

# CORBY

ANNUAL REPORT 1980



## **Annual Report**

for the year ended August 31, 1980

### **Directors**

Marcel Piché, O.C., Q.C.  
Alan Burrough, C.B.E.  
A.E. Downing  
Roger Gaudry, C.C., D.Sc.  
J.A. Giffen  
H. Clifford Hatch, Jr.  
R. Lachapelle  
Ian M. Mackinnon, C.A.  
Robert J. Tebbs  
Peter D. Walsh, Q.C.

### **Officers**

Marcel Piché, O.C., Q.C.  
Chairman  
R. Lachapelle  
President and Chief Executive Officer  
N.R. Goodall  
Executive Vice President Marketing & Sales  
F.H. Bellstedt  
Vice President, Distillery Operations  
R.M. French  
Vice President and General Sales Manager  
Emile Kopalek  
Vice President, Finance & Treasurer  
Ian M. Mackinnon  
Vice President, Administration & Secretary  
D.P. O'Brien  
Vice President, Marketing Development  
Peter E. Avon  
Asst. Secretary

### **Transfer Agents & Registrars:**

Crown Trust Company

### **Auditors:**

Coopers & Lybrand

### **Bankers:**

The Royal Bank of Canada

### **Solicitors:**

Ogilvy, Renault

Annual Meeting  
of Shareholders,  
December 15, 1980.

*Ce rapport peut être obtenu en français de:  
Les Distilleries Corby Limitée  
1201 ouest, rue Sherbrooke, Montréal H3A 1J1.*

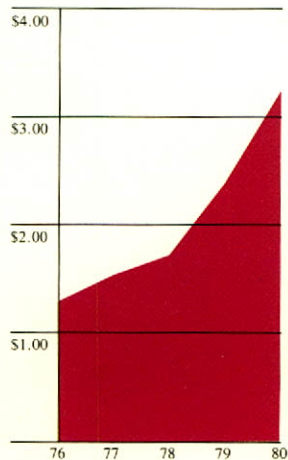
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Regional offices

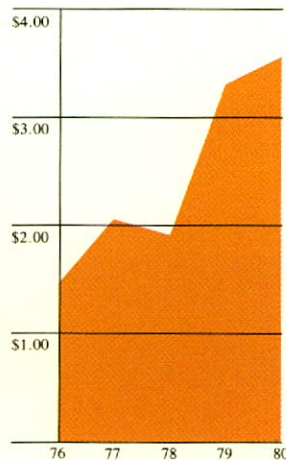
## Financial highlights

	1980	1979
<b>For the year:</b>		
Sales and other income	\$78,262,000	\$69,530,000
Net earnings	7,298,000	5,388,000
Cash flow from operations	8,063,000	7,496,000
<b>At the year end:</b>		
Shareholders' equity	42,836,000	38,366,000
Total assets	69,636,000	65,268,000
Working capital	32,427,000	33,772,000
<b>Per share amounts:</b>		
Net earnings	\$ 3.23	\$ 2.38
Shareholders' equity	18.94	16.96
<b>Ratio:</b>		
Return on shareholders' equity	19.0%	15.8%

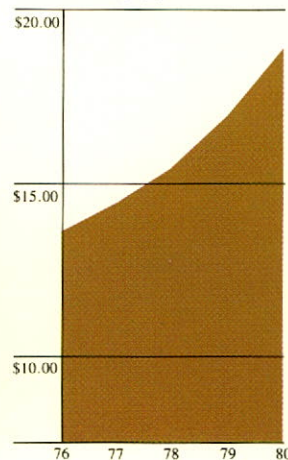
Earnings—per share



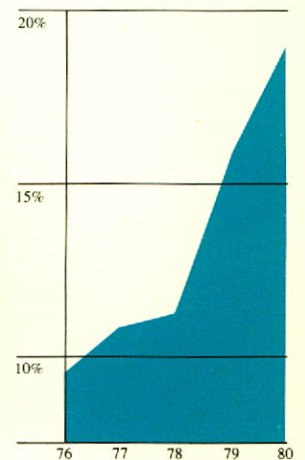
Cash Flow—per share



Book Value or Equity per share



Return on Shareholders' Equity



## Report of the Directors

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to the Shareholders of Corby Distilleries Limited

Your Board of Directors is pleased to present the Corporation's Annual Report for the year ended August 31, 1980.

### Sales and Earnings

Once again, your Corporation achieved excellent growth with sales and earnings reaching record levels for the seventh year in a row. Sales and other income increased from \$69.5 million to \$78.3 million and net earnings rose from \$5.4 million or \$2.38 per share, to \$7.3 million, or \$3.23 per share.

This performance was realised despite depressed market conditions for the Canadian spirits industry in general as inflationary factors, coupled with lessened demand, continue to exert a negative influence.

The favorable results for Corby, on a consolidated basis, are attributable to several sources. These include: higher income from long-term investments; consolidation of the earnings of Meagher's Distillery Limited for the full year compared to 11 months the previous year (the acquisition of Meagher's having taken place October 1, 1978); increased earnings of the Scottish subsidiary, Robert MacNish Company Limited; a higher exchange rate used to translate their earnings into Canadian funds; and, general price increases in the Canadian market overall.

### Outlook

In order to ensure continued solid growth and good profit margins in the face of a flat economy, the Corporation's long-term planning came under particular scrutiny during the past year. As one result, expansion of the Corporation's trade in wines and fine liqueurs is being actively pursued, this being the fastest growing segment of the distilled spirits market.

Similarly, there is a continuing effort to maintain and develop our distillery facilities at Corbyville in order to ensure the most efficient use of the Corporation's human and material resources. During the past year, significant progress was made in the modernization of our boiler plant, the by-products plant and the bottling operation.

### **Dividend Increase**

In recognition of the Corporation's increased earnings for the fiscal year ended August 31, 1980, the regular quarterly dividend was increased from 25 cents per share to 32 cents per share, and declared payable December 1, 1980 to shareholders of record as at November 10, 1980.

It is the Corporation's intention to advance the future quarterly dividend payment date by one month.

On an annualized basis, the dividend rate was increased from 75 cents per share to \$1.00 per share on March 1, 1980 and to \$1.28 per share effective December 1, 1980.

### **Organizational changes**

On December 17, 1979, the following appointments came into effect: Mr. Roger Lachapelle, President and Chief Executive Officer of Corby Distilleries Limited, Mr. Lachapelle was formerly President and Chief Executive Officer of Meagher's Distillery Limited; Mr. E. Kopalek, C.A., Vice-President Finance and Treasurer; Mr. I.M. Mackinnon, C.A., Vice-President Administration and Secretary.

On January 1, 1980, Mr. Nigel Goodall was named Executive Vice-President Marketing and Sales.

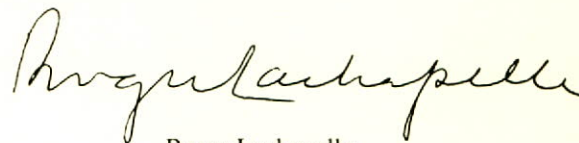
### **Board of Directors**

Mr. J.D.N. Ford, C.A., resigned as a Director of Corby Distilleries Limited effective July 1, 1980, to accept an appointment in France as Managing Director of Courvoisier Limited, whose products your Corporation represents in Canada. During his association with Corby, Mr. Ford contributed significantly to the progress of the Corporation; the Board extends its gratitude to Mr. Ford and wishes him continuing success in his new post.

The vacancy thus created was filled, until the Annual Meeting, by the appointment of Mr. J.A. Giffen, a vice president of Hiram Walker-Gooderham & Worts Limited.

### **Acknowledgements**

The record level of sales and increased earnings of the Corporation would not have been possible without the dedicated efforts of all of its employees. It is by such efforts that Corby has built an enviable reputation as a manufacturer and marketer of high quality products, a reputation which continues to contribute to the Corporation's growth in the face of present market conditions. The Directors and Management of the Corporation express their most sincere appreciation to all employees for their continued support and loyalty.



Roger Lachapelle

President and Chief Executive Officer

## Corby Distilleries Limited

### Domestic Products

The Corporation continues to experience excellent and above average growth in comparison to both the Canadian industry in general and the performance of our major competitors.

In May 1980, an in-depth study of Corby by the highly respected investment and financial counselling firm of Wood Gundy concluded that Corby should be considered an excellent investment and was 'poised to become an aggressive, growth-oriented company'. Wood Gundy cited as reason, a sales force geared to rapid expansion of product lines, a marketing team experienced in servicing accounts successfully and an aggressive management seeking growth.

To be added to these attributes is the proven ability of the Corporation's management to identify and actively promote successful products in the Canadian market. Corby possesses an outstanding product line, both domestic and imported, and it is in an excellent position to capitalize upon the polarization of consumer demand towards the high and low ends of the retail scale, as well as upon the trend to increased consumption of wines and liqueurs.

#### Domestic spirits

Corby's performance in the domestic spirits market has been in sharp contrast to that of the distilled spirits market overall which, after recording its best gains in 1978, concluded the decade with a small decrease.

In the domestic spirits market itself, Corby significantly outperformed its major competitors and, over the past four years, has increased its total volume 4% faster than the market segment overall.

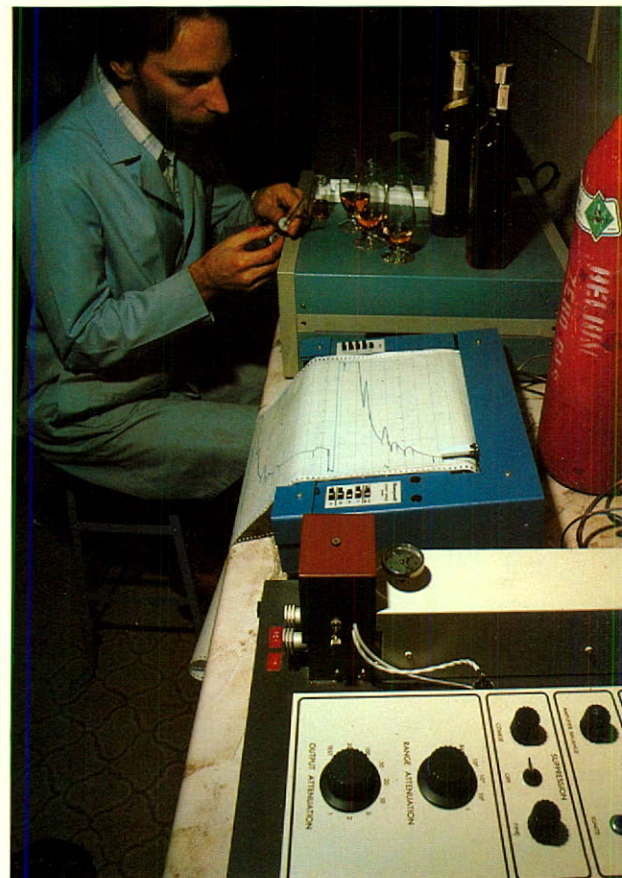
A key contributor to our success in this market has been the remarkable performance of our flagship product, Wiser's DeLuxe 10-year-old whisky. Over the past four years, sales of Wiser's DeLuxe have been increasing at a rate of more than 13% and are currently growing at a rate of 16%.

The reasons for this success were confirmed during the past year by extensive consumer research commissioned by the Marketing Department. This national survey confirmed that our 10 years of aging, and the care with which this is done, is appreciated by consumers of whisky in the form of a definitely preferred taste.

Corby management feels this is a direct endorsement of J.P. Wiser's philosophy that 'quality is something you just can't rush'—a founding philosophy perpetuated today in the patience and care with which Master Blender Keith Baldwin and the Corbyville

staff produce our prestige brand. This appreciation of the quality of Wiser's DeLuxe can be expected to fuel continued growth of the brand's market share which could see Wiser's DeLuxe the second largest selling whisky in its category by the end of this decade.

Recognition for Corby's strong showing in the domestic spirits market must also be given to our products in less prestigious categories. Royal Reserve, for one, has shown continued growth and is



outperforming its category by more than 6% per year. In the lower price categories, strong gains have been recorded by both Corby Golden Touch, which grew by 9% in the past year, and by Wiser's Northern Light, which increased its volume by 21%.

WISER'S  
DE LUXE

DeL  
CANADIAN WHISKY

Since 1857  Depuis 1857

# WISER'S DE LUXE

*Canadian Whisky*

*Dix ans d'âge* **10** *Years Old*

*Whisky Canadien*

DISTILLED, AGED AND BOTTLED UNDER  
CANADIAN GOVERNMENT SUPERVISION

DISTILLÉ, VIEILLI ET EMBOUTEILLÉ SOUS LA  
SURVEILLANCE DU GOUVERNEMENT CANADIEN

WISER'S DISTILLERY LIMITED • LA DISTILLERIE WISER LIMITÉE  
BELLEVILLE, ONTARIO, CANADA

WB-503A

## Corby Distilleries Limited

### Imported Products

#### Liqueurs

The performance of the liqueur market recently has confirmed it as one of the fastest growing segments in the Canadian market overall. Corby is proud that, through its subsidiary, J.M. Douglas International, it represents one of the finest lines of imported liqueurs available.

Among these, Tia Maria continues to enjoy its position as Canada's most popular liqueur. Despite strong competition, Tia Maria leads the coffee-based liqueurs which, as a group, account for close to 50% of the total market.

However, even stronger competition is expected in a market which has slowed considerably from its dramatic expansion of the early Seventies. In order to maintain our leadership, the orientation of the product in the market place will be subtly refined in the coming year.

Past promotional and advertising campaigns have been successful in conveying the versatility of Tia Maria as a drink and current efforts are being aimed at creating a more distinctive, individual profile for the brand. A Canadian advertising campaign paralleling that in the United States will aid this new image-building through the significant spill-over of U.S. advertising in this country.

Courvoisier products remain among the most prestigious brands of cognac in Canada. Marketing emphasis during the coming year will be placed behind Courvoisier VSOP Fine Champagne, our top-of-the-line product.

Irish Mist has continued its steady sales growth and achieved a record level of cases sold.

The Bols range of liqueurs represents the finest available in Canada. Superior bases such as the red cherries from Dalmatia, Yugoslavia used in Bols Cherry Brandy make Bols quality distinctive among the other fruit-based liqueurs sold in Canada. The Bols Cherry and Apricot Brandies will be the focus of continued promotional and sales efforts.

#### Wines

The wine market recorded steady growth in 1980 characterized by a sharp increase in the sales of domestic wines. This was due in part to the higher prices of imported wines and the availability of domestic products in grocery stores throughout Quebec. Corby once again is proud to represent through J.M. Douglas International an outstanding line of imported wines which continues to contribute significantly to the corporation's excellent performance.

During the past year a new product, Cellar Master, was introduced in answer to a perceived need for a quality French table wine at a reasonable price and available in one-litre bottles. Cellar Master red

and white wines have been well received by consumers, licencees and critics alike. They are expected to play a strong role for Corby in the face of rapidly increasing costs of French and German wines.

Another recent introduction, that of Riunite Lambrusco wines, has met with impressive results. We have already secured listings in most provinces and anticipate substantial growth from Riunite, the largest selling imported wine in the United States.



Sebastiani has also performed strongly during the past year and is now understood to be the best-selling premium California wine in Canada.

Wines from the house of Antonin Rodet, one of the premium wine houses in France, continue to be well received; St. Raphael, France's leading vin apéritif, is maintaining a strong Quebec base and expanding successfully into English markets; and Charles Heidsieck continues to be one of Canada's three premium lines of champagne. Heidsieck is showing renewed strength, with a market share increase of 3% following a previous decline, at a time when price increases and lowered consumer demand are resulting in fewer champagne listings across Canada.





*Tia Maria*

*Tia Maria*



*Tia Maria*  
LIQUEUR

*Tia Maria*

COFFEE LIQUEUR CAFÉ  
specially blended after a  
formula closely guarded  
for over two hundred years.  
préparée spécialement selon  
une recette jalousement  
gardée depuis plus de deux  
cents ans.



24.6 fl oz liq 700 ml

31.5% alc./vol

## Meagher's Distillery Limited

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The purchase of Meagher's by Corby in fiscal 1979 represented the acquisition of more than a century of experience, craftsmanship, alert marketing and sound management. These and other attributes have been responsible for a most enviable financial record in the past decade.

Meagher's has enhanced its position in the imported wines and spirits market through sound acquisitions and has also devoted considerable attention to the development of its share of the domestic spirits market.

Total case sales in all market categories during 1980 were 2,100,000 cases.

### Spirits

Beefeater, the largest selling Dry Gin in Canada, spearheads Meagher's extensive line of top quality imported and domestic products.

In the domestic spirits market, while industry sales of Canadian Whisky declined overall, Meagher's recorded a growth of 10% due mainly to the performance of its leading brand, Meagher's 1878.

### Liqueurs

Meagher's is the leading marketer of liqueurs in Canada with 20% of the total market. The company has 39% of the domestic liqueur market.

Southern Comfort leads all Canadian liqueurs in sales and is the third largest in the market overall. Meagher's possesses the most complete line in the industry and has recently added two new products, namely Amaretto Bel Paese and Choco Almond. Other new products are under continuous development.

### Wines

Despite a drop in imported wine sales to 55% of the total market, Meagher's continues to be an aggressive marketer of quality wines from France, Italy, Germany, Portugal, Spain, Yugoslavia, the United States and Australia.

The company marketed 10 leading lines of wine during the past year and achieved total case sales of 680,000.

### Directors

H. Clifford Hatch, Jr.  
 R. Lachapelle  
 G. Lévesque  
 I.M. Mackinnon, C.A.  
 R.E. Morrow, Q.C.  
 Marcel Piché, O.C., Q.C.  
 P. Racette  
 J. Lynch-Staunton

### Officers

R. Lachapelle, Chairman and Chief Executive Officer  
 G. Lévesque, President  
 P. Racette, Executive Vice President Marketing  
 E.J. D'Iorio, Vice President Finance and Treasurer  
 Peter E. Avon, Secretary

# BEEFEATER



LONDON  
1873-1911-1924



THE QUEEN'S AWARD FOR  
EXPORT ACHIEVEMENT  
1976

## London Distilled Dry Gin

Distilled and bottled by  
James Burrough Limited in London England

710 ml 40% alc./vol.



## Fromagerie d'Oka Inc.

Over the past three years, the specialty cheese industry has expanded rapidly, particularly in the province of Quebec. In order to take advantage of this increased consumer interest, the company during the past year has extended its product line to 18 varieties of cheese which are now available in 36 sizes.

This product mix was achieved by introducing seven process cheeses in 125 gr. containers and a line of fresh cheeses which includes a Gouda, a Port Salut, a Black Forest and a Goat cheese. The last two are new types of cheese developed by the company.

An aggressive marketing strategy was developed in conjunction with this product expansion in order to identify the different cheeses within the Oka family. A new Oka brand logo was designed to strengthen the Oka brand concept in the marketplace and a new theme adopted. 'Oka shares its secrets'—a reference to its original semi-soft cheese, the recipe for which was once known only to the Trappist Monks of Oka.

The Oka brand concept has been well received in Ontario through the efforts of the company subsidiary there, and also in western provinces which are served by five independent distributors. The introduction of import quotas in the United States adversely affected promotional efforts by the company's distributors, but efforts are being renewed following a revision of these quotas.



## Corporate activities and promotions

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As one of a small but distinguished group of companies which pre-date Confederation, Corby is particularly aware of its responsibility to assist in the development and growth of the community in which it conducts its affairs.

Such activities are independent of Corby's energetic brand marketing programs, but consideration is always given to those projects which not only fulfill our corporate responsibilities but also contribute in a meaningful way to the continued growth of the corporation.

Two such activities which have come to prominence during the past year are the Wiser's DeLuxe Culinary Classic and the creation of a new Reception Centre and distillery tour in Corbyville.

### **Wiser's Deluxe Culinary Classic**

First launched three years ago, the Wiser's DeLuxe Culinary Classic 'came of age' in 1980. This past year saw solid acceptance of the program by Canadian chefs, food and beverage management, the national media, and management of hotels and restaurants.

As befitting a promotion bearing the name of our flagship product, the Culinary Classic is a prestigious and original competition created to give recognition to the skills of chefs across Canada; to enable chefs to compete against their peers on a regional and national level; and to demonstrate to the Canadian public that Canada does, indeed, possess a wealth of culinary talent.

The Classic is respected as a major asset by the culinary community. It also generates for the Company a high profile for Wiser's DeLuxe and increases awareness of other Corby products such as Tia Maria and Irish Mist. Each year, chefs across the country compete in regional competitions leading to a national final and recipes are required to include one of Corby's quality products.

In addition to support from the food and beverage profession, the Culinary Classic has been garnering media coverage which became particularly noteworthy in this third year of competition. The Classic and corresponding identification of Corby products was promoted actively by newspapers, magazines and radio and television stations at both a local and national level and in both languages.

### **Reception Centre and Corbyville Tour**

No corporation is more fortunate than Corby in the location of its distilling operations, nestled on the banks of the Moira River in Ontario's lush Thurlow Township. In addition to its picturesque setting, the area is rich in distilling tradition with record of whisky manufacture going back to the 1760s.

In order to preserve and share this heritage with the public, a long-range plan was developed for Corbyville and the result was the opening this year of a new Reception Centre and development of a fascinating tour route.

Care was taken to ensure that the exterior of the Reception Centre would reflect the surrounding architectural style and the brick bonds and woodwork echo the appearance of the old tank warehouses. The interior has been constructed with massive wood pillars and cross-braced ceilings similar to those of the rack warehouses.

A series of barrel-heads carved by a noted local wood carver depict the various elements involved in the making of Wiser's DeLuxe, namely the grain, the malt, the water and the cooperage. A display of old cooper's tools is mounted on screens and a feature of particular historical note is the excellent Wiser Collection of Canadian Furniture on view.

Many other items of memorabilia relating to the distilling tradition in Canada and to the Wiser name are on display. It is hoped that, over the years, the centre will acquire a meaningful collection of artifacts of Canadian distilling history.

The Reception Centre serves as the focal point of a guided tour of the distilling operation. A fascinating feature is the recent installation of two giant oak barrels which will contain the special blending elements that give Wiser's DeLuxe its exceptional character. These huge casks are unique in Canada.

The new distillery tour and the Reception Centre promise a fascinating and rewarding experience for participants. The attractive board-walk along the Moira River and the pastoral atmosphere of Corbyville lend credence to the Corby philosophy that quality is the result of skill, patience and care; that 'quality is something you just can't rush.'

## Personnel

The excellent relationship enjoyed by Corby and its employees continued to be a source of pride to both during the past year. A three-year agreement with Local 96 of the Distillery Workers' Union was signed effective October 1, 1979, marking yet another agreement in a long series which have been completed without a single day's loss of work through strike or lockout.

During the year, the fringe benefits program for



Executive of local 96, D.W.U. leaving the reception centre,—left to right, Gilberte Villeneuve, Fin. Sec., Paul Godbout, Chief Steward, Werner Brauer, V. P., Sheldon Sanford, Treas., Ron Locke, Rec. Sec., Ken Burley, Pres.

all employees and their dependents was redesigned with numerous improvements.

Employee education and physical fitness programs were continued and the children of employees are participating in the Scholarship Program.

### Quarter Century Club

This Club, which honors employees of 25 years service, now consists of no less than 71 employees, a tribute to the excellent working relationships in effect.

Club members gather for an annual dinner; retired employees become members of the Special Select Club and are invited to meet old friends at the new Reception Centre.

### Consolidated statement of earnings

For the year ended August 31 (expressed in thousands)	1980	1979
<b>Income</b>		
Sales	\$69,433	\$61,762
Commission	5,684	5,096
Investment and other income	3,145	2,672
	<u>78,262</u>	<u>69,530</u>
<b>Cost and Expenses</b>		
Cost of sales	45,117	42,216
Selling and general expenses	19,084	16,100
Interest on long-term debt	1,357	1,439
Other interest	875	506
Depreciation	1,046	895
Amortization of goodwill	193	188
	<u>67,672</u>	<u>61,344</u>
<b>Earnings before income taxes</b>	<b>10,590</b>	<b>8,186</b>
<b>Provision for income taxes</b>	<b>3,292</b>	<b>2,798</b>
<b>Net earnings for the year</b>	<b>\$ 7,298</b>	<b>\$ 5,388</b>
<b>Net earnings per share</b>	<b>\$3.23</b>	<b>\$2.38</b>

### Consolidated statement of retained earnings

For the year ended August 31 (expressed in thousands)	1980	1979
<b>Balance—Beginning of year</b>	<b>\$33,887</b>	<b>\$30,167</b>
Net earnings for the year	7,298	5,388
	<u>41,185</u>	<u>35,555</u>
Dividends	2,828	1,668
<b>Balance—End of year</b>	<b>\$38,357</b>	<b>\$33,887</b>

The notes to consolidated financial statements are part of these statements.

## Consolidated balance sheet

as at August 31, 1980 (expressed in thousands)	1980	1979
<b>Assets</b>		
<b>Current assets</b>		
Short-term investments—at cost which approximates market value	\$ 2,936	\$ 2,830
Accounts receivable	13,209	11,264
Inventories	35,187	33,486
Prepaid expenses	519	458
Total current assets	51,851	48,038
<b>Long-term investments</b>	3,679	3,399
<b>Land, buildings and equipment</b>	19,137	17,804
Accumulated depreciation	10,558	9,693
	8,579	8,111
<b>Goodwill</b>	5,527	5,720
	\$69,636	\$65,268

The notes to consolidated financial statements are part of these statements.



	1980	1979
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank loans and notes payable	\$ 9,772	\$ 7,560
Accounts payable and accrued liabilities	5,514	4,942
Dividend payable	566	—
Income and other taxes	3,003	1,286
Current portion of long-term debt	569	478
Total current liabilities	<u>19,424</u>	<u>14,266</u>
<b>Long-term debt</b>	<b>5,406</b>	<b>10,472</b>
<b>Deferred income taxes</b>	<b>1,970</b>	<b>2,164</b>
	<u>26,800</u>	<u>26,902</u>
<b>Shareholders' equity</b>		
<b>Capital stock</b>	<b>4,479</b>	<b>4,479</b>
<b>Retained earnings</b>	<b>38,357</b>	<b>33,887</b>
	<u>42,836</u>	<u>38,366</u>
	<u>\$69,636</u>	<u>65,268</u>

Signed on behalf of the board  
R. Lachapelle, Director  
Ian M. Mackinnon, C.A., Director

## Consolidated statement of changes in financial position

for the year ended August 31 (expressed in thousands)	1980	1979
<b>Financial resources were provided by:</b>		
Operations	\$ 8,063	\$ 7,496
Long-term debt		13,130
Capital stock issued		493
	<b>8,063</b>	<b>21,119</b>
<b>Financial resources were used for:</b>		
Dividends	2,828	1,668
Additions to land, buildings and equipment	1,514	950
Acquisition of subsidiary net of acquired working capital		9,443
Reduction of long-term debt	5,066	4,372
	<b>9,408</b>	<b>16,433</b>
<b>Increase (decrease) in working capital</b>	<b>(1,345)</b>	<b>4,686</b>
<b>Working capital—Beginning of year</b>	<b>33,772</b>	<b>29,086</b>
<b>Working capital—End of year</b>	<b>\$32,427</b>	<b>\$33,772</b>

The notes to consolidated financial statements are part of these statements.

## Auditors' report to the shareholders

We have examined the consolidated balance sheet of Corby Distilleries Limited as at August 31, 1980 and the consolidated 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 consolidated financial statements present fairly the financial position of the corporation as at August 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.

Chartered accountants

*Coopers & Lybrand*

Montreal, Quebec,  
September 26, 1980

## Notes to consolidated financial statements

For the year ended August 31, 1980

### 1. Summary of significant accounting policies

Consolidation policy—

The consolidated financial statements include the accounts of all wholly-owned subsidiaries, 50% of the assets, liabilities, income and expenses of a joint venture and the corporation's equity in a partly-owned corporation.

Currency translation—

The accounts of the foreign subsidiary corporation have been translated at the following rates of exchange:

- (a) Current assets, with the exception of inventories, and current liabilities at the rate prevailing on August 31, 1980.
- (b) Inventories acquired subsequent to August 31, 1971 at the average rate for the year of production or purchase, and inventories acquired prior to August 31, 1971 at the rate prevailing on that date.
- (c) Long-term investments at rates prevailing at dates of acquisition.
- (d) Deferred income taxes at the average rates for the years of accumulation.
- (e) Revenue and expenditure at the average rate for the year.

Inventories—

Inventories are stated at cost which does not exceed net realizable value. They include barrelled whiskies which will remain in storage over a period of years but which are classified as current assets in accordance with the general practice of the distilling industry.

Long-term investments—

Long-term investments are stated at cost except for the corporation's investment in a partly-owned corporation which is accounted for by the equity method and amounted to \$1,382,000 (cost \$800,000). The corporation's share of this corporation's earnings amounted to \$280,000 (1979—\$302,000) and has been included in investment and other income.

Land, buildings and equipment—

Land, buildings and equipment are carried at cost. Generally depreciation is provided for on the diminishing balance method at annual rates of 5% for buildings and 10% to 30% for equipment.

Goodwill—

Goodwill, principally the excess of cost over amounts assigned to net assets of corporations acquired, is amortized on a straight-line basis, over forty years.

Pension plan—

The corporation has trustee pension plans. Based on most recent reports by independent actuaries, the unfunded past service costs of the pension plans amounted to \$1,396,400. These costs are being funded by annual payments of \$103,500 which are charged to earnings when funded. During the year, subsequent to the valuation dates, the corporation made additional contributions on account of these unfunded past service costs of \$349,000 which contributions have been charged to earnings.

Deferred income taxes—

Deferred income taxes are provided for all significant timing differences in reporting income and expenses for financial statement and tax purposes. The timing differences arise principally from tax deductions by the Scottish subsidiary for inventory appreciation relief. The deferred income taxes have been classified as a long-term deferred credit in accordance with the general practice of the distilling industry.

**2. Long-term debt**

	1980		1979
	Current portion	Total (in thousands)	Total
Term bank loan, repayable in varying quarterly instalments to April 1, 1987. Interest is payable monthly at rates varying from prime commercial bank rate to prime plus 1% over the life of the loan	\$394	\$5,200	\$10,000
Term bank loan, at prime, repayable in semi-annual instalments of \$75,000	150	700	850
Term bank loan, at prime plus 1/2% repayable in annual instalments of \$25,000	25	75	100
	<u>\$569</u>	<u>5,975</u>	<u>10,950</u>
Current portion		569	478
		<u>\$5,406</u>	<u>\$10,472</u>

**3. Capital stock**

	1980	1979
	Number of shares	
Authorized—		
Voting—no par value	Unlimited	1,000,000
Non-voting, Class "B"—no par value	Unlimited	500,000
Issued and fully paid—		
Voting	1,976,960	988,480*
Non-voting, Class "B"	285,312	142,656
Stated value of issued and fully paid shares	\$4,478,942	\$4,478,942

During the year the corporation obtained amendments to its articles of continuance which resulted in the following changes to the capital of the corporation:

- (a) The authorized 1,000,000 voting no par value shares and the authorized 500,000 non-voting Class "B" no par value shares became unlimited as to the number of authorized shares.
- (b)\* The 988,480 issued voting no par value shares and the 142,656 issued non-voting Class "B" no par value shares were split on a two for one basis effective January 15, 1980.

The 1979 earnings per share has been restated to effect retroactive application of the stock split.

#### 4. Supplementary information

Related party transactions—

Hiram Walker-Gooderham & Worts Limited owns in excess of 50% of the issued voting shares of the corporation. Information relative to transactions with the parent and affiliated corporations include the following:

	(in thousands)		
Amounts due from affiliated corporations included in accounts receivable			\$1,839
Amounts due to affiliated corporations included in accounts payable and accrued liabilities			\$ 394
Transactions with affiliated corporations— Income—			
Sales			\$6,783
Commissions			449
Investment and other income			131
			<u>\$7,363</u>
Costs and expenses—			
Purchases			\$8,765
Sales of raw materials			(1,128)
Royalties and administration			399
Other interest			(297)
			<u>\$7,739</u>
Segmented information—			
Substantially all of the corporation's operations are in the manufacture and sale of wines and spirits.			
Geographic segments—			
		<b>1980</b>	
		<b>United</b>	
	<b>Canada</b>	<b>Kingdom</b>	<b>Total</b>
			(in thousands)
Income	\$69,190	\$ 9,072	\$78,262
Net earnings	\$ 5,267	\$ 2,031	\$ 7,298
Assets	\$56,579	\$13,057	\$69,636
			1979
		United	
	Canada	Kingdom	Total
			(in thousands)
Income	\$62,142	\$ 7,388	\$69,530
Net earnings	\$ 4,024	\$ 1,364	\$ 5,388
Assets	\$52,368	\$12,900	\$65,268
		<b>1980</b>	1979
			(in thousands)
Excise tax included in sales and cost of sales		\$15,596	\$17,980

## The Corby Family of Products

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### Corby Distilleries Limited

Corbyville  
 Canadian whiskies  
 Very Special Park Lane  
 Park Lane  
 Corby Special Selected  
 Royal Reserve  
 Golden Touch  
 Gin  
 Corby London Dry Gin

### Grand Duke Vodka Merchants

Vodka  
 Grand Duke Vodka

### Robert Macnish & Co. Ltd.

Dumbarton, Scotland  
 Scotch Whisky (Bottled in Scotland)  
 Grand Macnish

### Wiser's Distillery Limited

Canadian Whiskies  
 Wiser's Oldest (18 years old)  
 Wiser's De Luxe (10 years old)  
 Wiser's "101"  
 Wiser's Old Canadian  
 Wiser's Special Blend  
 Wiser's Northern Light  
 Gin  
 Wiser's International Dry Gin  
 Vodka  
 Wiser's International Vodka

### Lamb's Rum Company

Rums  
 Lamb's White  
 Lamb's Palm Breeze  
 Lamb's Navy

### Erven Lucas Bols

Amsterdam, Holland  
 Bols V.O. Geneva Gin  
 Bolskaya Vodka  
 Imported  
 Advocaat  
 Anisette  
 Apricot Brandy  
 Blackberry Brandy  
 Bolsberry  
 Cherry Brandy  
 Crème de Banane  
 Crème de Menthe (Green/White)  
 Crème de Cacao (Brown/White)  
 Curaçao Triple Sec  
 Dry Orange Curaçao

### J.M. Douglas International Company

Montreal  
 Liqueurs  
 Tia Maria  
 Irish Mist  
 Rums  
 Lemon Hart Royal Navy Demerara  
 Lemon Hart Golden Jamaica  
 Lemon Hart Santiago (White Rum)  
 Cognacs  
 Courvoisier Napoléon  
 Courvoisier V.S.O.P.  
 Courvoisier V.S.  
 Imported wines/France  
 Burgundy (Red)  
 Rodet Côte de Beaune-Villages  
 Rodet Puits d'Amour Beaujolais  
 Burgundy (White)  
 Rodet Mâcon Villages  
 Côtes du Rhône  
 Rodet Côtes du Rhône  
 Table Wine  
 Rodet Cellarmaster (Red)  
 Rodet Cellarmaster (White)  
 Champagne  
 Charles Heidsieck Brut  
 Charles Heidsieck Extra Dry  
 Aperitifs  
 St-Raphaël Golden  
 St-Raphaël Red  
 Imported wines/California  
 Sebastiani Mtn. Chablis  
 Sebastiani Mtn. Burgundy  
 Sebastiani Mtn. French Colombard  
 Sebastiani Mtn. Pinot Noir  
 Sebastiani Zinfandel  
 Sebastiani Pinot Noir Blanc  
 Sebastiani Gamay Beaujolais  
 Imported wines/Italy  
 Riunite Lambrusco  
 Riunite Bianco  
 Riunite Rostato  
 Imported wines/Portugal  
 Delaforce Royal Palace Port

## **Corby and Meagher's regional and district sales offices**

### **Corby Distilleries Limited**

#### **Montréal:**

752 Chemin du Golf  
Nuns' Island  
Montréal, Qué. H3E 1A8  
Tel.: (514) 769-4573

#### **Toronto:**

47 Sheppard Avenue East  
Suite 521  
Willowdale, Ontario M2N 5X5  
Tel.: (416) 226-6936

#### **Ottawa:**

30 Chamberlain Avenue  
Ottawa, Ont. K1S 1V9  
Tel.: (613) 236-9163

#### **Calgary:**

#250 One Palliser Square  
125-9th Avenue South East  
Calgary, Alta. T2G 0P6  
Tel.: (403) 264-5349

#### **Vancouver:**

1271 Howe Street  
Vancouver, B.C. V6Z 1R3  
Tel.: (604) 683-8288

### **Meagher's Distillery Limited**

#### **Montréal:**

18 Fundy, Mart F  
Place Bonaventure  
Montréal, Qué. H5A 1E1  
Tel.: (514) 878-4514

#### **Toronto:**

234 Eglinton Ave E.  
Suite 802  
Toronto, Ont. M4P 1K5  
Tel.: (416) 486-0644

#### **Vancouver:**

1177 West Hastings St.  
Suite 1205-A  
Vancouver, B.C. V6E 2K3  
Tel.: (604) 688-4329

**CORBY**