

# **AKTIEBOLAGET ELEKTROLUX**

## **STOCKHOLM**

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**REPORTS**  
**OF THE**  
**DIRECTORS AND AUDITORS**  
**FOR THE YEAR**  
**1955**

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STOCKHOLM**

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**The Ordinary General Meeting will be held on Saturday, May 12th, 1956, at 10.00 a.m.  
at the offices of the Company, St Eriksgatan 63, Stockholm.**

To qualify for participation in the proceedings of the General Meeting, shareholders must register at the offices of the Company in Stockholm not later than three clear days before such General Meeting, between 10 a.m. and 2 p.m.

Such dividend for 1955 as may be declared at the General Meeting, will be paid out as from May 14th, 1956, against coupon No. 52, at the offices of the Company in Stockholm, or at the offices of Skandinaviska Banken AB in Sweden.

In Great Britain shareholders may collect the dividend from Messrs. Baring Brothers & Co., Ltd., 8, Bishopsgate, London, E.C.2, and in Switzerland from MM Pictet & Cie., 6, Rue Diday, Geneva.

When collecting dividends, shareholders must complete and sign the compulsory Affidavit and Statement of Dividends.

# AKTIEBOLAGET ELEKTROLUX

ANNUAL REPORT OF THE BOARD AND OF THE MANAGING DIRECTOR  
FOR THE YEAR 1955.

The Company's Turnover increased during 1955, rising from Kr. 133.2 million in 1954 to Kr. 147.4 million in 1955, i.e. by 10.6 %. Exports accounted for 16.2 % of the increased Turnover, while sales to Subsidiary Companies and customers in Sweden increased by 5.1 %.

The total Turnover of the Elektrolux Concern amounted to Kr. 494 million in 1955 as against Kr. 450 million in 1954, an increase of 9.7 %.

All the Company's factories in Sweden increased their production during 1955. Of the foreign factories the English one shows a considerable increase in output. Generally speaking, the other factories abroad have increased manufacture of suction cleaners and floor polishers, while development in the matter of refrigerators has on the other hand been irregular.

Various forms of restrictions abroad on imports, mentioned in previous Annual Reports, are still in force. During 1955 Australia also joined this group of countries.

Measures limiting hire purchase trading have during the year been introduced in a number of countries, e.g. Australia, Denmark, Norway and England. For the latter country the restrictions were only introduced towards the end of the year.

Current stringent restrictions on credit coupled with increased company taxation put a large strain on the Company's liquid resources.

Gross amounts due to the Company from abroad have risen during the year by Kr. 13.3 million to Kr. 67.6 million, simultaneously with an increase in amounts due in Sweden of Kr. 1.2 million to Kr. 12.5 million.

Stocks both at Swedish factories and at Subsidiary Companies abroad increased considerably during 1955. Having regard to new regulations in Sweden relative to future limitation in writing down stocks for taxation purposes, a somewhat lower percentage than in previous years has been applied in 1955. The Company has as hitherto set up reserves against the foreign Subsidiaries' stocks of products made in Sweden, partly for unrealized profit in the stocks, partly to write them down in accordance with the principles applied to corresponding stocks in Sweden. This latter part of the reserve, which in the Accounts for 1954 amounted to Kr. 9 million, was in 1955 assessed to taxation, for which reason the Company has been obliged to make a further provision for taxes of Kr. 4,539,000. In view of the fact that the proportion of the reserve now taxed was set up during years prior to 1955, this additional tax has been provided for out of profits carried forward from previous years.

A further amount of Kr. 3 million has in 1955 been credited to this already taxed reserve as a result of increased stocks of Swedish-made products at foreign Subsidiaries as at 31st December, 1955. The Reserve for unrealized profit in stocks at Subsidiaries, which in previous Annual Reports was shown on the assets side of the Balance Sheet as a deduction from Amounts due by Subsidiary Companies, has now been transferred to the liabilities side of the Balance Sheet and combined with the taxed reserve mentioned above under the heading "Reserve for unrealized profit in and writing down of stocks at Subsidiaries".

A new product was introduced by the Company during 1955, viz. a bottle-cooler which, for the time being, is only being manufactured at the Motala Works. It is intended primarily for commercial use in connection with the sale of beer, soft drinks, etc.

Manufacture, selling and administration are the subject of constant rationalization within the whole Concern in order to keep costs and hence also selling prices down in the face of ever stiffening competition, this being a cardinal point in the Company's endeavours to strengthen its position still more. First on the Company's investment programme is the new machine workshop now being built in Motala, begun in November 1954 and estimated to be ready in June of this year. The total investment is calculated at Kr. 4 million, of which Kr. 2.6 million has been paid out during 1955. In order to increase manufacturing capacity of the Säffle Factory an extension of the machine workshop is now under way, which it is anticipated will be completed in April 1956. A new office building is also being erected at the Säffle Factory.

Purchases during the year of Plant and Equipment amounted to Kr. 3,630,470, while items scrapped and sold amounted to Kr. 341,329 and Kr. 545,651 respectively, the net increase for the year therefore amounting to Kr. 2,743,490. Depreciation has been calculated on the basis of 20 %, in accordance with new taxation regulations for Wear and Tear allowances.

Buildings owned directly by the Company in Sweden have an assessed value of Kr. 6,580,000, and are insured against fire for Kr. 11,223,500. The total assessed value of all buildings belonging to the Concern in Sweden is Kr. 26,485,000, and they are insured against fire for Kr. 48,337,400.

The Company's Machinery, Office Equipment, etc. in Sweden is insured against fire for Kr. 83,051,500.

Alterations during the year in Fixed Assets are shown by the following summary from the Consolidated Balance Sheet: —

	Land, Factory & Office Buildings	Plant, Machinery, etc.	Office Equip- ment, Motor Cars, etc.	Total
Net Book Value as at 31st December, 1954 (after Depreciation)...	Kr. 36,584,287	3,759,547	651,356	40,995,190
Additions during 1955, less items scrapped and sold .....	<u>7,440,274</u>	<u>7,590,606</u>	<u>2,703,051</u>	<u>17,733,931</u>
	Kr. 44,024,561	11,350,153	3,354,407	58,729,121
<i>Deduct:</i> Provision for Depreciation 1955 ...	<u>2,447,226</u>	<u>5,795,427</u>	<u>2,268,028</u>	<u>10,510,681</u>
Net Book Value as at 31st December, 1955 ...	Kr. 41,577,335	5,554,726	1,086,379	48,218,440
Net Increase in Book Value 1955	<u>Kr. 4,993,048</u>	<u>1,795,179</u>	<u>435,023</u>	<u>7,223,250</u>

It may be mentioned in connection with new construction abroad that the English Company has commenced an extension of its factory, and that a new factory is being erected in New Zealand to replace the previous one which has been taken over by the Authorities in connection with enlarging an aerodrome.

Management-Employee Councils of the Company have been successively developed, special attention being paid to rationalization. Continual training of staff is being carried on within the Company on broad lines. Grants have been made in various forms for social welfare work, recreational activities, meetings, etc.

The average number of workmen employed during the year was 2,328, the average number of other employees being 990.

The total amount of remuneration paid during the year is made up as follows: —

Directors, Managing Director and other Executives .....	Kr. 1,256,657
Workmen .....	„ 24,036,992
other Employees .....	„ 15,994,429

The Swedish Selling Companies employed 190 workmen and 648 other employees, remuneration paid amounting to: —

Directors, Managing Directors and other Executives .....	Kr. 314,476
Workmen .....	„ 1,685,750
other Employees .....	„ 8,514,255

The Subsidiaries abroad employed 4,514 workmen and 6,890 other employees, remuneration paid (converted into Swedish Kronor) amounting to: —

Directors, Managing Directors and other Executives .....	Kr. 2,808,957
Workmen .....	„ 34,872,152
other Employees .....	„ 76,626,442

The Net Profit of the Company for the year, as per the Profit & Loss Statement, amounts to .....	Kr. 17,932,899
Unappropriated Balance brought forward from 1954, after deducting Kr. 4,539,000 for further Provision for Taxes as assessed during 1955 ..	„ 16,800,680
Total amount available for distribution .....	<u>Kr. 34,733,579</u>

The Directors and the Managing Director recommend that this amount be appropriated as follows: —

For payment of a dividend of Kr. 7.50 per share against coupon No. 52, equivalent to 5.3 % of the Working Capital of the Company according to the Balance Sheet .....	Kr. 9,000,000
Transferred to the Statutory Reserve .....	„ 2,000,000
Balance of Profit to be carried forward .....	„ 23,733,579
	<u>Kr. 34,733,579</u>

The Board of Directors and the Managing Director take this opportunity of thanking all Elektrolux' employees for the interest and enthusiasm with which they have carried out their work during the year now ended. They also convey their thanks to distributors, agents and customers in all parts of the world for the confidence they have shown in the Company and its products.

The result of the Company's operations during the year 1955 is shown by the following

## PROFIT AND LOSS STATEMENT

### Income:—

#### *From Production in Sweden and Sales in Sweden and Exports:—*

Profit on operations ..... 21,204,664

(after deducting:—

Depreciation on Buildings ..... 328,014

Depreciation on Machinery,  
Furniture, etc. .... 1,550,538

General Sales & Administration  
Expenses ..... 6,809,409)

*Royalties from abroad and Sale of Patents* ..... 13,106,592

#### *From Capital:—*

Dividends from Subsidiaries ..... 1,524,056

Dividends from other foreign shareholdings ..... 2,038,072

Interest from Subsidiaries abroad ..... 164,994

Other interest receivable etc. .... 1,221,262 4,948,384

*Amounts recovered from investments in foreign Subsidiaries, previously  
written off* ..... 1,208,548  
40,468,188

### Deduct: Expenses:—

Provision for Taxes ..... 22,360,471

Interest payable ..... 174,818 22,535,289

*Net Profit for the year 1955* ..... Kr. 17,932,899

The position of the Company as at December 31st, 1955, is shown by the following

## BALANCE SHEET

### ASSETS

#### *Fixed Assets:—*

Land, Factory & Office Buildings .....	12,096,357		
Less: Reserve for Depreciation .....	<u>1,610,377</u>		10,485,980
Machinery, Office Furniture, Motor Cars etc. ....	40,804,226		
Less: Reserve for Depreciation .....	<u>34,682,618</u>		6,121,608
Prepayments on Fixed Assets under construction .....			340,592
Shareholdings in Subsidiary Companies	89,675,020		
Shareholdings in other Companies ...	<u>31,080,006</u>		
	120,755,026		
Less: Reserve for Depreciation .....	<u>16,000,000</u>		104,755,026
Guarantee Deposits .....			137,251
Patents .....			<u>1</u>
			121,840,458

#### *Current Assets:—*

Inventories of Merchandise .....		21,346,315	
Sundry Bonds .....	130,288		
Notes Receivable.....	<u>201,691</u>		331,979
Due by Subsidiary Companies .....			57,391,372
Customers' Outstandings and Bills Receivable .....			12,398,435
Miscellaneous Receivables .....			3,619,768
Deferred Charges .....			63,883
Cash at Banks, Post-Office, and on Hand .....			<u>32,487,252</u>
			127,639,004
			<u>Kr. 249,479,462</u>



# SHEET

## LIABILITIES

### Long Term Liabilities:—

AB Elektrolux' Pension Fund: by previous allocations.....	7,000,000	
AB Elektrolux' Pension Fund of 1952.....	6,540,000	
Due to Subsidiary Companies .....	<u>12,561,377</u>	26,101,377

### Current Liabilities:—

Due to Suppliers .....	5,766,586	
Miscellaneous Payables .....	3,138,618	
Accrued Charges .....	<u>6,353,976</u>	15,259,180

Provision for Taxes ..... 13,177,801

Reserve for unrealized profit in and writing down of  
stocks at Subsidiaries ..... 26,207,525  
80,745,883

### Share Capital and Surplus:—

Share Capital: 120,000 "A" shares .....	12,000,000	
1,080,000 "B" shares .....	<u>108,000,000</u>	120,000,000
Statutory Reserve .....	<u>14,000,000</u>	134,000,000

### Profit and Loss Account:—

Balance as at December 31st, 1954 .....	32,339,680	
Less: Further Provision for Taxes as assessed during 1955 .....	<u>4,539,000</u>	27,800,680

### Less: Allocation decided at General Meeting in May 1955:—

Transferred to the Statutory Reserve	2,000,000	
Dividend for 1954 .....	<u>9,000,000</u>	<u>11,000,000</u>
		16,800,680

Net Profit for the year 1955 ..... 17,932,899 34,733,579

Kr. 249,479,462

Contingent Liabilities ..... Kr. 1,415,000 (Whereof Nil in respect of discounted Bills Receivable)

Liability for pension obligations to former employees, totalling per annum ..... Kr. 374,160

## SHAREHOLDINGS IN SUBSIDIARY COMPANIES

		Book Value Kr.
AB Lux, Stockholm.....	40,000 pref. shares } 80,000 common » }	12,000,000
AB Arctic, Stockholm .....	5,000 shares .....	500,000
Platen Munters Refrigerating System AB, Stockholm.....	1,050 "A" shares } 450 "B" » }	1,500,000
Elektrolux Svenska Försälj- nings AB, Stockholm .....	60,000 shares .....	6,000,000
Försäljnings AB Volta, Stockholm .....	2,000 » .....	200,000
AB Penta Utombordsmotorer, Stockholm .....	250 » .....	25,000
Bohus Mek. Verkstads AB, Göteborg .....	445 » .....	445,000
AB Carex, Stockholm .....	50 » .....	5,000
		20,675,000
Shares in foreign Subsidiaries .....		69,000,020
		Kr. 89,675,020

## SHAREHOLDINGS IN OTHER COMPANIES

AB Sukab, Stockholm .....	17 shares .....	1
AB Svensk Värmemätning C. B. System, Stockholm .....	738 » .....	1
Svensk Interkontinental Lufttrafiks AB (S.I.L.A.), Stockholm .....	2,000 » .....	1
La Maison de Suède à Paris, S. A., Paris	400 » .....	1
Säfte Restaurant AB, Säffe.....	50 » .....	1
Mercatoria S.A., Lima .....	1,682 » .....	1
Electrolux Corporation, New York.....	350,000 » .....	31,080,000
		Kr. 31,080,006

The Company furthermore owns, through the intermediary of its Subsidiaries, AB Arctic, Platen-Munters Refrigerating System AB and Försäljnings AB Volta the following shares:—

			Book Value Kr.
AB Sawe, Stockholm .....	200 shares .....		20,000
AB Arctic, Stockholm .....	1,000 » .....		100,000
Centralkassan AB, Stockholm .....	1,000 » .....		100,000
AB Archimedes, Stockholm...	15,000 » .....		750,000
Norsk Volta A/S i likvidation, Oslo.....	50 » .....		3,600
Walter Widmann A. G., Zürich...	50 » .....		59,325
			<u>Kr. 1.032.925</u>

Stockholm, March 22nd, 1956.

*Gustaf Sahlin*

*Manne Siegbahn*

*H. A. Wernher*

*Sven Salmonson*

*Axel Engberg*

*Sten Widell*

*Elon V. Ekman*

Managing Director

While referring to our Audit Report of to-day's date, we confirm that the Profit & Loss Statement and Balance Sheet, included in the Annual Report, agree with the Accounts of the Company as examined by us.

Stockholm, April 6th, 1956.

*Seth Svensson*

Auditor, authorized by Stockholm's Chamber of Commerce.

*Arvid Erikson*

Auditor, authorized by Stockholm's Chamber of Commerce.

The position of the Elektrolux Concern as at 31st December, 1955, is shown by the following Consolidated Balance Sheet, which also sets out the result of the operations of the Concern as a whole during 1955.

## THE ELEKTROLUX COMPARATIVE CONSOLIDATED BALANCE

The Consolidated Balance Sheet has been prepared on the same basis as for previous years. The Assets lower rates than the officially quoted buying rates at the year-end. These rates have also been applied currencies have been converted at

### ASSETS

	1955		1954	
<i>Fixed Assets:—</i>				
Land, Factory & Office Buildings	59,007,981		51,567,707	
Less: Reserve for Depreciation .....	17,430,646	41,577,335	14,983,420	36,584,287
Plant, Machinery etc. ....	67,526,227		59,935,621	
Less: Reserve for Depreciation .....	61,971,501	5,554,726	56,176,074	3,759,547
Office Equipment, Motor Cars etc.	16,125,532		13,422,481	
Less: Reserve for Depreciation .....	15,039,153	1,086,379	12,771,125	651,356
Prepayments on Fixed Assets under construction .....	340,592		280,061	
Sundry Shareholdings.....	19,481,543		19,147,687	
Guarantee Deposits .....	519,406		595,747	
Patents, Trade Marks and Goodwill.....	0		0	
	68,559,981		61,018,685	
<i>Current Assets:—</i>				
Inventories of Merchandise .....	102,248,105		77,771,517	
Securities .....	6,548,021		7,819,602	
Customers' Outstandings and Bills Receivable (less Reserves for Hire Purchase Interest and Doubtful Accounts) .....	121,084,970		100,091,732	
Miscellaneous Receivables.....	5,032,731		3,974,607	
Deferred Charges .....	2,327,896		1,823,602	
Cash at Banks, Post-Office and on Hand .....	54,531,711	291,773,434	62,149,127	253,630,187
	Kr. 360,333,415		Kr. 314,648,872	

# CONCERN

## SHEET AS AT 31ST DECEMBER 1955 AND 1954

and Liabilities of the foreign Subsidiaries have in all instances been converted into Swedish Crowns at when converting the Swedish Companies' claims in foreign currencies, whereas their liabilities in such the officially quoted selling rates.

### LIABILITIES

	1955		1954	
<i>Long Term Liabilities:—</i>				
Mortgage Loans .....	2,550,521		2,989,225	
Staff Pension Funds .....	<u>18,252,752</u>	20,803,273	<u>16,694,270</u>	19,683,495
<i>Current Liabilities:—</i>				
Bank Loans .....	4,855,624		2,281,410	
Suppliers' Balances and Bills Payable .....	23,304,657		18,494,126	
Miscellaneous Payables .....	12,892,329		10,840,208	
Accrued Charges .....	<u>21,892,530</u>	62,945,140	<u>19,973,022</u>	51,588,766
<i>Provisions for Taxes .....</i>		<u>38,896,792</u>		<u>28,025,979</u>
		122,645,205		99,298,240
<i>Share Capital and Surplus:—</i>				
Share Capital .....	120,000,000		120,000,000	
Statutory and Legal Reserves .....	34,914,014		23,826,661	
Free Reserves .....	3,734,367		4,049,431	
Balance of Profit carried forward from previous years .....	47,702,251		37,427,118	
Total Net Profit for the year .....	<u>31,337,578</u>	<u>237,688,210</u>	<u>30,047,422</u>	<u>215,350,632</u>
		<u>Kr. 360,333,415</u>		<u>Kr. 314,648,872</u>
<i>Contingent Liabilities</i>		<u>Kr. 1,595,000</u>		<u>Kr. 1,457,000</u>

Stockholm, March 22nd, 1956.

*Elon V. Ekman*

We, the undersigned auditors, appointed to examine the administration and accounts of Aktiebolaget Elektrolux for the year 1955, beg to submit the following

## AUDITORS' REPORT.

We have examined the accounts, which have also been checked by internal auditors, and have found them to be in excellent order.

The Company's various cash balances have been checked on different occasions by the internal auditors, and everything found in good order.

The various bank accounts have been checked, and securities inspected.

We have examined the Minutes of Board Meetings held during the year and have also had produced to us the insurance policies, contracts and other documents relative to the Company's financial position and the Board's administration.

In our opinion, all assets shown in the Balance Sheet have been valued on a most conservative basis.

The Consolidated Balance Sheet, as included in the Board's Report, has been examined by us. We have found this Balance Sheet to be drawn up on sound principles and giving a true picture of the financial position at the close of the year. The regulations laid down in the new Companies' Act, § 101 section 2 and 3 and § 104, relative to consolidated accounts, have been observed.

During the audit we have also examined the accounts of Aktiebolaget Elektrolux' Pension Funds.

There being no grounds for adverse criticism of the documents submitted to us, the Company's accounts, the verification of its assets or the administration of its affairs, we recommend:—

*that* the Balance Sheet presented by the Directors and the Managing Director and signed by us be approved,

*that* the available surplus be appropriated in accordance with the proposal of the Directors, such proposal comprising the required appropriation to the Statutory Reserve and not being at variance with good commercial practice considering the position of the Company and the result of its operations as a whole,

*and that* the Directors and the Managing Director be granted discharge for the past financial year's administration.

Stockholm, April 6th, 1956.

**Seth Svensson**

Auditor, authorized by  
Stockholm's Chamber of Commerce

**Arvid Erikson**

Auditor, authorized by  
Stockholm's Chamber of Commerce

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