

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

1943



ANNUAL REPORT

to the Shareholders of

THE GOODYEAR TIRE & RUBBER CO. OF CANADA, LIMITED

For the Fiscal Year ended December 31st, 1943

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

February 25th, 1944.

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, 1943 and the present financial position of the combined companies. Following the plan adopted two years ago, the financial information is submitted with the corresponding figures for the previous year, for purposes of comparison.

The operations of the combined companies for the year 1943 have resulted in a profit of \$2,084,053.11 after charging all manufacturing, selling and administrative expenses, income and excess profits taxes (including refundable portion of excess profits taxes amounting to \$276,671.97), but before providing for depreciation; from this amount there has been set aside a reserve of \$635,516.30 for depreciation of buildings and equipment, leaving a net profit of \$1,448,536.81.

A comparison of the operations of the year 1943 with those of 1942 shows that there was an increase in sales and a reduction in selling expenses for the year just ended; however, on account of the increase in the amount of income and excess profits taxes, the net profits for 1943 were less than those for 1942 by \$470,020.39.

Production of tires and other products for war purposes still occupies the greater proportion of the company's productive facilities. Governmental regulation of the manufacture, sale and civilian use of rubber products did not relax to any extent during the year. Your company has continued to enjoy a large portion of the permitted civilian business and has sold substantial quantities of truck and bus tires and mechanical rubber goods for essential civilian services. Factories have been operating at full capacity.

The net earnings for the year were equivalent to \$4.51 a share on the 257,260 shares of Common stock outstanding, as compared with \$6.33 a share in 1942; \$5.09 a share in 1941; \$4.25 a share in 1940 and \$5.25 a share in 1939.

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.

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	\$1,448,536.81
Add—Provision for depreciation	635,516.30
	\$2,084,053.11

DISPOSITION OF FUNDS

Dividends on 5% Preferred Stock	\$289,395.00
Quarterly dividends aggregating \$2.50 on 257,260 shares Common Stock and extra dividends aggregating \$2.00 paid in September and December 1943	\$1,157,670.00
	\$1,447,065.00
Increase in Preferred stock redemption fund	60,000.00
Expended for additions to plant and equipment (net)	454,732.40
Increase in deferred charges	49,775.03
Increase in net current assets or working capital	\$118,355.13
LESS—	
Decrease in Miscellaneous investments	45,874.45
	72,480.68
Total as above	\$2,084,053.11

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 been made for all ascertained liabilities. A reserve has been established for adjustments which will arise in the final settlement of prices under government contracts and, therefore, it should be understood that this provision and the reserve for income and excess profits taxes are subject to adjustment when the final settlement prices under these contracts are determined.

A review of the Consolidated Balance Sheet will disclose that the companies are in their usual strong financial position, with no bank indebtedness, the working capital amounting to \$10,412,214.43 as compared with \$10,293,859.30, an increase of \$118,355.13.

The capital expenditures for the year amounted to \$454,732.40 (net) and represent the cost of certain miscellaneous equipment and additions to the companies' properties.

In past years the two major raw materials used by your company have been crude rubber and cotton. Two additional major raw materials have now become essential—synthetic rubber and rayon.

Synthetic rubber became available in limited quantities in the latter part of 1943. This material comes under the Canadian Government Rubber Control the same way as crude rubber, for both price and allocation.

Rayon cord fabric will be produced at your company's mill at St. Hyacinthe from purchased rayon yarn, and sufficient additional new equipment has been purchased and will shortly be installed to fully supply the company's requirements of both cotton and rayon cord fabric.

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

The co-operation 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, 1943

<u>ASSETS</u>	December 31, <u>1943</u>	December 31, <u>1942</u>	<u>LIABILITIES</u>	December 31, <u>1943</u>	December 31, <u>1942</u>
<u>CURRENT AND WORKING ASSETS:</u>			<u>CURRENT LIABILITIES:</u>		
Cash	\$ 2,004,874.29	\$ 3,732,705.33	Current accounts payable	\$ 355,628.14	\$ 392,170.07
Government bonds at cost or market whichever is lower	2,508,052.09	1,249,638.41	Reserve for income, excess profits and other taxes (after deducting 1943 payments of \$1,522,590.00)	857,965.94	1,093,142.93
	<u>\$ 4,512,926.38</u>	<u>\$ 4,982,343.74</u>	Reserve for adjustments in final settlement of prices under Government contracts	126,761.93	2,359,782.34
Funds invested in Government securities equivalent to amount of reserve for adjustments in final settlement of prices under government contracts, per contra	—	\$ 2,359,782.34	<u>TOTAL CURRENT LIABILITIES</u>	<u>\$ 1,340,356.01</u>	<u>\$ 3,845,095.34</u>
			<u>RESERVE FOR CONTINGENCIES</u>	\$ 500,000.00	\$ 500,000.00
Accounts receivable	\$ 1,555,884.17	\$ 878,618.68	<u>RESERVE FOR DEPRECIATION OF BUILDINGS, MACHINERY AND EQUIPMENT</u>	\$ 9,945,873.65	\$ 9,327,634.01
Less—Reserve for bad and doubtful accounts	131,606.77	125,876.62			
	<u>\$ 1,424,277.40</u>	<u>\$ 752,742.06</u>	<u>CAPITAL STOCK:</u>		
Inventories at cost or market whichever is lower:			Five percent Cumulative Redeemable Preferred Stock:		
Finished goods	\$ 4,398,272.82	\$ 4,237,287.89	Authorized 160,000 shares of \$50.00 each	<u>\$8,000,000.00</u>	
Goods in process	1,190,384.00	491,552.00	Issued and fully paid	120,000 shares	\$ 6,000,000.00
Raw materials and supplies	2,754,870.37	2,533,920.23	Less—Redeemed	4,242 shares	212,100.00
	<u>\$ 8,343,527.19</u>	<u>\$ 7,262,760.12</u>		<u>115,758 shares</u>	<u>\$ 5,787,900.00</u>
	<u>\$14,280,730.97</u>	<u>\$15,357,628.26</u>	Common Stock:		
Less—Advance payments on Government contracts	2,528,160.53	1,218,673.62	Authorized—290,660 shares of no par value	\$ 128,630.00	\$ 128,630.00
			Issued—257,260 shares	463,068.00	463,068.00
<u>TOTAL CURRENT ASSETS</u>	<u>\$11,752,570.44</u>	<u>\$14,138,954.64</u>	Capital Surplus	<u>\$ 591,698.00</u>	<u>\$ 591,698.00</u>
<u>REFUNDABLE PORTION OF EXCESS PROFITS TAX</u>	<u>\$ 382,165.47</u>	<u>\$ 105,493.50</u>			
<u>INVESTMENTS:</u>			<u>SURPLUS:</u>		
Stocks, bonds and mortgages	\$ 175,277.94	\$ 221,152.39	Balance at end of previous year	\$ 8,303,995.99	\$ 7,961,484.41
Preferred stock redemption fund	227,887.92	167,887.92	Profit for year ending December 31st, before providing for depreciation, but after deducting income and excess profits taxes (including refundable portion of 1943 excess profits tax amounting to \$276,671.97)	\$ 2,084,053.11	\$ 2,549,331.72
	<u>\$ 403,165.86</u>	<u>389,040.31</u>	Less—Reserve for depreciation	635,516.30	630,774.52
<u>LAND, BUILDINGS, MACHINERY AND EQUIPMENT</u>	<u>\$14,176,720.55</u>	<u>\$13,739,264.81</u>	<u>Net profit</u>	<u>\$ 1,448,536.81</u>	<u>\$ 1,918,557.20</u>
<u>DEFERRED CHARGES TO OPERATIONS:</u>				<u>\$ 9,752,532.80</u>	<u>\$ 9,880,041.61</u>
Prepaid insurance and other expenses	\$ 138,838.61	\$ 89,063.58	Deduct—Dividends:		
			On five percent Preferred Stock	\$ 289,395.00	\$ 289,745.62
			On no par value Common Stock	1,157,670.00	1,286,300.00
				<u>\$ 1,447,065.00</u>	<u>\$ 1,576,045.62</u>
			Balance of surplus	<u>\$ 8,305,467.80</u>	<u>\$ 8,303,995.99</u>
			<u>DEFERRED SURPLUS:</u>		
			Refundable portion of excess profits tax	\$ 382,165.47	\$ 105,493.50
	<u>\$26,853,460.93</u>	<u>\$28,461,816.84</u>		<u>\$26,853,460.93</u>	<u>\$28,461,816.84</u>

PRICE, WATERHOUSE & CO.

Chartered Accountants

ROYAL BANK BUILDING

TORONTO, CANADA

February 3, 1944.

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, 1943. 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, 1943 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, 1943, 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.	. . . . .	112 Princess 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'S 1943 PRODUCTS ARE IN THERE FIGHTING

► FIRE HOSE, BULLET-SEALING HOSE, GASOLINE HOSE, ESSENTIAL DOMESTIC TYPES.

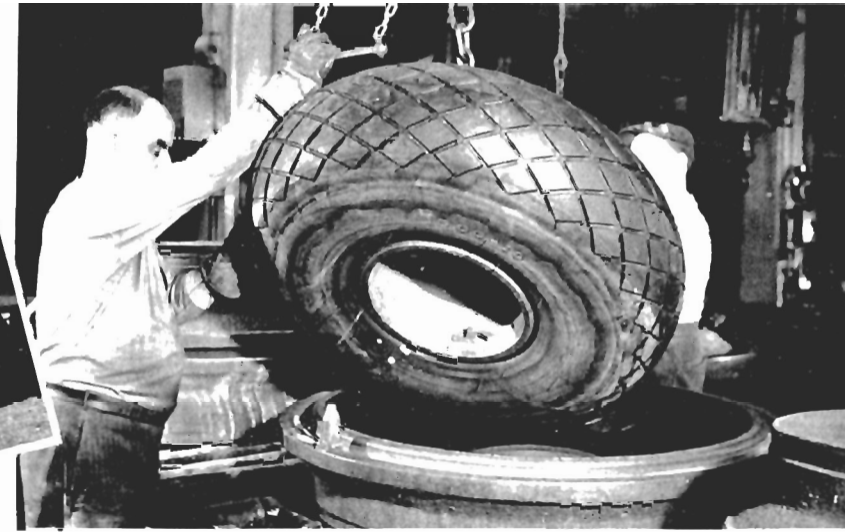


◀ GOODYEAR LIFE-RAFTS SAVE FLIERS' LIVES THE WORLD OVER.

▼ MACHINE-TOOLED GUN TURRETS FOR RECONNAISSANCE CARS.



◀ BULLET-SEALING AND COLLAPSIBLE GASOLINE TANKS



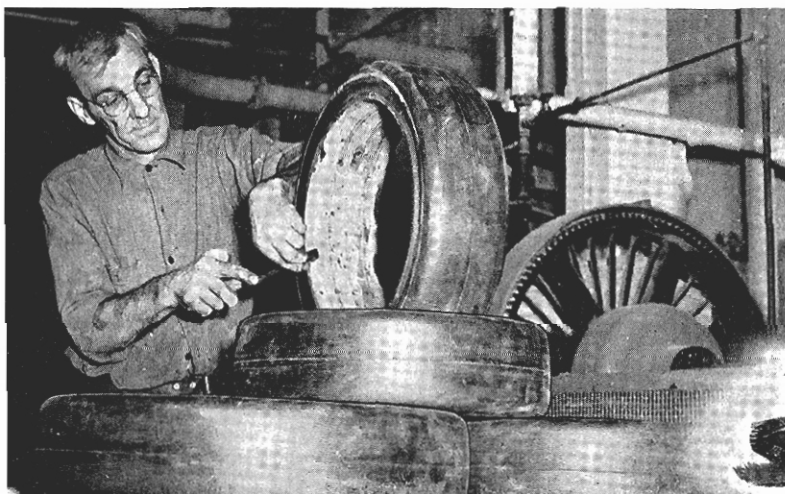
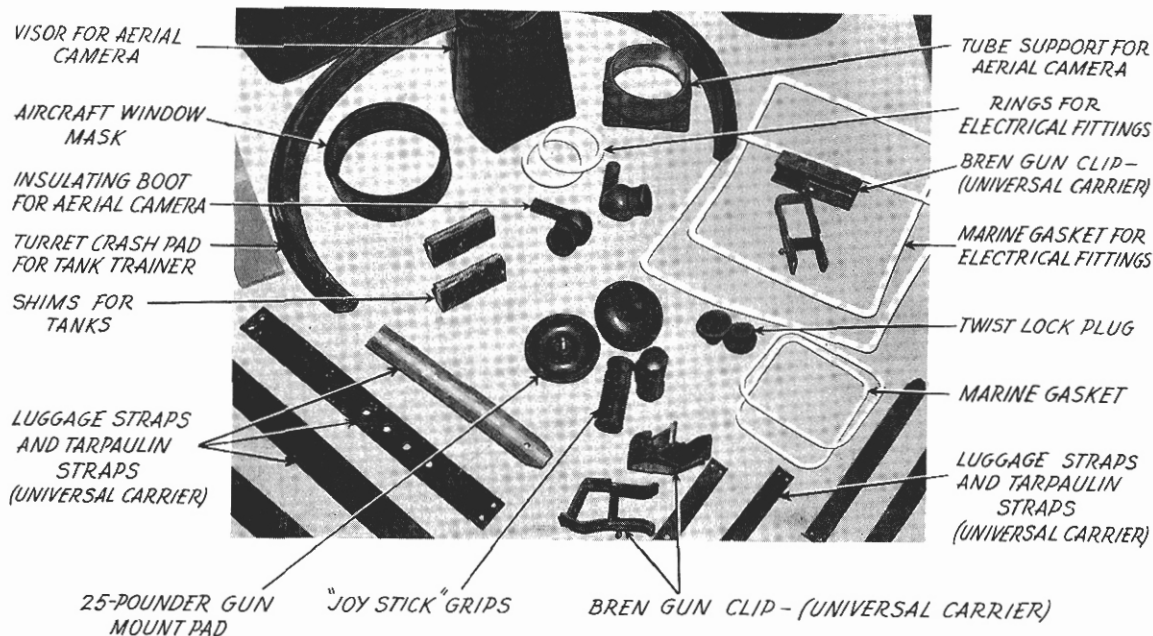
► 25 TYPES OF AIRCRAFT TIRES FOR FIGHTERS, TRAINERS AND BOMBERS



▲ COMBAT TIRES FOR THE CANADIAN AND ALLIED FIELD ARMIES ▼



▼ THOUSANDS OF "BITS AND PIECES" FOR FIGHTING MACHINES



◀ RUBBER-ON-STEEL BOGEY WHEELS FOR ALLIED COMBAT TANKS.



ALL THIS, WHILE WE CONTINUED TO SUPPLY THE HOME FRONT

Rubber products for war use flowed in an endless stream from Goodyear plants at New Toronto and Bowmanville through 1943.

From the Goodyear Cotton Company at St. Hyacinthe came thousands upon thousands of yards of fabric for these products—and for direct supply to the armed forces (tarpaulins, tents, etc.).

Meanwhile, industrial products—transmission belts, conveyor belts, V-belts and hose—were produced for primary war industries here at home, so that there would be no slowdown on the production lines.

Tires for essential transport, eked out from the dwindling supply of crude rubber plus the new

synthetic, were produced in quantity sufficient to "keep 'em rolling."

And to encourage conservation, Goodyear published rubber conservation tips for its customers which helped them to lengthen the life of products in use.

All the while, Goodyear was changing over production from crude to synthetic, ending the year with a fund of experience in the handling of this new "soft plastic" material.

So we look back upon 1943 with some pride in our accomplishments, and we look forward on the new year full of hope in its promise of peace—and continued prosperity.

