

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

1941



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ANNUAL REPORT

to the Shareholders of

THE GOODYEAR TIRE & RUBBER CO. OF CANADA, LIMITED

For the Fiscal Year ended December 31st, 1941

NEW TORONTO, ONTARIO

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

J. E. McALLISTER
TORONTO

E. J. THOMAS
AKRON

EXECUTIVE OFFICERS

A. G. PARTRIDGE

President

P. A. THOMSON

Vice-President

R. C. BERKINSHAW

General Manager
and Treasurer

E. H. KOKEN

Vice-President in Charge of
Production

O. H. BARRETT

Secretary
and General Counsel

D. C. CARLISLE

Comptroller

J. W. PHILP

Assistant Treasurer

H. A. TIPPLE

Assistant Secretary and
Assistant Comptroller

K. E. KENNEDY

Assistant Secretary

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

March 27th, 1942.

TO THE SHAREHOLDERS:—

Your Directors submit a Consolidated Balance Sheet of THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED, and its subsidiary companies, with your auditors' report thereon, which sets forth the result of the operations for the year ended December 31st, 1941, and the present financial position of the combined companies. This information is submitted with the corresponding figures for the previous year, which will facilitate comparisons.

The operations of the combined companies for the year have resulted in a profit of \$2,221,211.30 after charging all manufacturing, selling and administrative expenses, income and excess profits taxes, but before providing for depreciation; from this amount there has been set aside a reserve of \$618,122.14 for depreciation of buildings and equipment, leaving a net profit of \$1,603,089.16.

A comparison of the operations for the year 1941 with those of 1940, shows that there was a substantial increase in sales for the year just ended, although there was a reduction on the average in the margin of profit due to the fact that a large proportion of such sales were for war requirements, which were sold on a small profit basis; the net profits as reflected in the Consolidated Balance Sheet exceeded the profits for 1940 by \$211,575.39.

The net earnings for the year were equivalent to \$5.09 a share on the 257,260 shares of Common stock outstanding, as compared with \$4.25 a share in 1940; \$5.25 a share in 1939; \$7.49 a share in 1938; \$4.14 a share in 1937 and \$4.73 a share in 1936.

The spot market price of No. 1 ribbed smoked sheets in New York fluctuated during the year 1941 between a low of $19\frac{5}{16}\text{¢}$ per pound on January 27th and a high of $25\frac{1}{8}\text{¢}$ per pound on May 12th. On August 12th, the United States Government placed rubber under Government control and established a ceiling selling price for this commodity. In Canada, rubber as a commodity was also taken under control and on September 1st the Fairmont Company Limited (a Government agency), became the sole buyer of rubber

for Canadian consumption. The market price of $1\frac{5}{16}$ " middling cotton on the New York Cotton Exchange reached a high of 18.61¢ per pound on September 9th, while the low of 10.42¢ per pound came on January 2, 1941. The closing market on December 31st was 18.59¢ per pound.

The customary annual review was made of the stocks of raw materials, work in process and finished goods on hand which are stated in the Balance Sheet on the usual basis of cost or market, whichever was lower.

As in former years, the profits as shown by this Annual Report, include the profits on the export business for the previous fiscal year of 1940, but on the other hand, they do not include the accrued profits on export business for 1941, which have not yet been determined.

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

FUNDS PROVIDED FROM PROFITS

Consolidated net profits for the year.....	\$1,603,089.16
Add—Provision for depreciation.....	618,122.14
	\$2,221,211.30

DISPOSITION OF FUNDS

Extra dividend of \$1.50 a share on 257,260 shares Common stock paid in March 1941 from surplus carried forward from previous year.....	385,890.00
Dividends on 5% Preferred stock.....	\$293,908.13
Quarterly dividends aggregating \$2.50 on 257,260 shares Common stock and extra dividend of \$2.50 paid in December 1941..	1,286,300.00
	1,580,208.13
Redemption of 3,135 shares Preferred stock at \$50.00 each..	156,750.00
Expended for additions to plant and equipment (net).....	425,058.96
Increase in miscellaneous investments.....	4,293.17
Increase in deferred charges.....	3,787.16
	\$2,555,987.42
Less—	
Decrease in net current assets or working capital.....	\$230,216.60
Decrease in Preferred stock redemption fund..	104,559.52
	334,776.12
Total as above.....	\$2,221,211.30

Adequate reserves have been established to provide for accruing depreciation of buildings and equipment and to meet all probable losses in the realization of accounts receivable. Provision has also been made for all ascertained liabilities.

A review of the Consolidated Balance Sheet will disclose that the Companies are in their usual strong financial position, the working capital amounting to \$9,016,910.53 as compared with \$9,247,127.13 at December 31st, 1940—a reduction of \$230,216.60.

It was pointed out in the Annual Report of last year that the inventories of raw materials, goods in process and finished goods exceeded the inventory of the previous year by \$2,401,214.25, which was due to our policy of building up stocks. At December 31st, 1941 the inventories of finished stocks and goods in process were higher than at the previous year-end by \$757,036.06 on account of Government requirements, but the stocks of raw materials were less than they were at December 31st, 1940 by \$1,154,220.08.

Again the Company ends its fiscal year with no bank indebtedness.

The total current assets amount to \$11,786,007.02 compared with the current liabilities of \$2,769,096.49.

The total amount of all taxes paid or to be paid by or through your companies and applicable to the year 1941 amounted to \$4,228,062.58 in comparison with \$2,503,188.74 in 1940. The capital expenditures for the year, as already stated, amount to \$425,058.96 net and are just normal additions to keep the plants modernized.

Your Company continues to be a supplier to both the Canadian and British Governments—tires being the chief requirement. The major portion of the New Toronto's factory production for the past year, therefore, has been necessary for the production of these tires.

Your Board wishes to record its appreciation of the loyalty, cooperation and effort of the personnel of the organization which has made possible the satisfactory results of the year's operations.

The cooperation of our shareholders has been continued and is much appreciated.

A. G. PARTRIDGE,
President.

On behalf of the Board.

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

and SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1941

A S S E T S	December 31, 1941	December 31, 1940	L I A B I L I T I E S	December 31, 1941	December 31, 1940
CURRENT AND WORKING ASSETS:			CURRENT LIABILITIES:		
Cash	\$ 2,220,171.32	\$ 809,853.86	Current accounts payable	\$ 830,703.37	\$ 364,535.30
Call loans and Government Bonds at cost or market whichever is lower	94,421.01	196,012.50	Reserve for Income and other taxes	1,938,393.12	773,684.99
	<u>\$ 2,314,592.33</u>	<u>\$ 1,005,866.36</u>	TOTAL CURRENT LIABILITIES:	<u>\$ 2,769,096.49</u>	<u>\$ 1,138,220.29</u>
Accounts receivable	2,926,131.02	2,429,888.74	RESERVE FOR DEPRECIATION OF BUILDINGS, MACHINERY AND EQUIPMENT:	8,926,995.44	8,598,943.52
Less—Reserve for bad and doubtful accounts	274,953.29	267,828.66	CAPITAL STOCK:		
	<u>\$ 2,651,177.73</u>	<u>\$ 2,162,060.08</u>	Five per cent Cumulative Redeemable Preferred Stock:		
Inventories at cost or market, whichever is lower:			Authorized 160,000 shares of \$50.00 each \$8,000,000.00		
Finished goods	3,435,828.22	2,715,251.19			
Goods in process	567,741.03	531,282.00	1941 1940		
Raw materials and supplies	2,816,667.71	3,970,887.79	Issued and fully paid 120,000 120,000 shares	6,000,000.00	6,000,000.00
	<u>\$ 6,820,236.96</u>	<u>\$ 7,217,420.98</u>	Less—Redeemed 4,055 920 "	202,750.00	46,000.00
TOTAL CURRENT ASSETS:	<u>\$11,786,007.02</u>	<u>\$10,385,347.42</u>		<u>\$ 5,797,250.00</u>	<u>\$ 5,954,000.00</u>
INVESTMENTS:			Common Stock:		
Stocks, bonds and mortgages	248,791.37	244,498.20	Authorized—290,660 shares of no par value		
Preferred Stock Redemption Fund	115,028.99	219,588.51	Issued—257,260 shares	128,630.00	128,630.00
	<u>\$ 363,820.36</u>	<u>\$ 464,086.71</u>	Capital Surplus	463,068.00	463,068.00
LAND, BUILDINGS, MACHINERY AND EQUIPMENT:	13,826,497.66	13,691,508.92		<u>\$ 591,698.00</u>	<u>\$ 591,698.00</u>
DEFERRED CHARGES TO OPERATIONS:			SURPLUS:		
Prepaid Insurance and other expenses	70,199.30	66,412.14	Balance at end of previous year	8,324,493.38	7,874,640.86
	<u>\$ 70,199.30</u>	<u>\$ 66,412.14</u>	Profit for year ending December 31st, before providing for depreciation, but after deducting Income and Excess Profits Taxes	2,221,211.30	1,960,038.49
	<u>\$26,046,524.34</u>	<u>\$24,607,355.19</u>	Less—Reserve for depreciation	618,122.14	568,524.72
			Net Profit	<u>\$ 1,603,089.16</u>	<u>\$ 1,391,513.77</u>
				<u>\$ 9,927,582.54</u>	<u>\$ 9,266,154.63</u>
			Deduct—Dividends		
			On five per cent Preferred Stock	293,908.13	298,511.25
			On no par value Common Stock	1,672,190.00	643,150.00
				<u>\$ 1,966,098.13</u>	<u>\$ 941,661.25</u>
			Balance of Surplus	<u>7,961,484.41</u>	<u>8,324,493.38</u>
				<u>\$26,046,524.34</u>	<u>\$24,607,355.19</u>

PRICE, WATERHOUSE & CO.

Chartered Accountants

ROYAL BANK BUILDING

TORONTO, CANADA

February 2, 1942.

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, 1941. 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 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 or contracted for 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 government bonds were confirmed by certificates and we have taken all reasonable precautions to satisfy ourselves that all liabilities as at December 31, 1941, are included in the balance sheet.

In our opinion, based upon such examination, the annexed consolidated balance sheet is 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, 1941, 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.

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

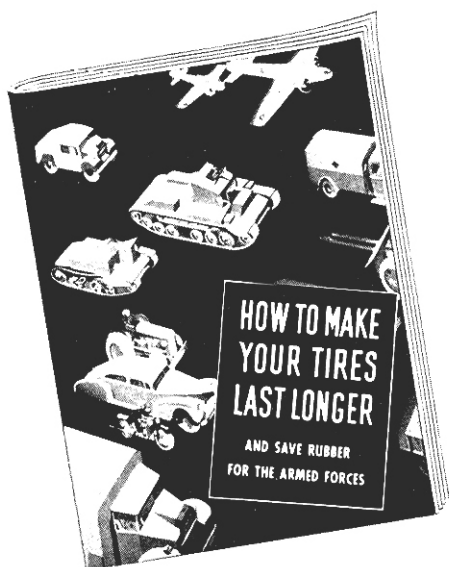
ST. JOHN, N.B.	. . . . .	83 Prince William St.
QUEBEC, QUE.	. . . . .	Cor. Crown and Fleury Sts.
MONTREAL, QUE.	. . . . .	679 St. James St. W.
TORONTO, ONT.	. . . . .	204 Richmond St. W.
LONDON, ONT.	. . . . .	539 Richmond St.
WINNIPEG, MAN.	. . . . .	97 Higgins Ave.
REGINA, SASK.	. . . . .	Cor. Broad 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.



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.

GOODYEAR OFFERS TIMELY BOOKLET ON TIRE CONSERVATION



To help motorists lengthen tire life and thus save rubber for the armed forces Goodyear has made available a free booklet, "How To Make Your Tires Last Longer." Since its publication requests for copies have come pouring in from all parts of Canada. Many of these have come from business men seeking information that will help keep tires on their company cars running as long as possible. First in Canada with such a helpful booklet, Goodyear, through it, is winning much goodwill for herself and her dealer family.

HERE ARE SOME OF ITS RUBBER SAVING TIPS

DO NOT SPEED

The faster you drive the faster you wear out your tires. Controlled test records show that tires wear out 62% faster at 60 miles an hour than at 40.

CHECK TIRE PRESSURE AT LEAST ONCE A WEEK

Too little pressure breaks down sidewalls and causes irregular tread wear; too much wears out the centre of the tread and leads to broken tire cords.

MAKE SURE YOUR WHEELS ARE IN LINE AND IN BALANCE

When a wheel is $\frac{1}{2}$ " out of alignment the tire is dragged sideways 87 feet in every mile. This naturally wears the tread down. Wheels out of balance cause a great deal of spotty wear.

MAKE SURE YOUR WHEELS ARE PROPERLY ADJUSTED

Unequally adjusted brakes cause one tire to grip more than the others. Naturally the braking tire wears out much more rapidly.

ROTATE YOUR TIRES

Changing the wheel position of your tires according to a definite plan every two or three thousand miles will increase their tread mileage up to 25%.

HAVE SOUND TIRES REGROOVED

If your tires have worn smooth, it is perfectly possible that there is plenty of rubber left to have them regrooved. This will give you a safe non-skid design that will wear for additional thousands of miles.

DON'T LEAVE BLOWOUT PATCHES IN YOUR TIRES

Blowout patches should be a temporary repair only. Left in too long they unbalance the wheel, cause uneven tread wear and sometimes eventually complete breakdown of the whole tire.

SEE YOUR GOODYEAR DEALER REGULARLY

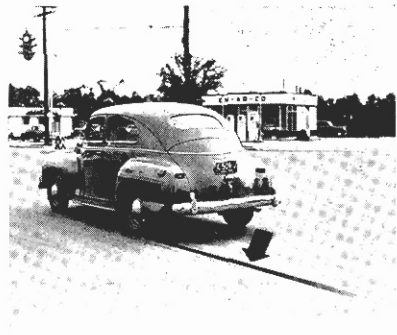
At a minimum cost Goodyear dealers, specialists in the tire trade, will help you get the maximum mileage out of your tires. A good rule to follow is "Check your tires once a week—see your Goodyear dealer regularly."

In addition to the above points the booklet suggests that to get more mileage, eligible motorists should buy Goodyear tires and LifeGuards. With Goodyear tires they get more miles because of Goodyear quality. LifeGuards, besides saving life, enable tires to run out their last mile in safety because of the blowout protection they give. Lifeguards are economical, too, since they can be used in several sets of tires.

The faster you drive the faster you wear out your tires.



The tire on the braking wheel gets an undue share of drag and wear.



GOODYEAR FACTORIES IN BATTLE DRESS

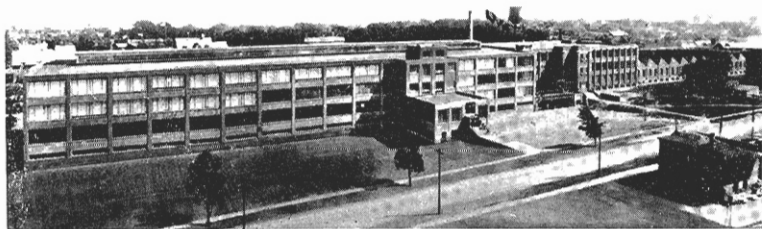
Goodyear's three modern factories are in battle dress today, working feverishly to do their bit in the world's bitter fight for freedom. Tires for airplanes, armoured trucks, and gun carriages—molded parts for military vehicles—bogie wheels for tanks—and countless other war products gush out in an endless stream. Every bit of precious crude rubber, other than that urgently needed for essential civilian uses, is directed into some part of Canada's growing military machine. Indeed Goodyear is doing its simple duty, meeting total war with total effort.



NEW TORONTO, Ontario, Head Office and Plant where army, airplane and other types of tires are manufactured. Floor space is 17.9 acres.



BOWMANVILLE, Ontario, Mechanical Goods plant where bogie wheels for tanks, rubber gasoline tanks for airplanes, molded parts for army vehicles, belting, hose, and so on are made. Floor space is 4.9 acres.



ST. HYACINTHE, Quebec, Cotton Mill where the famous "Supertwist Cord" used exclusively in Goodyear tires, is woven. Fabric for belts and other mechanical goods products is made here, too. Floor space is 9.1 acres.

