

# CANADIAN MARCONI COMPANY

(LIMITED LIABILITY)

HEAD OFFICE:  
MARCONI BUILDING  
MONTREAL



THIRTY-EIGHTH ANNUAL REPORT

1940



# CANADIAN MARCONI COMPANY

(LIMITED LIABILITY)

HEAD OFFICE: MARCONI BUILDING  
MONTREAL

*Directors for the year ending  
December 31, 1940*

J. A. BOYD, ESQ.	A. H. GINMAN, ESQ.
D. C. COLEMAN, ESQ.	DR. MILTON L. HERSEY
A. E. DYMENT, ESQ.	GORDON W. MACDOUGALL, ESQ., K.C.
H. J. SYMINGTON, ESQ., K.C.	

*President:*

A. H. GINMAN, ESQ.

*Vice-Presidents:*

DR. MILTON L. HERSEY

J. A. BOYD, ESQ.

*Secretary:*

JAMES FERGUS, ESQ., F.C.I.S.

*Registrars:*

MONTREAL TRUST COMPANY

*Transfer Agents:*

CHARTERED TRUST & EXECUTOR CO.

*Auditors:*

PRICE, WATERHOUSE & Co.



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HEAD OFFICE: MARCONI BUILDING  
MONTREAL

*General Manager:*  
R. M. BROPHY

*Deputy General Manager:*  
S. M. FINLAYSON

*Secretary:*  
JAMES FERGUS, F.C.I.S.

*Comptroller:*  
A. UNDERWOOD

*Chief Communications Engineer:*  
L. S. PAYNE

*Chief Accountant:*  
W. HOPKINS

*General Sales Manager:*  
M. M. ELLIOTT

*Marine and Inland Services:*  
W. J. GRAY, *Manager*

*Traffic Manager:*  
P. J. MURPHY

*Factory Manager:*  
J. A. BECKINGHAM

*Publicity Department:*  
H. S. PUTNAM

*Manager, Station CFCF:*  
J. A. SHAW

## DIVISIONAL OFFICES

*British Columbia:*

L. S. HAWKINS, *Manager*,  
500 Beatty Street,  
Vancouver, B.C.

*Mid-Western:*

W. F. SOUCH, *Manager*,  
356 Main Street,  
Winnipeg, Man.

*Ontario:*

G. F. EATON, *Manager*,  
92 Adelaide St. West,  
Toronto, Ont.

*Maritimes:*

F. T. WINTER, *Manager*,  
47 Argyle Street,  
Halifax, N.S.

*Newfoundland:*

J. J. COLLINS, *Manager*,  
New Gower and Adelaide Sts.,  
St. John's.



# CANADIAN MARCONI COMPANY

(LIMITED LIABILITY)

## BALANCE SHEET DECEMBER 31, 1940

### ASSETS

**Property, Plant and Equipment:**  
At revised values placed thereon by the Directors as at December 31, 1924, with the cost of subsequent additions.....  
Less: Depreciation Reserves.....

\$2,953,921.72  
1,474,611.43

\$1,479,310.29

**Patents and Patent Rights:**

At revised values placed thereon by the Directors as at December 31, 1924, with the cost of subsequent additions, less sale and amounts written off.....

1,897,068.18

**Investments in Associated Companies:**

106,250.00

**Deferred Accounts Receivable.....**

15,354.45

**Current Assets:**

Inventories of manufactured stock, work in process, materials and supplies, at the lower of cost or market value, as determined and certified by responsible officials, less reserves.....

\$1,211,064.00

1,097,887.88

342,514.37

28,593.13

2,710,069.38

21,658.40

\$6,229,730.70

\$6,229,730.70

**Unexpired Insurance, Taxes and Other Prepaid Expenses.....**

\$6,229,730.70

\$6,229,730.70

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING DECEMBER 31, 1940

Profit from operations for the year ending December 31, 1940, before tax.....

\$734,365.18

101,643.28

\$833,008.46

\$58,075.70

43,567.50

\$280,981.35

6,600.00

17,875.00

3,789.05

339,245.40

\$493,763.06

220,000.00

\$273,763.06

\$643,237.97

273,763.06

\$917,001.03

\$164,374.56

95,000.00

259,374.56

\$657,626.47

### EARNED SURPLUS DECEMBER 31, 1940

Balance at December 31, 1939.....

\$643,237.97

Net Profit for the year, balance as above.....

\$917,001.03

Transferred to Dividend Reserve.....

\$164,374.56

Transferred to General Reserve.....

95,000.00

259,374.56

\$657,626.47

**AUDITORS' REPORT TO THE SHAREHOLDERS:**

We have made an examination of the books and accounts of the Canadian Marconi Company (Limited Liability) for the year ending December 31, 1940, and have obtained all the information and explanations which we have required; and we report that, in our opinion, the above Balance Sheet at December 31, 1940, is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs (before making any provision from the operations of the year for writing down of Patents), according to the best of our information and the explanations given to us and as shown by the books of the Company.

Montreal, March 25, 1941.

**PRICE, WATERHOUSE & CO.,  
Auditors.**

### LIABILITIES

**Capital Stocks:**

Authorized—7,500,000 shares of \$1.00 each.....

\$7,500,000.00

Subscribed and Issued—4,554,682 shares of \$1.00 each.....

\$4,554,682.00

**Current Liabilities:**

Accounts Payable and Accrued Liabilities.....

\$ 302,015.50

Provision for Dominion, Provincial and Other Taxes.....

273,238.09

Unclaimed Dividends.....

9,961.36

Reserve for Dividend.....

182,187.28

767,422.23

**General Reserve.....**

250,000.00

**Earned Surplus:**

As per statement attached.....

657,626.47

**Approved on Behalf of the Board:**

MILTON L. HERSEY, Director.

D. C. COLEMAN, Director.

\$6,229,730.70





## TO THE SHAREHOLDERS:

Gentlemen:

Your Directors beg to submit the Balance Sheet and Profit and Loss Statement of the Company for the year ending December 31, 1940.

Every field of your Company's activities has been, directly or indirectly, affected by the War, and it may be said that a large proportion of the increased profits, from \$278,030.17 in 1939, to \$493,763.06 for the year under review, is due to orders entrusted to us by Government. These are, very properly, subject to the condition that our quotations provide for an estimated profit not in excess of a low, specified ceiling, Government retaining the right to audit our costs to determine that this condition is complied with.

The Reserve of \$228,767.54 which has been set up in the accounts is estimated as sufficient to cover the Company's liability, when determined, with respect to Dominion and Provincial Income and Excess Profits taxes for the year.

Our Overseas Telegraph Department reflects abnormal conditions, in that commercial traffic declined; but a very substantial increase in personal messages resulted in a net increase of Operating Revenue of 34% over the previous period.

During the year, two war-time services were inaugurated—one patriotic, the other humanitarian. With the co-operation of Canadian Pacific Telegraphs, the EFM (Expeditionary Force Message) was introduced, to provide a service, at considerably-reduced rates, between members of Canadian Forces stationed overseas and their relatives and friends at home. The service is likewise available to Forces from other parts of the Empire, temporarily stationed in Canada.

In collaboration with our Associate, Cable and Wireless Limited, the CFT (Children's Free Telegram) service was established, permitting war-guest children in Canada to send, free of all cost, one message monthly to their parents or guardians in the Old Country, and to receive one each month from them. Many letters of appreciation have been received from parents on the other side of the Atlantic and from children and hosts on this side.

An extract from one of the latter is quoted, as an example:

"I think that the decision of your Company in this regard is one of the most humane that has come under my notice. It is one of the lovely things that are sometimes born as a result of the miseries around us. It is true that sentiment must not altogether usurp the place of judgement in business, but it is also particularly true, as shown by your action in this regard, that sentiment and judgement can walk hand in hand, with marvellous results.

"On behalf of the parents of my little war-guest, of my little war-guest himself, as well as of myself, I ask you to accept our very sincere and heart-felt thanks."

Early in 1940, your Directors approved an extension to our Factory by the erection of a third storey to the wing constructed in 1937, adding 23,400 square feet to our productive capacity; and, in November, a further extension was



found necessary to cope with the substantial orders in hand and in prospect. The erection of a new single-storey wing was, therefore, authorized, which adds a further 28,000 square feet to productive capacity; this has very recently been completed, and, with new equipment, is now in operation.

Heretofore, practically all the quartz crystals used to maintain constancy of radio frequencies in transmitters and receivers were imported from the United States of America. Your Officials entered into an arrangement with one of the most important producers in the States, to have made available to us all technical information and guidance for grinding crystals to specified frequencies. Three responsible members of our Staff spent some months at the factory of our American friends, and another has recently returned from a course of study with our Associated Company in England, to familiarize themselves with production methods. All the necessary machinery has been acquired and installed; and it is confidently expected that, within a few weeks, Canada will be independent of other sources in grinding all the quartz crystals which may be required.

These capital expenditures, added to the increased value of Inventory and Work in Process, which increased from \$763,561.08 at December 31, 1939, to \$1,241,064.00, at the close of 1940, and the larger item of Accounts Receivable, \$1,097,887.88, compared with \$736,060.41, are reflected in Cash on Hand of \$28,593.13, against \$382,508.26 last year.

Your Directors declared a dividend of 4%—the same as last year—payable on June 1st to holders of record April 15th, which, after the transfer of \$95,000.00 to General Reserve, increased Earned Surplus by \$14,388.50.

Your Company's property and equipment have been maintained at the same high standard, and adequate depreciation reserves have been provided, as in previous years.

The exclusive Canadian and Newfoundland rights to Major Armstrong's Frequency Modulation patents have been acquired by your Company, with freedom to sub-license other Canadian manufacturers.

Our Newfoundland-Canada radiotelephone service, which was closed down early in September, 1939, was re-opened to public service on June 22nd, and is again showing satisfactory results.

Your Directors desire to record their appreciation of the excellent services rendered by the General Management and Staff during a year of many difficulties. Our largely-increased turnover has thrown a heavy load on all Departments, particularly those of the Factory, Engineering and Purchasing; and the manner in which every member of the entire Staff has responded to the needs of emergency is a source of pride to your Board.

Respectfully submitted,

Montreal, March 28, 1941.

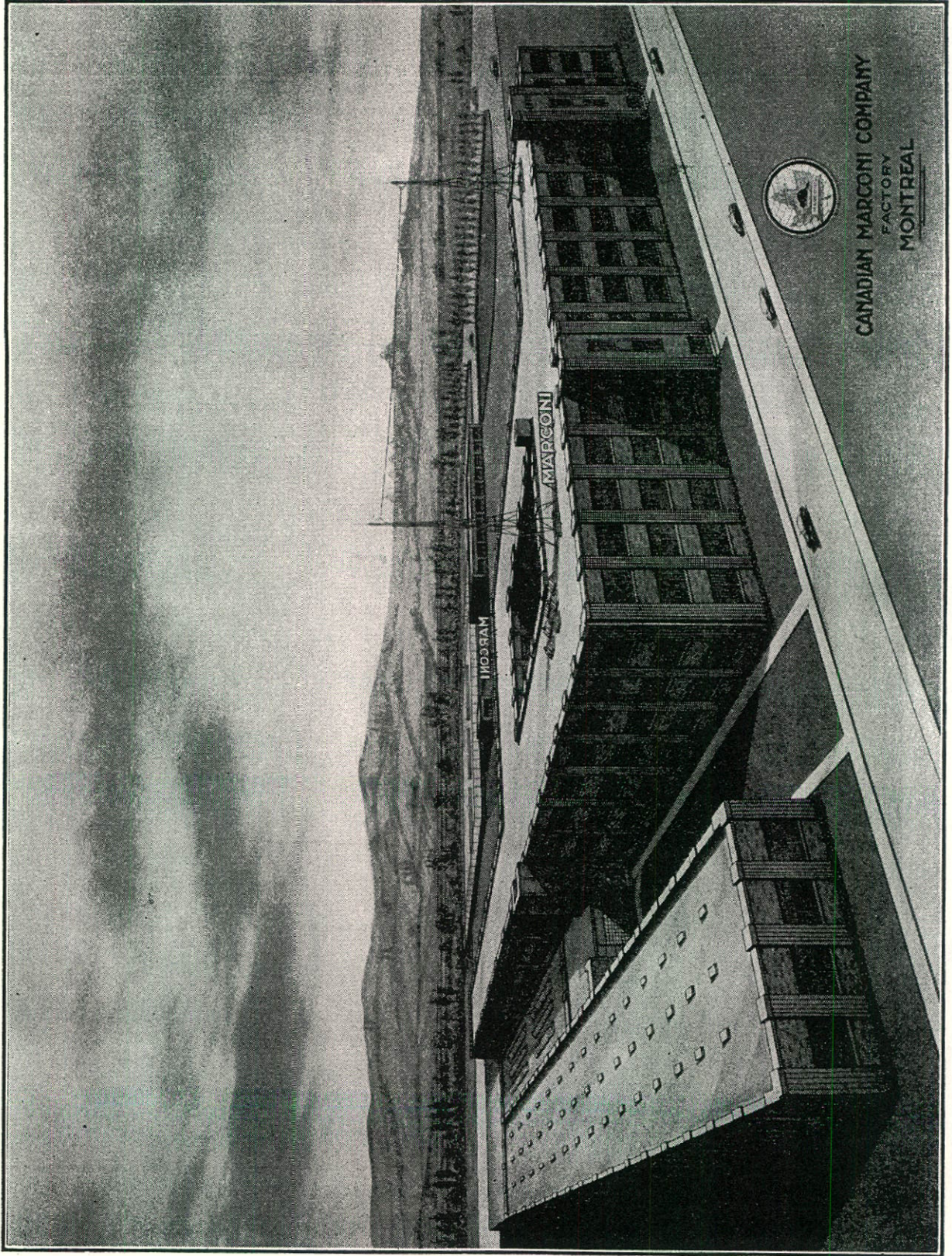
A. H. GINMAN

*President.*



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