

CANADIAN MARCONI COMPANY

(LIMITED LIABILITY)

HEAD OFFICE:
MARCONI BUILDING
MONTREAL



THIRTY-SEVENTH ANNUAL REPORT

1939



CANADIAN MARCONI COMPANY

(LIMITED LIABILITY)

HEAD OFFICE: MARCONI BUILDING
MONTREAL

*Directors for the year ending
December 31, 1939*

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.

CANADIAN MARCONI COMPANY

(LIMITED LIABILITY)

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, 1939

ASSETS

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

\$2,730,929.93
1,323,232.00

Less: Depreciation Reserves.....

\$1,407,647.93

Patents and Patent Rights:

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

1,937,500.00

Investments in Associated Companies.....

106,250.00

Deferred Accounts Receivable.....

19,158.27

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.....

\$ 763,561.08

Accounts Receivable (less reserve).....

736,060.41

Dominion Government and Canadian Railway Bonds, at cost.....

447,206.87

Cash in Banks and on Hand.....

302,508.26

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

2,329,336.62

15,444.42

\$5,815,337.24

LIABILITIES

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

\$7,500,000.00

Subscribed and Issued—4,554,692 shares of \$1.00 each.....

\$4,554,682.00

Current Liabilities:

Accounts Payable and Accrued Liabilities.....

\$ 187,597.39

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

74,819.88

Reserve for Dividend.....

200,000.00

462,417.27

155,000.00

643,237.97

\$5,815,337.24

Approved on Behalf of the Board:

MILTON L. HERSEY, Director.

J. A. BOYD, Director.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING DECEMBER 31, 1939

Profit from operations for the year ending December 31, 1939, before taking into account the items shown below.....

\$432,752.21

72,143.52

\$504,895.73

226,865.56

\$278,030.17

45,000.00

\$233,030.17

\$640,207.80

233,030.17

\$873,237.97

230,000.00

\$643,237.97

EARNED SURPLUS — DECEMBER 31, 1939

\$166,947.80

6,440.00

40,260.00

3,217.76

10,000.00

\$200,000.00

30,000.00

\$230,000.00

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, 1939, 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, 1939, 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 26, 1940.

PRICE, WATERHOUSE & CO.,
Auditors.

TO THE SHAREHOLDERS:

Gentlemen:

Your Directors beg to submit the Balance Sheet and Profit and Loss Account of the Company for the year ending December 31, 1939.

The Net Profit for the year, before deduction of Income Tax Reserve, amounts to \$278,030.17, as compared with \$335,914.92 for the previous year.

After providing \$45,000.00 for Income Tax, a Profit of \$233,030.17 is shown, compared with \$285,914.92 for the year 1938.

Having regard to the conditions arising from the outbreak of hostilities, and their resultant effect upon certain branches of your Company's services, the Net Profit for the year is considered satisfactory.

Early in September, we were advised by the British Government Authorities that the United Kingdom terminal of our transatlantic radiotelephone service, associated with The Bell Telephone Company of Canada, would be closed for commercial operation until further notice, and that condition still prevails.

Our Newfoundland-Canada radiotelephone service was likewise closed down.

Similarly, our ship-to-shore and shore-to-ship telegraph operations were restricted to emergency purposes, as were the maritime radiotelephone services on the Atlantic and Pacific Coasts.

These necessary measures not only had a serious effect on your Company's revenue from traffic receipts, but, due to the suspension of service, required substantial rebates to be made on monthly rentals of radiotelephone equipments.

It is gratifying to note, however, that the restrictions imposed upon small coastal vessels have now been relaxed, permitting a limited radiotelephone service sufficient to meet the business requirements of shipowners, and our full rentals have been restored with the consent of our clients, many of whom have expressed appreciation of our concession during the period when no service was available to them.

Another factor contributing to reduced profits and the need of increased working capital, which, however, had been anticipated by your Directors last year when deciding to husband the Company's financial resources in preference to recommending a dividend, was the greatly-increased turnover in broadcast receiver manufacture and sale, but which produced a lower dollar return. That this experience was common to the whole industry is disclosed by the following figures, showing total production in Canada, published by the Dominion Bureau of Statistics:

1938.....	242,721 sets valued at	\$8,801,981
1939.....	348,507 " " "	\$8,678,130

On the credit side of our activities, there is recorded considerably-increased revenue from your Company's overseas telegraph services, due, in part, to the temporary suspension of the use of Code, which, however, has now partially been restored. The advantages of our new traffic agreement with Canadian Pacific are materializing as anticipated in your Directors' last Annual Report.

During the Royal Visit to Canada, your Company, in co-operation with Cable and Wireless Limited, installed a photogram service between Montreal and London for the transmission of pictures by wireless, and this service is about to be extended to Australia.

The Great Lakes radiotelephone service referred to in last year's Report developed to an extent which permitted your Company to make reductions of rental charges to shipowners, in pursuance of the sound policy in passing on to clients any economies effected by increased turnover.

The Canadian Government is now planning the establishment of terminal equipment at strategic points on the Great Lakes, which will link the radio stations to the landline telephone system, thus permitting direct communication between the shipowners' offices and their vessels. It is expected that these increased facilities will result in a further number of vessels being equipped with your Company's radiotelephone apparatus.

Having regard to the earnings of your Company for the year under review and prospects for the current year, your Directors felt justified in declaring an initial dividend of 4%, payable on June 1st to shareholders of record April 1st.

The reason for the time elapsing between declaration and payment of this dividend was fully explained in a circular letter.

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.

Orders in hand, as of December 31, 1939, were substantially in excess of those at the previous year-end.

By special arrangement with our associated English Company, we are now able to market certain of your Company's products in South American countries, and promising enquiries have already been received from the Argentine, Chile, Brazil and Peru.

Your Directors have recently authorized a further extension to your Company's Factory, and a third floor on the entire wing erected in 1937 is now under construction.

With the object of maintaining the position held by your Company in the broadcasting field, arrangements were made, during the latter part of the year, to provide new studios for Station CFCF, which would be completely modern in every respect. This work was completed on February 16, 1940, and your Company now possess broadcasting studios of which they can be justly proud.

Your Board desires again to express its appreciation of the excellent services rendered by the General Management and Staff, and of the spirit of co-operation prevailing in and between all Departments of your Company, which have been responsible, to a large extent, for the successful results achieved during the past few years.

Respectfully submitted,

Montreal, March 29, 1940.

A. H. GINMAN
President.

CANADIAN MARCONI COMPANY

(LIMITED LIABILITY)

PERTINENT FACTS ABOUT OUR COMPANY

Our Stations for overseas and ship-to-shore communication services and other properties of the Company occupy an area in excess of four square miles.

Our operations in Montreal require 165,000 square feet of floor space.

During peak production periods, we have between 1,000 and 1,200 employees on our payroll—our annual average being between 700 and 800. This represents an annual payroll in excess of \$1,200,000.

We pay, during the course of a year, approximately \$200,000. in Municipal, Provincial, Federal and miscellaneous taxes.

Marconi equipment is supplied for every type of radio service, such as police, aircraft, forestry, broadcasting stations, point-to-point communications and many other fields.

Our receiving sets and tubes are sold by distributors and dealers throughout the Dominion of Canada and Newfoundland. In Canada, we have 15 distributors and 2,000 dealers.

There are 273 ships of Canadian Registry equipped with Marconi apparatus under rental contracts—101 of these are equipped for wireless telegraphy and 172 for radiotelephony; of the total, 116 ships also have Marconi Direction Finders installed. This Company has in its service 117 ship wireless operators and 65 coast station operators.

Under our supervision there are 14 coast stations in operation on the Great Lakes and the St. Lawrence River. We are also responsible for the administration of 10 stations in Newfoundland and Labrador. It is interesting to note here that peoples of Labrador have, for the past thirty-three years, been entirely dependent for their telegraphic communication with the outside world upon the service provided by the Marconi Company on behalf of the Newfoundland Government.

In co-operation with the Ontario Government, we operate a radiotelephone system within the Province, comprising 4 main transmitting and receiving stations and 8 feeder stations.

On the Gulf of St. Lawrence, at Rimouski, there is a Marconi-operated radiotelephone transmitter which works with other points on the Gulf.

We own and operate in Montreal Canada's pioneer broadcasting station CFCF. This station, together with its short-wave complement CFCX, was "on the air" 6,300 hours during 1939. These are associated with the networks of the Canadian Broadcasting Corporation and the National Broadcasting Company.

