

A N N U A L R E P O R T



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THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED





FOR THIRTY-NINE CONSECUTIVE YEARS IT HAS BEEN TRUE



MORE PEOPLE RIDE ON GOODYEAR TIRES THAN ON ANY OTHER KIND

# **A N N U A L R E P O R T**

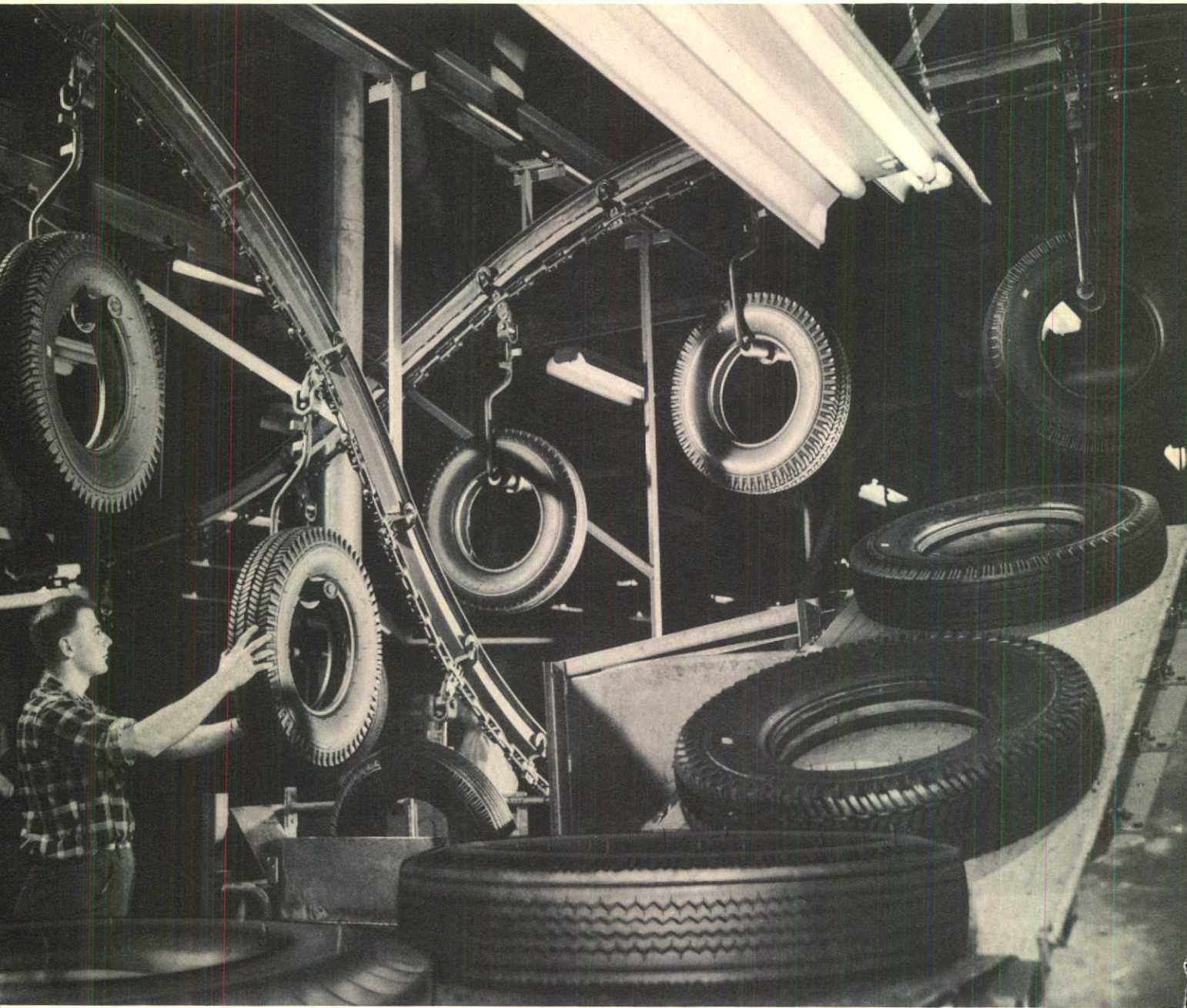
**TO THE SHAREHOLDERS**

**THE GOODYEAR TIRE & RUBBER**

**COMPANY OF CANADA • LIMITED**

**NEW TORONTO • ONTARIO**

**FOR THE FISCAL YEAR ENDED DECEMBER 31 1953**



*Tires on the conveyor lines of "Final Inspection" are symbolic of your Company's operations. Efficiency of production method, quality of materials, and excellence of craftsmanship, all find expression in the finished product.*

*Every year Goodyear has gained in customer confidence and preference until today your Company builds more than 700 different types and sizes of tires to serve Canadian business, agriculture, aviation, and passenger car needs.*

## **GENERAL OFFICES**

NEW TORONTO, ONT.

## **FACTORIES**

NEW TORONTO, ONT.

BOWMANVILLE, ONT.

QUEBEC CITY, QUE.

## **COTTON PLANT**

ST. HYACINTHE, QUE.

## **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

R. C. BERKINSHAW, C.B.E., TORONTO

P. A. THOMSON, MONTREAL

P. E. H. LEROY, AKRON

E. J. THOMAS, AKRON

A. W. DENNY, TORONTO

H. G. HARPER, TORONTO

## **OFFICERS**

R. C. BERKINSHAW, *President and General Manager*

A. W. DENNY, *Vice-President*

H. G. HARPER, *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 are pleased to submit herewith the consolidated Balance Sheet of the Company and its subsidiaries as of December 31 1953 and the consolidated statements of Profit and Loss and earnings retained and used in the business which set forth the financial position of the consolidated companies and the result of their operations for the year 1953. The report of the Company's auditors, Price Waterhouse & Company is also attached.

The consolidated net profit for the year amounted to \$4,797,204, which after providing for dividends on the preferred shares outstanding, is equivalent to \$17.49 per share on the outstanding common stock. This compares with \$4,337,795, equivalent to \$15.69 per share for 1952. The profits for the year have been applied as set out in the following summary:

### FUNDS PROVIDED

Consolidated net profit for the year.....	\$4,797,204
Depreciation not involving cash payment during period.....	1,986,508
Adjustment of pension plans.....	505,956
Total funds provided.....	<u>\$7,289,668</u>

### DISPOSITION OF FUNDS

Dividends:		
On four per cent preferred stock.....	\$ 299,425	
On common stock (\$4.00 per share).....	<u>1,029,040</u>	\$1,328,465
Preferred stock redeemed and cancelled.....		82,750
Expenditures on plant and equipment (net).....		4,070,549
Increase in investments and other assets.....		56,885
		<u>\$5,538,649</u>
Increase in net current assets or working capital.....		1,751,019
Total as above.....		<u>\$7,289,668</u>

Inventories of raw materials, 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 or in transit which, in accordance with the Company's practice, was valued at cost as determined by the last-in, first-out method of accounting.

Net capital expenditures made during the year amounted to \$4,070,549. These expenditures represented the cost of additions to plant and equipment for the improvement of production facilities. The expansion program initiated in 1951 involving the

erection of new factory buildings on the New Toronto property and installation of the required equipment was completed and the new facilities went into operation in December 1953. Some further extensions to the New Toronto plant are at present in process and it is expected they will be completed at an early date.

As a result of the changes in the Company's pension plans referred to in the 1952 report of your Directors, there is now a non-contributory pension plan, funded on a terminal basis, for employees included under collective bargaining agreements at the New Toronto and Bowmanville factories. A provision of \$400,000 has been made by the Company in respect of the estimated cost of additional annuities for employees who will attain the age of sixty-five on or before December 31 1954, but with this exception no provision has been made for the Company's obligations under this plan. The contributory pension plan for all other employees was varied and substantially improved during the year. The cost of these changes was more than offset by credits accruing to the Company from withdrawals from previous pension plans by employees now eligible for benefit under the non-contributory pension plan. The balance of such credits amounting to \$505,956 was transferred to shareholders' equity and is included in reserves for contingencies.

Working capital was increased by \$1,751,019 as a result of the year's operations and the Balance Sheet reflects the strong financial position of the Company. It will be noted that the Company had no bank indebtedness at December 31 1953.

In consideration of your Company's financial position and the net profit for the year under review, an extra common stock dividend of \$2.00 per share (\$514,520) was declared by your Board of Directors, payable with the regular dividend on the common stock for the first quarter of the current year.

The volume of sales in all lines of your Company's products was about equal to that of the previous year because increased sales in the domestic market approximately counterbalanced a substantial reduction in sales to the export field. There does not appear to be much prospect of a radical change in the conditions presently prevailing in our traditional export markets causing a curtailment in their purchases of Canadian-made products. Such conditions include exchange restrictions; shortage of the Canadian dollar; a current tendency for a fair volume of trade in manufactured articles to flow toward and within the sterling area; increased industrial development in these markets, with resultant local manufacture of goods which were formerly imported; and steadily increasing costs of production in this country which have a direct effect on prices.

These conditions vary from time to time, but since about one-third of our population is dependent upon export trade for its livelihood, it is vitally important that we do not price ourselves out of these essential markets.

In our report last year, we announced the introduction of our "Suburbanite" passenger tire for winter driving and the first all-nylon truck tires with long-wearing qualities and greater protection against injury. In May 1953 we also introduced the first all-nylon passenger tire. Sales in these lines during the past year have exceeded

all expectations and your Company's factory facilities have been extended to the utmost to fill the popular demand. Sales of industrial rubber goods have continued at reasonably high level and sales of special products, such as Airfoam, Pliofilm and Neolite have shown satisfactory increases.

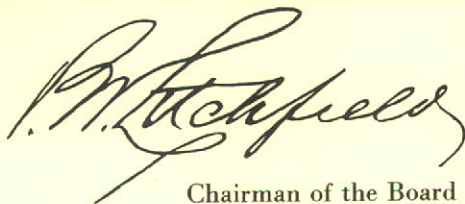
For several years in the past, we have called to the attention of the public through our Annual Report to the Shareholders, the factor of taxation in your Company's operations and in the selling prices of its products. Taxes of all kinds paid by your Company in 1953 amounted to \$12,020,237, which is equivalent to \$46.72 per share of the issued common stock. Further, since our products are generally sold at tax included prices, the consumer is usually unaware of the hidden sales and excise taxes imposed on tires and tubes at rates totalling 25%; consequently, he often questions the difference between Canadian prices for these commodities and those currently in effect in the United States of America. Actually, if the taxes as applied are deducted, there is little difference to be found in the selling prices prevailing in the two Countries of, for example, the two most popular sizes of Goodyear passenger tires, namely 6.00-16 and 6.70-15.

The chief reasons, apart from taxes, for slightly lower sales prices in the United States are a larger volume of production, with consequent lower unit costs; relatively cheaper cost of distribution to mass markets in the United States; and the higher costs of component parts, chemicals, production machinery, etc., either imported or available in Canada.

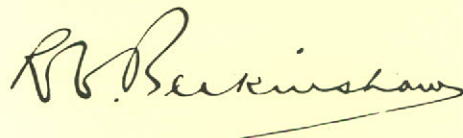
In Canada, the Rubber Industry employs over 23,000 persons. The sale of commodities, such as tires and tubes, not only provides these persons with their livelihood, but also plays an essential part in the cost-of-living for a large cross-section of the consumer public. During the past year, the threat of inflation has diminished and the business outlook indicates that the consumer is looking for a more realistic dollar value from his purchases. For these reasons, we are hopeful that the Dominion Government will see its way clear in the not too distant future to lower or eliminate the imposition of sales and excise taxes on tires and tubes.

We record our appreciation and extend our thanks to all employees of the Company, in factory, field and on the staff, for their loyalty, their cooperation and their resourcefulness in carrying out their respective duties and we gratefully acknowledge the continued interest and support of our shareholders.

On behalf of the Board,



Chairman of the Board



President and General Manager

March 24 1954

THE GOODYEAR TIRE & RUBBER COMPANY OF

CONSOLIDATED

A S S E T S

	December 31 1953	December 31 1952
<b>CURRENT ASSETS:</b>		
Cash.....	\$ 1,520,434	\$ 709,624
Accounts receivable, less provision for bad debts—1953— \$623,234; 1952—\$568,357.....	7,661,134	6,624,378
Inventories at cost (partly last-in, first-out) or market which- ever is lower.....	16,536,536	17,076,969
<b>TOTAL CURRENT ASSETS.....</b>	<b>\$25,718,104</b>	<b>\$24,410,971</b>
<b>INVESTMENTS AND OTHER ASSETS:</b>		
Mortgages, agreements of sale, etc.....	\$ 729,428	\$ 688,175
Deferred charges to future operations.....	170,064	154,432
	<b>\$ 899,492</b>	<b>\$ 842,607</b>
<b>PROPERTY ACCOUNTS:</b>		
Land, buildings, machinery and equipment.....	\$32,718,499	\$29,068,972
Less—Depreciation.....	22,730,829	21,165,343
	<b>\$ 9,987,670</b>	<b>\$ 7,903,629</b>
	<b>\$36,605,266</b>	<b>\$33,157,207</b>

# CANADA, LIMITED AND SUBSIDIARY COMPANIES

## BALANCE SHEET

### LIABILITIES

	December 31 1953	December 31 1952
	<u>          </u>	<u>          </u>
<b>CURRENT LIABILITIES:</b>		
Accounts payable.....	\$ 3,686,291	\$ 4,394,571
Accrued income and other taxes payable.....	2,403,993	2,138,772
Preferred stock dividend payable.....	74,752	75,579
	<u>          </u>	<u>          </u>
<b>TOTAL CURRENT LIABILITIES.....</b>	<b>\$ 6,165,036</b>	<b>\$ 6,608,922</b>
<b>SHAREHOLDERS' EQUITY:</b>		
<b>Capital Stock:</b>		
Four per cent. Cumulative Redeemable Sinking Fund Preferred Stock (par value \$50.00 per share):		
Authorized and outstanding—1953—149,503 shares; 1952—151,158 shares.....	\$ 7,475,150	\$ 7,557,900
Common stock, no par value:		
Authorized—290,660 shares; issued—257,260 shares..	128,630	128,630
Capital Surplus.....	692,350	692,350
Reserves for Contingencies.....	1,505,956	1,000,000
Earned Surplus.....	20,638,144	17,169,405
	<u>          </u>	<u>          </u>
	<b>\$30,440,230</b>	<b>\$26,548,285</b>
	<u>          </u>	<u>          </u>
	<b>\$36,605,266</b>	<b>\$33,157,207</b>
	<u>          </u>	<u>          </u>

## CONSOLIDATED PROFIT AND LOSS STATEMENT

	Year ended December 31	
	1953	1952
Profit from operations before providing for depreciation and income taxes.....	\$10,562,598	\$ 9,581,940
Other income.....	93,656	105,824
	\$10,656,254	\$ 9,687,764
Deduct:		
Provision for depreciation.....	\$ 1,986,508	\$ 1,593,822
Provision for income taxes.....	3,872,542	3,756,147
	\$ 5,859,050	\$ 5,349,969
Net profit for the year.....	\$ 4,797,204	\$ 4,337,795

## CONSOLIDATED EARNED SURPLUS STATEMENT

	Year ended December 31	
	1953	1952
Balance at beginning of year.....	\$17,169,405	\$14,163,446
Net profit for the year.....	4,797,204	4,337,795
	\$21,966,609	\$18,501,241
Deduct:		
Dividends:		
On four per cent. preferred stock.....	\$ 299,425	\$ 302,796
On common stock (\$4.00 per share).....	1,029,040	1,029,040
	\$ 1,328,465	\$ 1,331,836
Balance at end of year.....	\$20,638,144	\$17,169,405

# A U D I T O R S ' R E P O R T

PRICE WATERHOUSE & CO.

ROYAL BANK BUILDING  
TORONTO

January 29 1954.

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 1953 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 accounting records and other supporting evidence as we considered necessary in the circumstances.

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 1953 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.

# T H E R E I S A R E A S O N

During 1953, in several national magazines, Goodyear ran the advertisement we have come to call our "Vote of Confidence" ad.

The text of the advertisement reveals the story of your Company in Canada . . . "One of the most remarkable Votes of Confidence in automotive history" . . . Again in 1953, as in the past 38 years, more people ride on Goodyear tires than on any other kind.

Your Company can also claim with equal pride, that more tons are hauled on Goodyear tires than on any other kind.

The advertisement is a result of Goodyear's reputation in the market places of the world, reputation that has been built steadily since 1910 when Goodyear first started to produce in Canada.

From a small beginning in the Bowmanville Plant, your Company has grown with Canada and the automotive industry through service and quality products. From the beginning, your Company set out to provide the best, and in seven years, was able to claim in Canada that "More People Ride on Goodyear Tires Than on Any Other Kind".

By 1917, your Company was the leader in the tire field in Canada, and has maintained that leadership ever since. Not content with this, it has gained recognition as a leader in industrial rubber products, in foam rubber products, in aviation products, shoe products, and in the packaging field.

This leadership is the result of expert craftsmanship, exacting standards of production, highest quality materials, and the finest of manufacturing facilities.



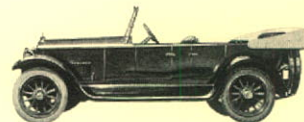
One of the most remarkable votes  
of confidence in automotive history...



1915



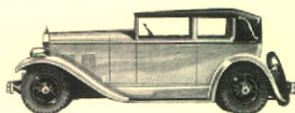
1918



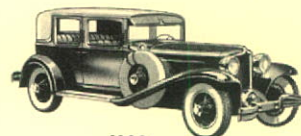
1921



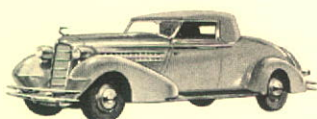
1924



1927



1930



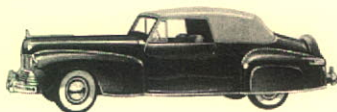
1935



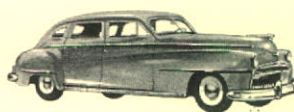
1936



1939



1942



1945



1948



1951



1952



The Super-Cushion Tire is just one example of Goodyear leadership. Car makers use more Super-Cushions on new cars, car owners buy more Super-Cushions than any other low-pressure tire. They know you can't beat Goodyear for safety, comfort, mileage.

Again in 1953...as in every  
single year for the last 38 years

**MORE PEOPLE RIDE ON GOODYEAR TIRES  
THAN ON ANY OTHER KIND**

Surely the tires that satisfy so many people are the tires for you to buy

**GOOD YEAR**

# A N D F R O M N O W O N

The years since the war were marked by the conditions of the so-called "seller's market", but your Company has never forgotten that the "buyer's market" is the normal condition of business in our free enterprise system. The transition to the "buyer's market" has taken place.

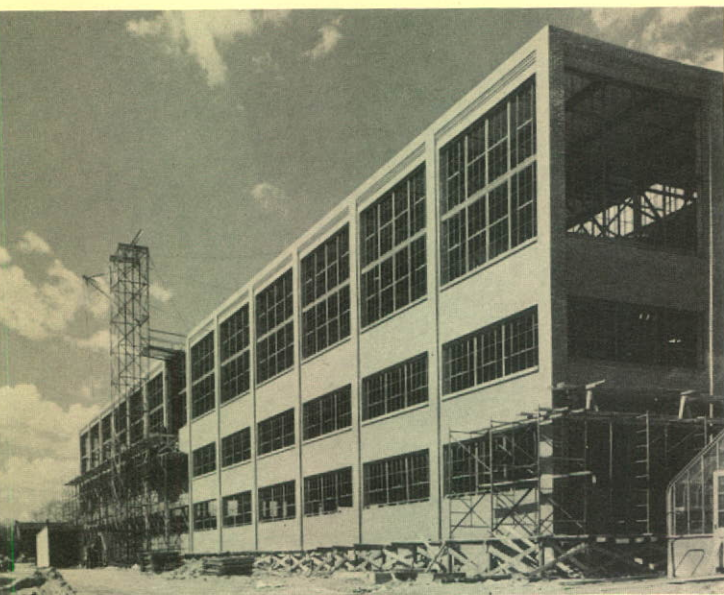
While your Company strained to supply the pent-up demands for its products in the post-war period, it also planned and prepared for the competitive years that now lie ahead.

This past year your Company completed a building and equipment programme designed to keep Goodyear the leader in the rubber industry. There was an addition of 247,000 square feet at New Toronto. New and better equipment was installed, and changes in the production flow from raw material to finished product, have all contributed to increased efficiency and production capacity.

The programme will allow your Company to provide more and better products, and the best possible service for our dealers and their customers.

Your Company has increased its investment in plant and equipment by more than \$19 million since 1945. This huge investment was made because Goodyear has faith in the future progress of Canada.

Your Company has made significant contributions to Canada's progress in the past, has grown with the country and is well prepared to serve Canada in the future. Goodyear will continue to lead the industry in quality of product and service to Canada. Goodyear will continue to be the greatest name in Rubber.



*Additional modern equipment, improved production flow, and more efficient shipping facilities were made possible by this new building placed in production in December, 1953.*

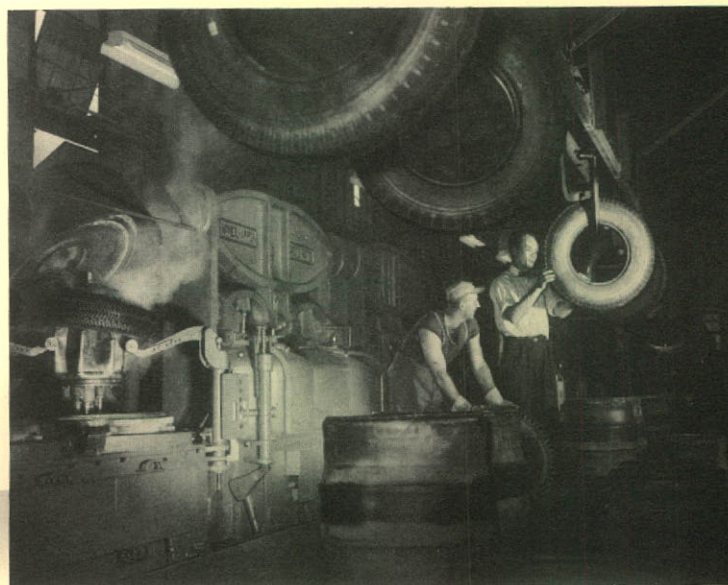
*The 'breaking-down' of natural and synthetic rubber, and blending in compounding materials is a basic process in rubber manufacturing. This new electronically controlled Banbury-Mixer costing \$627,000 gives increased production, increased quality, and lower unit cost.*



*Close and constant quality control is maintained by worker and experienced supervisor through all processes from raw materials to the finished product. Accurate testing equipment, coupled with meticulous attention to rigid specifications, ensure your Company's reputation for high quality products.*



*New equipment installed at New Toronto includes this battery of Bag-O-Matic presses. Bag-O-Matics shape and cure tires in a single, automatic operation, with each press curing two tires.*



**THE GREATEST NAME IN RUBBER**

**GOOD  YEAR**

**TIRES**

**TUBES**

**LIFEGUARDS**

**BATTERIES**

**AUTOMOTIVE ACCESSORIES**

**BELTING**

**HOSE**

**PACKING**

**MOLDED GOODS**

**AIRFOAM**

**PLIOFILM**

**PLIOBOND**

**AVIATION PRODUCTS**

**NEOLITE**

**RUBBER SOLES AND HEELS**

**FOR THIRTY-NINE CONSECUTIVE YEARS IT HAS BEEN TRUE**



**MORE PEOPLE RIDE ON GOODYEAR TIRES THAN ON ANY OTHER KIND**





