preference Shares Series A The Crown Trust Company, Vancouver, Winnipeg, Toronto and Montreal	Head Office 125 Higgins Avenue Winnipeg, Manitoba R3B 0B6 Telephone (204) 956-0880



