

ANNUAL REPORT 1951

THE GOODYEAR TIRE & RUBBER

COMPANY OF CANADA, LIMITED

NEW TORONTO, ONTARIO



MORE PEOPLE RIDE ON GOODYEAR
TIRES THAN ON ANY OTHER KIND

Goodyear
Tires
More people ride on Goodyear tires than on any other kind.

corp. file
(latest)

ANNUAL REPORT

to the shareholders

THE GOODYEAR TIRE & RUBBER
COMPANY OF CANADA, LIMITED

NEW TORONTO, ONTARIO



For the fiscal year ended December 31 1951

PURVIS HALL
LIBRARIES
FEB 22 1952
McGIL UNIVERSITY

General Offices

NEW TORONTO, ONT.

Factories

NEW TORONTO, ONT.

BOWMANVILLE, ONT.

QUEBEC CITY, QUE.

Cotton Plant

ST. HYACINTHE, QUE.

**THE GOODYEAR TIRE & RUBBER COMPANY
OF CANADA, LIMITED**

Branches

SAINT JOHN, N.B.
112 Princess St.

QUEBEC, QUE.
204 Dorchester St.

MONTREAL, QUE.
2050 Côte de Liesse Road

TORONTO, ONT.
622 Fleet St. West

LONDON, ONT.
539 Richmond St.

WINNIPEG, MAN.
97 Higgins Ave.

REGINA, SASK.
1118 Broad St.

SASKATOON, SASK.
302 Pacific Ave.

CALGARY, ALTA.
238-11th Ave. East

EDMONTON, ALTA.
10355-105th St.

VANCOUVER, B.C.
1004 Hamilton St.

Wholesale Distributors

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

ST. JOHN'S, NFLD.
A. E. Hickman Company Limited

Board of Directors

- P. W. LITCHFIELD, *Chairman*, AKRON
A. G. PARTRIDGE, TORONTO
R. C. BERKINSHAW, C.B.E., TORONTO
P. A. THOMSON, MONTREAL
P. E. H. LEROY, AKRON
E. J. THOMAS, AKRON
A. W. DENNY, TORONTO
-

Officers

- A. G. PARTRIDGE, *President*
R. C. BERKINSHAW, *Vice-President and General Manager*
A. W. DENNY, *Vice-President*
H. G. HARPER, JR., *Vice-President*
R. W. RICHARDS, *Vice-President*
C. B. COOPER, *General Sales Manager*
D. C. CARLISLE, *Treasurer*
K. E. KENNEDY, *Secretary and General Counsel*
J. G. WILLIAMS, *Comptroller*
J. W. PHILP, *Assistant Treasurer*
G. G. MERRITT, *Assistant Treasurer*
A. E. ROBINETTE, *Assistant Secretary*
C. W. J. EVANS, *Assistant Comptroller*
W. N. FERGUSON, *Assistant Comptroller*

ANNUAL REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

Your Directors have pleasure in submitting herewith the consolidated balance sheet of the Company and its subsidiaries as of December 31 1951 and the consolidated statements of profit and loss and earned surplus which set forth the financial position of the consolidated companies and the result of their operations for the year 1951. The report of the Company's auditors, Price Waterhouse & Co., is also attached.

The consolidated net profit for the year amounted to \$3,976,535 and after providing for dividends on the preferred shares outstanding, is equivalent to \$14.26 per share on the outstanding common stock.

The following summary sets out the manner in which the profits for the year have been applied:

| FUNDS PROVIDED | | |
|--|-------------|---------------------------|
| Consolidated net profit for the year..... | | \$3,976,535 |
| Add—Provision for depreciation which does not represent a current disbursement of funds..... | \$2,780,691 | |
| Decrease in investments and other assets..... | 428,561 | 3,209,252 |
| | | <u>\$7,185,787</u> |
| DISPOSITION OF FUNDS | | |
| Dividends on four per cent. preferred stock..... | \$ 305,673 | |
| Dividends on common stock..... | 1,029,040 | \$1,334,713 |
| | | <u>77,150</u> |
| Preferred stock redeemed and cancelled..... | | 1,803,298 |
| Expenditures on plant and equipment (net)..... | | <u>\$3,215,161</u> |
| | | 3,970,626 |
| Increase in net current assets or working capital..... | | <u>\$7,185,787</u> |
| Total as above..... | | <u><u>\$7,185,787</u></u> |

The inventories of raw material, work in process and finished goods have been thoroughly reviewed and have been valued on the basis of the lower of average cost or market except in the case of unprocessed rubber on hand and in transit which, in accordance with the practice adopted last year, was valued at cost as determined by the last-in, first-out method. One of the results of the adoption of this method of inventory valuation of unprocessed rubber was that the decline in price of crude rubber, which was experienced during 1951, did not adversely affect profits to the same extent as if the methods of inventory valuation used before 1950 had been continued.

The capital expenditures during the year amounted to \$1,803,298. These expenditures represented the cost of additional equipment for the improvement of production facilities and for enlargements of branch distributing centres. To meet the ever-growing demand for your Company's tire products and provide additional facilities for defence production, a substantial expansion program, which will involve the erection of new factory buildings on the New Toronto property and the installation of the required equipment, has been initiated. The estimated cost of this project is \$5,000,000 and satisfactory arrangements have been made to finance these expenditures.

Domestic sales of your Company's products again exceeded all previous records. Export sales showed an increase, but exchange restrictions in foreign countries still continue to hold the volume of these sales to a lower level than might otherwise be obtained.

During the year your Company introduced three new lines of tires, the Super-Cushion Marathon, specially designed to make available the famous "super-cushion" principle in a lower price range. The Hard-Rock Rib, a running mate to the Hard-Rock Lug tire and a new tire designed for light trucks, known as the Goodyear Hi-Miler Rib.

Airfoam, a foam latex material, definitely took the lead in the furniture field. The sales of Neolite, an elastomer resin blend used in the manufacture of heels and soles, were greatly increased. Tires, tubes, conveyor and transmission belting as well as molded rubber goods manufactured by Goodyear, were to be found on construction projects in all parts of the Dominion.

Although the operations for the year had the effect of adding \$3,970,626 to the Company's working capital, the increase in sales volume and other factors resulted in a substantial increase in inventories and accounts receivable. The additional investment in these working assets was financed, partly from earnings and partly from bank borrowings which rose from \$2,893,704 at December 31 1950 to \$6,051,321 at December 31 1951. Although the net profit for 1951 is substantially in excess of the present dividend requirements on the common stock, your Directors feel that until the bank overdraft is materially reduced, it would not be consistent with sound financial practices to consider an increase in the dividend rate on the common stock.

We draw to your attention the heavy tax burden imposed on your Company during the year by way of income taxes, as well as sales and excise taxes on its main products. When the Dominion income tax rate was increased from 38% to 45% by means of a special defence surtax, the sales tax was raised from 8% to 10% and the excise tax on tires and tubes from 15% to 25%. Taxes of all kinds amounted to \$12,065,437 equivalent to \$46.90 per share of issued common stock.

It is with a profound sense of loss that we record the passing of two of our valued colleagues, Mr. C. H. Carlisle and Mr. E. H. Koken, during July last. Mr. Carlisle was President of this Company from 1926 to 1936 and served as a senior member of the Board of Directors until his death; his advice and counsel on business matters will be greatly missed. Mr. Koken helped build an outstanding production organization in Canada and served in Canada as Vice-President in charge of Production until his retirement in 1946. In November 1951, the Board of Directors appointed Mr. A. W. Denny a Director of this Company.

To the employees who have loyally devoted their energy and ability to the furtherance of the Company's interests and aided in achieving the satisfactory results of the year, the Directors express their appreciation of a job well done.

Present economic conditions in Canada are favourable to further industrial progress and an enlargement of the Canadian market. Given a continuation of such conditions, with the efficiency and resourcefulness of our organization, we can look forward to the future with confidence.

On behalf of the Board.

P. W. LITCHFIELD,
Chairman of the Board.

R. C. BERKINSHAW,
Vice-President and General Manager.

February 20 1952.

THE GOODYEAR TIRE & RUBBER AND SUBSIDIARIES

CONSOLIDATED

ASSETS

| | December 31 1951 | December 31 1950 |
|---|---------------------|---------------------|
| CURRENT ASSETS: | | |
| Cash..... | \$ 139,725 | \$ 89,484 |
| Accounts receivable, less reserve—1951—\$521,611; 1950— \$393,095..... | 8,382,953 | 5,959,131 |
| Inventories at average cost or market whichever is lower, except as to unprocessed rubber on hand and in transit which was valued at cost as determined on the last-in first- out basis..... | 19,212,047 | 14,363,882 |
| TOTAL CURRENT ASSETS..... | \$27,734,725 | \$20,412,497 |
| INVESTMENTS AND OTHER ASSETS: | | |
| Mortgages, agreements of sale, etc..... | \$ 488,205 | \$ 565,396 |
| Refundable portion of excess profits taxes..... | | 282,196 |
| Deferred charges to future operations..... | 144,000 | 213,174 |
| | \$ 632,205 | \$ 1,060,766 |
| PROPERTY ACCOUNTS: | | |
| Land, buildings, machinery and equipment..... | \$27,261,638 | \$25,697,111 |
| Less—Reserve for depreciation..... | 19,808,779 | 17,266,859 |
| | \$ 7,452,859 | \$ 8,430,252 |
| | \$35,819,789 | \$29,903,515 |

COMPANY OF CANADA, LIMITED

RY COMPANIES

BALANCE SHEET

LIABILITIES

| | December 31 1951 | December 31 1950 |
|--|---------------------|---------------------|
| | <hr/> | <hr/> |
| CURRENT LIABILITIES: | | |
| Bank overdraft..... | \$ 6,051,321 | \$ 2,893,704 |
| Accounts payable..... | 3,890,419 | 3,399,343 |
| Accrued income and other taxes payable..... | 2,176,465 | 2,472,785 |
| Preferred stock dividend payable..... | 76,408 | 77,179 |
| | <hr/> | <hr/> |
| TOTAL CURRENT LIABILITIES..... | \$12,194,613 | \$ 8,843,011 |
| | | |
| RESERVE FOR CONTINGENCIES..... | \$ 1,000,000 | \$ 1,000,000 |
| | | |
| CAPITAL STOCK: | | |
| Four per cent. Cumulative Redeemable Sinking Fund Preferred Stock (Par value \$50.00 per share): | | |
| Authorized and outstanding—1951—152,815 shares; 1950—154,358 shares..... | \$ 7,640,750 | \$ 7,717,900 |
| Common stock, no par value: | | |
| Authorized—290,660 shares; issued—257,260 shares..... | 128,630 | 128,630 |
| Capital surplus..... | 692,350 | 692,350 |
| | <hr/> | <hr/> |
| | \$ 8,461,730 | \$ 8,538,880 |
| | | |
| EARNED SURPLUS, as per statement attached..... | \$14,163,446 | \$11,521,624 |
| | <hr/> | <hr/> |
| | <u>\$35,819,789</u> | <u>\$29,903,515</u> |

THE GOODYEAR TIRE & RUBBER COMPANY
OF CANADA, LIMITED

AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS STATEMENT

| | Year ended December 31 | |
|--|------------------------|--------------|
| | 1951 | 1950 |
| Profit from operations before providing for depreciation and income taxes..... | \$11,123,036 | \$ 7,350,694 |
| Other income..... | 86,968 | 93,223 |
| | \$11,210,004 | \$ 7,443,917 |
| Deduct: | | |
| Provision for depreciation..... | \$ 2,780,691 | \$ 1,907,363 |
| Provision for income taxes..... | 4,452,778 | 3,390,329 |
| | \$ 7,233,469 | \$ 5,297,692 |
| Net profit for the year carried to Earned Surplus, as below..... | \$ 3,976,535 | \$ 2,146,225 |

CONSOLIDATED EARNED SURPLUS STATEMENT

| | Year ended December 31 | |
|--|------------------------|--------------|
| | 1951 | 1950 |
| Balance at end of previous year..... | \$11,521,624 | \$10,971,268 |
| Net profit for year, per consolidated profit and loss statement, as above..... | 3,976,535 | 2,146,225 |
| | \$15,498,159 | \$13,117,493 |
| Deduct: | | |
| Dividends: | | |
| On four per cent. preferred stock..... | \$ 305,673 | \$ 309,569 |
| On common stock..... | 1,029,040 | 1,286,300 |
| | \$ 1,334,713 | \$ 1,595,869 |
| Balance December 31, per balance sheet..... | \$14,163,446 | \$11,521,624 |

PRICE WATERHOUSE & CO.

ROYAL BANK BUILDING
TORONTO

January 25 1952.

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

We have examined the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31 1951 and the related consolidated statements of profit and loss and earned surplus for the year ended on that date, and all our requirements as auditors have been complied with. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

The 1951 provision for depreciation includes a special charge of \$532,660 representing the undepreciated balance of the cost of certain machinery and equipment and net profit for the year has been reduced by this amount.

Subject to the foregoing we report that, in our opinion, the accompanying consolidated balance sheet and related consolidated statements of profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at December 31 1951 and the results of their operations for the year ended 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.

Auditors.

GOOD YEAR in CA



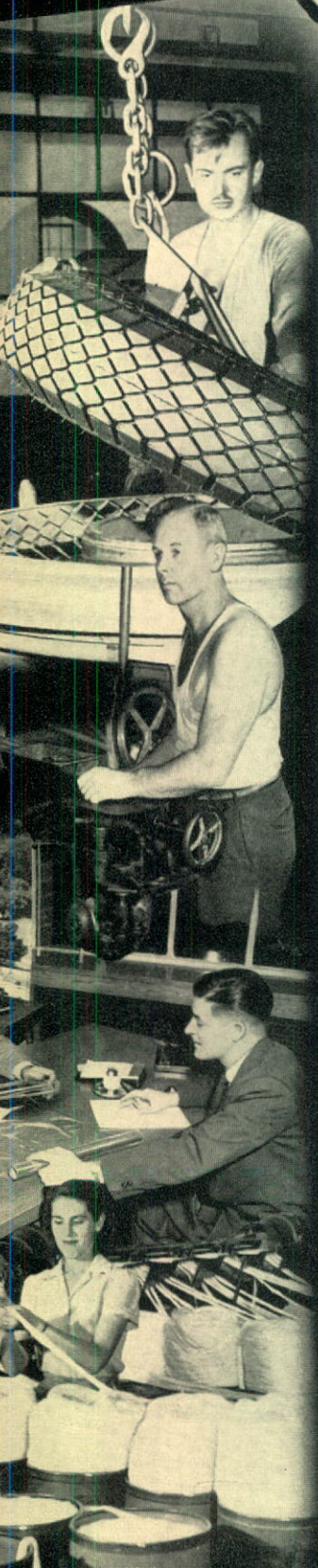
CANADA... Teamwork in Action!



It takes more than raw materials and machines to build and sell a quality product. Most important of all, it requires men and women working as a team.

Goodyear employees—in production, planning, sales and service—constantly strive for the highest achievement in their own jobs.

The combination of their efforts result in the building and selling of quality products—one of the main reasons for Goodyear's 42 years of leadership in the Canadian rubber industry.



LEADERSHIP *in action!*



Most recent of Goodyear Products that serve the public is the revolutionary "Suburbanite", a tire especially designed for those who drive on hard-packed snow and ice in city and suburbs. In extensive tests and in actual operation, the "Suburbanite" has proven itself far superior to all other winter tires for these driving conditions.

The "Suburbanite" demonstrates once more the far-sighted planning that has made possible so many Goodyear "firsts" in the tire industry.

That your Company's dynamic leadership in research, production, and distribution, enjoys the public confidence was again proven by a recent independent survey which showed that almost half (49.4%) of all Canadian motorists preferred Goodyear tires to any other make.

GOOD  YEAR

THE GREATEST NAME IN RUBBER

TIRES, TUBES, LIFEGUARDS, BATTERIES, AUTOMOTIVE
ACCESSORIES, BELTING, HOSE, PACKING, MOLDED GOODS,
AIRFOAM, PLIOFILM, AVIATION PRODUCTS, NEOLITE,
RUBBER SOLES AND HEELS

