

THE GOODYEAR TIRE &
RUBBER COMPANY

OF CANADA, LIMITED

NEW TORONTO, ONTARIO

ANNUAL REPORT

1933

GOODYEAR

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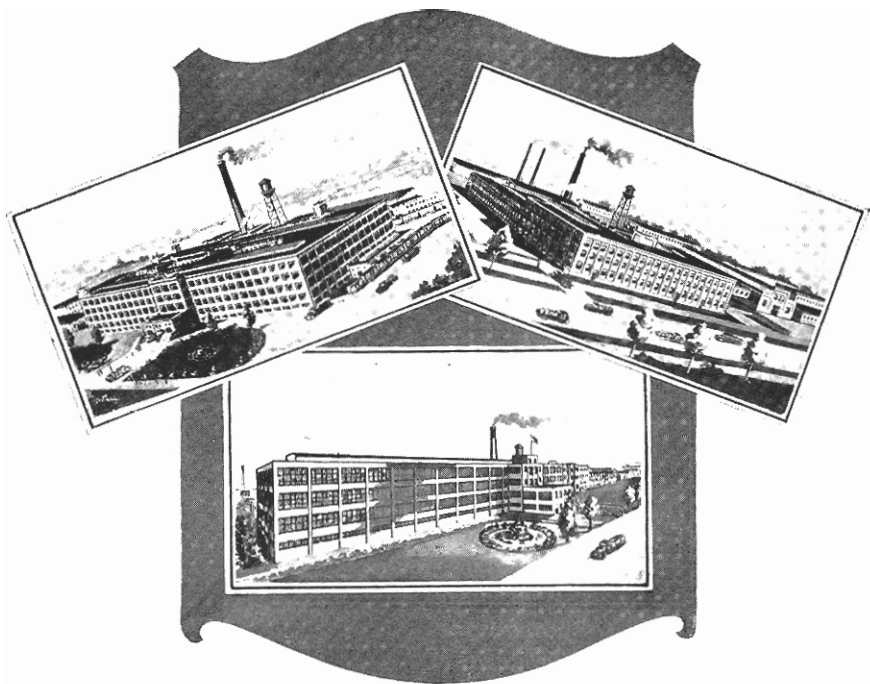
The Goodyear Tire & Rubber Company
of Canada, Limited

ANNUAL REPORT

TO THE SHAREHOLDERS

For the Fiscal Year ended December 31st, 1933

New Toronto, Ontario



GOODYEAR FACTORIES

Upper Left: NEW TORONTO, ONTARIO—where tires, tubes and accessories are made.

Upper Right: BOWMANVILLE, ONTARIO—factory for mechanical rubber goods, soles and heels, mats, matting and cushion rug.

Centre: ST. HYACINTHE, QUEBEC—mills of Goodyear Cotton Co., of Canada, Limited in which are produced belting and hose fabrics and Supertwist Cords for Goodyear Tires.

ANNUAL REPORT OF THE DIRECTORS

OF

The Goodyear Tire & Rubber Company
of Canada, Limited

New Toronto, February 1st, 1934.

To the Shareholders:—

Your Board of Directors submits a Consolidated Balance Sheet of THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED and its subsidiary companies, certified by your Auditors, which sets forth the results of the operations for the year ended December 31st, 1933 and the financial position of the combined companies.

The operations of the combined companies have resulted in a profit of \$1,991,510.64 after charging all manufacturing, selling and administrative expenses and income taxes but before providing for depreciation; from this amount there has been set aside a reserve of \$614,034.05 for depreciation on buildings and equipment, leaving a net profit of \$1,377,476.59. This amount of net profit represents an increase of \$659,723.92 over the net profits of 1932.

A comparison of the market prices of rubber and cotton at December 31st, 1932 with those of December 31st, 1933 shows that the spot price of crude rubber has increased 178% and of basic raw cotton (that is, $\frac{7}{8}$ " Middling Upland) 70%. Notwithstanding this substantial increase in prices of our crude materials during the year, there were practically no increases made in the selling prices of our finished products. Your Companies were fortunate in entering the beginning of the fiscal year just closed with a large quantity of rubber and cotton at prices which were materially below the average prices for the year; the year's favorable results reflect this fact. The inventories as at December 31st, 1933 were taken at cost or market, whichever was lower. We might add that your Companies enter the new year with large quantities of cotton and rubber at much below the current market prices.

There is an item of accrued profits on export business amounting to approximately \$200,000.00 which is not included in this statement owing to the fact that the exact amount has not yet been definitely determined.

The outstanding Accounts Receivable have been carefully reviewed and reserves which are considered adequate have been established to meet all probable losses and liabilities.

Your Companies have maintained their consistent policy in regard to provision for depreciation. The accumulated reserve for depreciation is now \$6,238,692.57 leaving the net book value of the total investment in plants and buildings at 47% of cost. The manufacturing equipment of the rubber plants, including installation, stands on the books of the Company at a net value of 19.6% of cost.

Below is given a summary showing how the combined operating profits of the Companies, for the past year, have been applied:—

Dividends on 7% Preferred Stock	\$507,547.25	
Dividends on Common Stock	<u>360,164.00</u>	\$ 867,711.25
Purchase of Bonds of Goodyear Cotton Co. of Canada, Ltd.		582,500.00
Redemption of Preferred Shares		13,500.00
Expended for additions to plant and equipment (net)		229,648.07
Increase in Net Current Assets or Working Capital		211,338.44
Increase in Miscellaneous Investments		82,210.54
Increase in Deferred Charges		<u>4,602.34</u>
		<u>\$1,991,510.64</u>

Your attention is directed to the purchase, during the year, of Bonds of GOODYEAR COTTON CO. OF CANADA, LIMITED, of the par value of \$582,500.00 thus reducing the Bonds in the hands of the public to only \$769,000.00. This balance outstanding is being called for redemption as of March 1st, 1934.

The total working capital, after deducting all current liabilities and tax reserves, amounts to \$10,188,060.57. The cash on hand alone is approximately two and a half times the total current liabilities. The cash, call loans and Government Bonds aggregate \$6,943,614.79; this represents an increase of \$385,582.34 over the amount of these assets at the beginning of the year.

The usual Preferred dividends at the rate of 7% per annum, amounting to \$507,547.25 were paid on the Preferred stock and dividends at the rate of 60 cents a share for the first three quarters and \$1.00 per share for the last quarter, amounting to \$360,164.00 were disbursed to the holders of the Common shares.

The Companies' earned surplus increased during the year by \$509,765.34. The net earnings accruing on the Common stock amounted to \$869,929.34 which is equivalent to \$6.76 per share.

Whilst important economies have been effected in controllable expenses, we wish to call your attention to an item of uncontrollable expense, which is taxation. The total amount paid in various kinds of taxes in 1933 was equivalent to 11.37% of your net factory cost exclusive of taxes paid.

Statistics of unit sales of the Canadian Rubber Industry compiled by the Rubber Association show for the year 1933 a decrease of 10.2% in sales to dealers, an increase of 9% in sales to car manufacturers and an increase in export business of 24.55%.

The plant of Goodyear Cotton Co. of Canada, Limited, at St. Hyacinthe, Quebec, has operated at a high percentage of capacity during 1933. The production of the Cotton Company is at the highest peak in its history and it is proving an important factor in the business of the consolidated companies.

In the latter part of the year, a property was purchased in Montreal at 679 St. James Street West, which is situated adjacent to Victoria Square. This property is exceptionally well suited to our needs as a branch warehouse. The ground area consists of 7,245 sq. ft., the building contains approximately 35,000 sq. ft. of floor space and the rear of the building faces on Little St. Antoine Street, thus providing excellent receiving and shipping facilities.

Inasmuch as business conditions show signs of a gradual but sure improvement, we anticipate that in the year 1934 there will be an increase in the unit volume of sales of rubber products, not only in Canada but elsewhere. Your Company has not deviated from its policy of continually improving its products and with an increased demand for rubber goods, particularly tires, your Company should secure its full share of the available business in 1934.

Your Company has 3,778 shareholders of whom 3,524 reside in Canada. The shareholders have always shown an active and constructive interest in the Company's affairs and the sale of its products. We wish to take this opportunity of expressing to the shareholders our appreciation of their cooperation in furthering the interests of the Company and of the many letters received giving helpful criticisms and encouragement; also, we wish to thank the members of the organization, in Office, Plant and Field for their loyal and efficient services rendered throughout the year.

On behalf of the Board,

C. H. CARLISLE,
President.

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

and SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1933

ASSETS

LIABILITIES

CURRENT AND WORKING ASSETS:

Cash	\$1,203,104.47	
Call loans, and Government bonds at market	5,740,510.32	
		\$6,943,614.79
Accounts receivable	\$1,566,311.06	
Less—Reserve for bad and doubtful accounts	98,731.02	
		1,467,580.04
Inventories at cost or market, whichever is lower:		
Finished goods	\$ 901,766.82	
Goods in process	221,601.00	
Raw materials and supplies	1,150,202.57	
		2,273,570.39

\$10,684,765.22

MISCELLANEOUS INVESTMENTS:

Stocks and bonds		205,796.96
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REAL ESTATE, BUILDINGS, PLANT, MACHINERY AND EQUIPMENT:

12,149,586.28

DEFERRED CHARGES TO OPERATIONS:

Insurance, taxes and rents paid in advance		43,434.08
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CURRENT LIABILITIES:

Current accounts payable	\$ 285,101.55	
Reserve for income and other taxes	211,603.10	
		\$ 496,704.65

RESERVE:

For depreciation of buildings, plant, machinery and equipment		6,238,692.57
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SIX PER CENT. FIRST MORTGAGE SINKING FUND GOLD BONDS OF THE GOODYEAR COTTON CO. OF CANADA LIMITED:

Authorized and issued	\$ 2,000,000.00	
Less—		
In treasury	\$1,081,000.00	
Redeemed	150,000.00	
		1,231,000.00
		769,000.00

CAPITAL STOCK:

Seven per cent. Cumulative Preferred Stock:		
Authorized—195,000 shares of \$100.00 each		\$19,500,000.00
Issued and fully paid—		
79,498 shares of \$100.00 each	\$ 7,949,800.00	
Less—Redeemed 7,025 shares	702,500.00	
		7,247,300.00
Common Stock:		
Authorized—145,330 shares of no par value of which 128,630 shares have been issued	\$ 128,630.00	
Capital Surplus	463,068.00	
		591,698.00

SURPLUS:

Balance as of January 1, 1933	\$ 7,230,421.98	
Profit for the year ending December 31, 1933, before providing for depreciation, but after deducting income tax	\$1,991,510.64	
Less—Reserve for depreciation	614,034.05	
		1,377,476.59
Deduct—Dividends:	\$ 8,607,898.57	
On seven per cent. Preferred Stock	\$ 507,547.25	
On no par value Common Stock	360,164.00	
		867,711.25

\$23,083,582.54

7,740,187.32
\$23,083,582.54

PRICE, WATERHOUSE & CO.

Chartered Accountants

ROYAL BANK BUILDING

TORONTO, CANADA

January 27th, 1934.

To the Shareholders of

THE GOODYEAR TIRE AND RUBBER COMPANY OF CANADA, LIMITED:

We have examined the books and accounts of The Goodyear Tire and Rubber Company of Canada, Limited and its subsidiary companies for the year ending December 31, 1933.

We have satisfied ourselves that all charges to Property Accounts are in respect of actual additions, and sufficient provision has been made for accruing depreciation. The stocks on hand have been taken and valued by the Companies at cost or market prices, whichever were lower; the bad debt reserve is considered sufficient to provide for all doubtful accounts; the bank balances and call loans were confirmed by certificates, and we have taken all reasonable precautions to satisfy ourselves that all liabilities as at December 31, 1933 are included in the Balance Sheet.

And we report that, in our opinion, the annexed Consolidated Balance Sheet is drawn up so as to show the true financial position of the Company and its subsidiaries as of that date and the results from the operations for the year ending December 31, 1933 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.

BOARD OF DIRECTORS

P. W. LITCHFIELD
Chairman
AKRON

C. H. CARLISLE
TORONTO

C. B. McNAUGHT
TORONTO

J. E. McALLISTER
TORONTO

P. A. THOMSON
MONTREAL

C. A. STILLMAN
AKRON

C. SLUSSER
AKRON

EXECUTIVE OFFICERS

C. H. CARLISLE
President

C. B. McNAUGHT
Vice-President

R. C. BERKINSHAW
General Manager
and Treasurer

O. H. BARRETT
Secretary
and General Counsel

W. H. JEEVES
Assistant Treasurer

B. W. LANG
Assistant Comptroller

H. A. TIPPLE
Assistant Secretary and
Assistant Comptroller

D. J. McCARTHY
General Sales Manager

E. H. KOKEN
General Superintendent

R. P. D. GRAHAM
Manager, Export Department

Some of the Principal Products of Goodyear



TIRES and TUBES

for Airplanes
Automobiles
Buses
Farm Machines
Industrial Trucks
Motorcycles
Motor Trucks
Tractors

HOSE FOR THE FOLLOWING SERVICES:

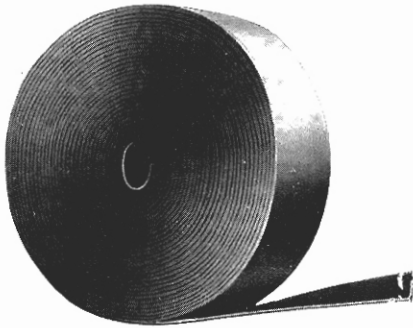
Acid	Golf Course	Spray
Acid Suction	Oil	Steam
Air Drill	Oil Suction and Discharge	Tubing
Brewers	Paint	Vacuum
Chemical	Pneumatic Tool	Vinegar
Concrete	Radiator	Vinegar Suction
Dredge Sleeves	Rotary	Water
Fire	Sand Blast	Water Suction
Fire Dept. Suction	Sanitary	Welding
Fire Extinguisher	Sewer	
Garden		





WINGFOOT SOLES and HEELS

For all types of men's, women's and children's shoes. Wingfoot soles and heels may be had on new shoes and at repair shops.



BELTING *for*

Conveyors—

Regular

Grader

Hot Material

Parcel

Sanitary

Elevator

Fan Belts for Cars, Trucks and Tractors

Grain

Hog Beater

Transmission

V-Belts for Multiple Drives

CUSHION RUGS and FLOOR MATS

Corrugated Matting

Cushion Mats

Cushion Rugs

Household Mats

Floor Mats for Cars

Perforated Mats

Switchboard Matting



The Goodyear Tire & Rubber Company of Canada, Limited

General Offices: NEW TORONTO, ONT.

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

Cotton Plant: ST. HYACINTHE, QUE.

BRANCHES:

ST. JOHN, N.B.	83 Prince William St.
QUEBEC, QUE.	Cor. Crown and Fleury Sts.
MONTREAL, QUE.	679 St. James St. W.
TORONTO, ONT.	152 Simcoe St.
WINDSOR, ONT.	410 Hanna Ave., E.
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.

WHOLESALE DISTRIBUTORS

SYDNEY, N.S.—Cape Breton Battery & Vulcanizing Company.

HALIFAX, N.S.—Maritime Accessories Limited.

VICTORIA, B.C.—B. R. Ciceri & Co.

WHOLESALE WAREHOUSES

MONCTON, N.B.—Sumner Tire Service.

OTTAWA, ONT.—G. H. Frisby.

HAMILTON, ONT.—A. F. Dell.

KITCHENER, ONT.—M. Berg.

PT. ARTHUR, ONT.—J. A. Nicholson.

BRANDON, MAN.—Gillies & Warren.

YORKTON, SASK.—Ted's Tire Shop.

EDMONTON, ALTA.—Taylor & Pearson Ltd.

LETHBRIDGE, ALTA.—H. R. Carson Ltd.

GRAND PRAIRIE, ALTA.—Grand Prairie Garage Co.

In every important Canadian community Goodyear products
are sold by reputable dealers.

