

ANNUAL REPORT
of
THE GOODYEAR TIRE & RUBBER CO.
OF CANADA, LIMITED
NEW TORONTO, ONTARIO

1946



THE GREATEST NAME IN RUBBER

ANNUAL REPORT

to the Shareholders of

THE GOODYEAR TIRE & RUBBER CO. OF CANADA, LIMITED

For the Fiscal Year ended December 31st, 1946

NEW TORONTO, ONTARIO

THE GOODYEAR TIRE & RUBBER COMPANY
OF CANADA, LIMITED

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General Offices: NEW TORONTO, ONT.

Factories: { NEW TORONTO, ONT.
BOWMANVILLE, ONT.

Cotton Plant: ST. HYACINTHE, QUE.

•
BRANCHES

ST. JOHN, N.B. 112 Princess St.
QUEBEC, QUE. Cor. Dorchester and Lalemant Sts.
MONTREAL, QUE. 679 St. James St. W.
TORONTO, ONT. 204 Richmond St. W.
LONDON, ONT. 539 Richmond St.
WINNIPEG, MAN. 97 Higgins Ave.
REGINA, SASK. Cor. Broad St. and 6th Ave.
SASKATOON, SASK. Cor. 24th St. and Pacific Ave.
CALGARY, ALTA. 537—8th Ave. West
VANCOUVER, B.C. Cor. Nelson and Hamilton Sts.

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WHOLESALE DISTRIBUTORS

Sydney, N.S.

Cape Breton Battery & Vulcanizing Co. Ltd. . 416 George St.

Halifax, N.S. . . Maritime Accessories Limited . . Sackville and South Park Sts.

Victoria, B.C. . . B. R. Ciceri & Co. 847 Yates St.

BOARD OF DIRECTORS

P. W. LITCHFIELD

Chairman

AKRON

A. G. PARTRIDGE

TORONTO

P. A. THOMSON

MONTREAL

C. H. CARLISLE

TORONTO

P. E. H. LEROY

AKRON

R. C. BERKINSHAW

TORONTO

E. J. THOMAS

AKRON

EXECUTIVE OFFICERS

A. G. PARTRIDGE

President

R. C. BERKINSHAW

Vice-President
and General Manager

D. C. CARLISLE

Treasurer

K. E. KENNEDY

Secretary

H. A. TIPPLE

Comptroller and
Assistant Secretary

J. W. PHILP

Assistant Treasurer

J. G. WILLIAMS

Assistant Comptroller

G. G. MERRITT

Assistant Treasurer

P. B. STEVENSON

Assistant Comptroller

J. D. W. CUMBERLAND

Assistant Secretary

A. W. DENNY

Vice-President in Charge of
Production

R. W. RICHARDS

Vice-President

O. H. BARRETT

Assistant to President
and General Counsel

C. B. COOPER

General Sales Manager

ANNUAL REPORT OF THE DIRECTORS
OF
THE GOODYEAR TIRE & RUBBER COMPANY
OF CANADA, LIMITED

February 20, 1947.

TO THE SHAREHOLDERS:

Your directors submit herewith a consolidated balance sheet and profit and loss and surplus statements of THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED, and its subsidiary companies, with your auditors' report thereon, which set forth the financial position of the combined companies as at December 31, 1946, and the result of the operations for the year 1946, together with comparative figures for the previous year.

The profits of the combined companies for the year 1946 transferred to earned surplus amount to \$1,660,013 which, after allowing for dividends paid during the year on the outstanding issues of preferred stock, is equivalent to \$5.40 per share on the 257,260 shares of common stock outstanding.

The customary annual review has been made of the stocks of raw materials, work in process and finished goods on hand which are included in the balance sheet on the usual basis of cost or market, whichever is lower. The government price controls on rubber and cotton were removed during 1946 and the company's commitments for supply of these commodities are on a satisfactory basis.

Adequate reserves have been established to provide for accruing depreciation of buildings and equipment, possible loss in the realization of accounts receivable and for income and excess profits taxes. The consolidated balance sheet discloses that the strong financial position of your companies has been well maintained. The small decrease in working capital was caused principally by heavy expenditures for extensions to the productive facilities.

The net expenditures for additions to buildings and equipment, amounting to \$1,722,707, represent mainly cost of additional equipment and facilities for the anticipated production requirements not only of lines presently being produced but for the manufacture of new products. Further heavy expenditures in 1947 are contemplated to complete the program of extension and modernization of the plants and equipment.

As anticipated, large amounts of natural rubber were received during 1946 and an ever-increasing supply is expected from now on. This will permit a blend of crude and synthetic in all articles of rubber manufacture, including tires, which will produce qualities unexcelled in pre-war days.

Your Company's mill at St. Hyacinthe is producing both cotton and rayon cord fabrics in sufficient quantities to meet the requirements of the two rubber factories, although there is a continuing need for the expansion of rayon yarn production in both Canada and the United States.

The two new factories at New Toronto for the manufacture of "Airfoam", a cushion rubber product intended for automobile, airplane and furniture seats, and for "Pliofilm", a Goodyear product for packaging various commodities, are approaching completion and manufacture of these two products will start as fast as equipment can be secured and installed.

Your Board wishes to express its appreciation to the staff and employees of the Company who have continued their whole-hearted efforts for its success during the year.

We also wish to thank the shareholders for their continued co-operation and interest and solicit its continuance.

A. G. PARTRIDGE,
President.

On behalf of the Board.

THE GOODYEAR TIRE & RUBBER

and SUBSIDIAR

CONSOLIDATED

ASSETS

	December 31, 1946	December 31, 1945
CURRENT ASSETS:		
Cash.....	\$ 1,481,698	\$ 2,777,958
Accounts receivable, less reserve for bad debts—1946— \$225,905; 1945—\$158,306.....	3,818,200	3,069,893
Inventories at cost or market whichever is lower.....	7,265,098	7,043,308
TOTAL CURRENT ASSETS.....	\$12,564,996	\$12,891,159
REFUNDABLE PORTION OF EXCESS PROFITS TAX...	\$ 836,711	\$ 786,578
INVESTMENTS:		
Stocks, bonds and mortgages.....	192,333	189,836
Preferred stock redemption fund.....		50
	<u>\$ 192,333</u>	<u>\$ 189,886</u>
PROPERTY ACCOUNTS:		
Land, buildings, machinery and equipment.....	\$18,560,147	\$17,242,529
Less—Reserve for depreciation.....	12,686,772	12,407,910
	<u>\$ 5,873,375</u>	<u>\$ 4,834,619</u>
DEFERRED CHARGES TO FUTURE OPERATIONS	\$ 92,177	\$ 95,167
	<u>\$19,559,592</u>	<u>\$18,797,409</u>

COMPANY OF CANADA, LIMITED

Y COMPANIES

BALANCE SHEET

LIABILITIES

	December 31, 1946	December 31, 1945
CURRENT LIABILITIES:		
Accounts payable.....	\$ 1,493,815	\$ 1,786,528
Reserve for income, excess profits and other taxes, including provision for renegotiation and adjustments under Government contracts in 1945.....	1,741,682	1,578,073
Preferred stock dividend payable January 31, 1947.....	55,000	
TOTAL CURRENT LIABILITIES.....	\$ 3,290,497	\$ 3,364,601
RESERVE FOR CONTINGENCIES.....	\$ 1,000,000	\$ 500,000
CAPITAL STOCK:		
Four percent Cumulative Redeemable Sinking Fund Preferred Stock:		
Authorized—160,000 shares of \$50 each \$8,000,000; issued as of August 1, 1946 and fully paid—110,000 shares....	\$ 5,500,000	
Five percent Cumulative Redeemable Preferred Stock—109,162 shares of \$50 each (redeemed and cancelled July 31, 1946).....		\$ 5,458,100
Common Stock, no par value:		
Authorized—290,660 shares; issued 257,260 shares.....	128,630	128,630
Capital Surplus, as per statement attached.....	618,903	463,068
	\$ 6,247,533	\$ 6,049,798
EARNED SURPLUS, as per statement attached.....	\$ 8,184,851	\$ 8,096,432
DEFERRED SURPLUS:		
Refundable portion of excess profits tax.....	\$ 836,711	\$ 786,578
	\$19,559,592	\$18,797,409

THE GOODYEAR TIRE & RUBBER COMPANY
OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS STATEMENT

	Year Ending December 31,	
	<u>1946</u>	<u>1945</u>
Profit for year before providing for depreciation and income and excess profits taxes (after special provision of \$500,000 in 1946 towards possible future decline in raw material prices, added to reserve for contingencies).....	\$5,070,240	\$4,851,607
Deduct:		
Provision for depreciation (including \$932,261 in 1945 for amortization of war facilities).....	\$ 683,951	\$1,608,973
Provision for income and excess profits taxes (including refundable portion of excess profits taxes 1945—\$176,258).....	<u>2,726,276</u>	<u>1,856,675</u>
	\$3,410,227	\$3,465,648
Balance of profits for the year carried to Earned Surplus, as below	<u>\$1,660,013</u>	<u>\$1,385,959</u>

CONSOLIDATED EARNED SURPLUS STATEMENT

	Year Ending December 31,	
	<u>1946</u>	<u>1945</u>
Balance at end of previous year.....	\$8,096,432	\$8,084,600
Balance of profits for year, per consolidated profit and loss statement, given above.....	<u>1,660,013</u>	<u>1,385,959</u>
	\$9,756,445	\$9,470,559
Deduct:		
Dividends:		
On five percent preferred stock (redeemed July 31, 1946).....	\$ 159,649	\$ 280,772
On four percent preferred stock.....	110,000	
On common stock.....	1,029,040	1,093,355
Premium paid on redemption of five percent preferred stock.....	<u>272,905</u>	
	\$1,571,594	\$1,374,127
Earned Surplus December 31, per Balance Sheet.....	<u>\$8,184,851</u>	<u>\$8,096,432</u>

CAPITAL SURPLUS STATEMENT

	Year Ending December 31,	
	<u>1946</u>	<u>1945</u>
Balance at end of previous year.....	\$ 463,068	\$ 463,068
Add—Premium received on issue of four percent Preferred Stock, less expenses in connection therewith	<u>155,835</u>	
Capital Surplus December 31, per Balance Sheet	<u>\$ 618,903</u>	<u>\$ 463,068</u>

PRICE, WATERHOUSE & CO.

ROYAL BANK BUILDING
TORONTO

January 29, 1947.

To the Shareholders of
THE GOODYEAR TIRE & RUBBER COMPANY
OF CANADA, LIMITED:

We have made an examination of the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31, 1946. In connection therewith, we examined or tested accounting records and other supporting evidence, and all our requirements as auditors have been complied with; we also made a general review of the accounting methods and of the operating and income accounts for the year, but our audit of the detailed transactions was confined to limited tests thereof.

We report that, in our opinion, based upon such examination, the annexed consolidated balance sheet and consolidated profit and loss and surplus statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the combined companies as at December 31, 1946, and the results from the operations for the year ending on that date, according to the best of our information and the explanations given to us, and as shown by the books of the companies.

Price, Waterhouse & Co.

Chartered Accountants.



IN ADVERTISING

subscribe to a wide variety of campaigns on a co-operative basis.

The net result, of course, is a complete coverage of the market.

A few examples of Goodyear's 1946 advertisements are reproduced here. All say, either directly or by inference, "Buy the Finest—Buy Goodyear". All help to preserve Goodyear leadership in public preference, sales and earnings.



YOU DON'T STAY FIRST UNLESS YOU'RE BEST

GOODYEAR, and only Goodyear, has consistently led the rubber industry, year after year by a wide margin, in public preference and demand for its products. Nothing could be more eloquent of the value of our good name, built up and maintained through our 36 years of operation.

Such continued leadership can never be the result of chance. It is built-in and deep-rooted in our whole organization. Every officer and employee of the Company is kept constantly aware that nothing but the finest is worthy to carry the name of Goodyear.

As a consequence, the public has come to accept the name of Goodyear on tires, hose, belting or any other product, as complete assurance that it is the best that can be made at the time for the purpose. "You don't stay first unless you're best."

GOOD**YEAR**
THE GREATEST NAME IN RUBBER

MORE PEOPLE RIDE ON
GOODYEAR TIRES
THAN ON ANY OTHER KIND

