

Annual Report and Statement of Accounts for Year ending 31st December, 1918

DIRECTORS

Hon. Col. J. N. GREENSHIELDS, K.C., President	G. M. BOSWORTH, Esq.
Senatore G. Marconi, G.C.V.O., LL.D., D.Sc., (Vice-President)	Lt.-Col. W. D. BIRCHALL E. J. NALLY, Esq.
Hon. Col. ANDREW A. ALLAN ROBERT BICKERDIKE, Esq., M.P. GODFREY C. ISAACS, Esq.	Major THOMAS ROBB, (Managing Director) A. E. FRANCIS, Esq.

SOLICITORS

GREENSHIELDS, GREENSHIELDS, LANGUEDOC & PARKINS

Offices of the Company - 173 WILLIAM STREET, MONTREAL**REPORT OF DIRECTORS**

The Directors herewith submit their Annual Report and Statement of Accounts for the year ending 31st December, 1918.

During the period under review, gratifying development has been made in the equipment and operation of wireless apparatus on vessels of the Canadian Mercantile Marine. With the advent of the new merchant steamers operated by the Canadian Government Merchant Marine, Ltd., for which vessels your Company has secured the wireless contract, further development in this branch of our business is assured.

As a result of re-organization of our factory referred to in last year's report, the Company was able to cope with increased orders for wireless apparatus, and a favourable feature of the year's operations is the increased Works output and consequent improved revenue from our Factory.

Your Company had still to contend with adverse traffic conditions during practically the whole year, and Government restrictions on wireless working deprived the Company of much traffic revenue. After the signing of the Armistice on November 11th, 1918, a gradual relaxation of war restrictions took place. East Coast Stations, which had been closed down or taken over by the Canadian Naval Service Department, were turned back to the Company for operation and every effort made to rebuild a profitable service. During the concluding weeks of the year, revenue from this source showed great promise and your Directors look forward confidently to increased returns in the future.

Immediately the Armistice was signed, your Directors took prompt steps with a view to re-opening the Company's high power Transatlantic stations at Glace Bay and Louisburg, and succeeded in securing permission from the British Admiralty to re-open the stations on December 2nd, 1918. This sanction only permitted the Company to handle Press and Government messages and, although a fair volume of such traffic was secured, further pressure was brought to bear by the Directors, with a view to receiving authority to handle ordinary commercial traffic. After much negotiation, permission to accept commercial messages was obtained, but this authority was not secured from the Admiralty until 10th March, 1919.

Your Directors regret to state that, so far, no settlement has been arrived at with the Canadian Naval Service Department in respect of the Company's claim for compensation for the closing down of East Coast Stations for the period subsequent to August, 1916. Claim has also been presented against the British Admiralty for loss of revenue owing to the closing down of the Company's high power stations at Glace Bay and Louisburg, and steps have been taken to press for an early settlement of same.

Mention is again made of the continued efficient services of your Company's trained employees in connection with the successful prosecution of the War. A considerable number of our skilled operators were employed on transports through the war zone, whilst many were loaned to the Canadian Naval Service for duty on East Coast Stations. Wireless sets for new vessels and special apparatus for the requirements of the Naval, Military and Air forces were designed, manufactured and installed by expert staffs in a manner creditable to your Company.

Respectfully submitted,

J. N. GREENSHIELDS,

President.

The Marconi Wireless Telegraph Company of Canada, Limited

BALANCE SHEET - 31st December, 1918.

<u>ASSETS</u>		<u>LIABILITIES</u>	
CURRENT ASSETS		CURRENT LIABILITIES	
CASH.....	\$3,437.22	Accounts Payable, including ac- crued rent.....	\$730,528.47
ACCOUNTS RECEIVABLE— Sundry.....	\$193,671.21	Unclaimed Wages.....	21.01
Affiliated Companies.....	52,189.71		
	<u>\$245,860.92</u>		<u>\$730,549.48</u>
LESS— Reserve for Bad and Doubtful Debts....	15,000.00		
	<u>\$230,860.92</u>		
INVESTMENTS— Dominion of Canada 5½% Victory Loan Bonds Subscription, \$11,500.00.....	4,660.00		
Dominion of Canada 5% War Bonds paid up.....	1,900.00		
French National De- fence Bonds, Fcs. 16,100.....	3,290.18		
Port Burwell Tele- phone Company....	10.00		
	<u>9,860.18</u>		
APPARATUS AND STORES ON HAND.....	<u>112,594.47</u>		
	<u>\$356,752.79</u>		
FIXED ASSETS		CAPITAL STOCK AUTHORIZED AND ISSUED.	
High Power Stations.....	408,649.88	1,000,000 shares of \$5.00 each....	5,000,000.00
Coast Stations.....	17,477.91		
Ship Stations.....	137,448.32		
Montreal Real Estate, Buildings, Machin- ery, School Equip- ment, &c.....	105,590.33		
	<u>\$669,166.44</u>		
Less Depreciation written off for year.	18,216.89		
	<u>\$650,949.55</u>		
PROPERTY RIGHTS, PATENTS, TITLES, &c.	<u>4,991,881.03</u>		
	<u>\$5,642,830.58</u>		
DEFERRED CHARGES.....			
	<u>24,753.57</u>		
	<u>\$6,024,336.94</u>		
			<u>\$6,024,336.94</u>

Approved on behalf of the Board
J. N. GREENSHIELDS, *Director*
THOMAS ROBB, *Director*

We have examined and audited the Books and Accounts of the Marconi Wireless Telegraph Company of Canada, Limited, for the year ending 31st December 1918. The Apparatus and Stores on hand have been entered at book value. No provision for depreciation has been made against the High Power Stations Equipment, which is carried in the accounts at cost.

Subject to the foregoing remarks, and to the reserve for doubtful accounts being sufficient, we certify that we have obtained all the information and explanations which we have required, and that, in our opinion, the above Balance Sheet as at 31st December 1918 is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us, and as shown by the books of the Company.

RIDDELL, STEAD, GRAHAM & HUTCHISON,

Chartered Accountants

Montreal, 1st May, 1919.

To the Directors

The Marconi Wireless Telegraph Company of Canada, Limited

Montreal, P. Que.

Gentlemen:-

I submit herewith financial statement of the Company for the year ending December 31st, 1918, together with the following report of operations during that Period:-

FACTORY

A most gratifying feature of the year's operations was the factory output, which reached a higher figure than ever before in the Company's history. With the improved plant and re-organized factory staff, large orders were filled expeditiously and the revenue from this source is considerable. Ship sets were designed, manufactured and installed on British, Canadian, U. S., French, Belgian, Norwegian, Brazilian and other vessels, whilst special wireless apparatus was designed and supplied to the Militia Department and to the Royal Air Force. During the year, 122 vessels were fitted and notwithstanding the difficulty in obtaining raw material promptly and the fact that the Company had often to install on very short notice, vessels were fitted with the utmost dispatch. Difficulty was experienced in obtaining Motor Generators, which had previously been imported, and it was accordingly decided to manufacture same in our own Works. This new departure has proved a decided success and efficient generators are now being turned out in our Factory at comparatively low figures thus effecting a large saving in our cost of production of ship sets.

SHIP AND COAST STATION TRAFFIC.

I regret that practically during the whole of the year war restrictions on wireless working deprived the Company of much revenue from traffic between Ship and East Coast Stations. In spite of the fact that many of our East Coast Stations, such as Cape Race, continued to handle large volumes of traffic, the majority of this traffic has been treated by the Canadian Government as "Government" traffic on which the Company is unable to collect Tolls. No compensation has been paid to the Company by the Naval Service Department for stations closed down or taken over by the Department for war purposes, for the period subsequent to August, 1916. Claim has been filed for compensation covering this period. As soon as the Armistice was signed on November 11th, steps were taken to have East Coast Stations handed back to the Company and in the few weeks prior to the close of the year, the Company was quickly building up a profitable traffic revenue between Ships and East Coast Stations. I feel confident that with the return of peace conditions, the Company will be able to derive considerable revenue from this source, and every effort is being made with this end in view. I will deal with the question of interference in the working of the stations in a later paragraph.

TRANSATLANTIC SERVICE

Our high power stations at Glace Bay and Louisburg were closed down on 4th August, 1917, by order of the Admiralty, thus temporarily cancelling our Transatlantic wireless service. The staffs at these stations were reduced to a minimum and an arrangement made with the Naval Service Department, Ottawa, to hold a small number of Engineers and Operators so that the station could be re-opened at short notice. Under this arrangement, the Company was paid its out-of-pocket expenses to cover the Staff standing by, but it will be appreciated that the shutting down of the stations deprived the Company of any revenue from the Transatlantic Service. Immediately the Armistice was signed, prompt steps were taken to secure permission from the Admiralty for the re-opening of our Transatlantic Service. Authority was given at first to handle Press and Government messages only, and Glace Bay and Louisburg accordingly recommenced handling such traffic on 2nd December, 1918. At that time as cable lines were congested and a large and profitable volume of commercial traffic was offering, every effort was made by the Company to secure permission to accept ordinary commercial and social messages over our Transatlantic system. In spite, however, of the fact that commercial interests were clamouring for additional means of communication to Great Britain, it was only after continued applications to the authorities and the good offices of the Minister of Marine and Naval Service, Hon. C. C. Ballantyne, that the British Admiralty gave their sanction to the handling of commercial traffic over our circuit. On 10th March, 1919, our stations resumed a commercial service.

SHIP RENTALS

I am pleased to be able to report that this important branch of our business is developing in a manner which is most gratifying. The Company is fitting Canadian merchant steamers with the most up-to-date type of wireless apparatus. Some forty vessels were equipped under our rental system during the year, 1918, and negotiations entered into for the fitting of further vessels which will be launched in 1919. The policy of having Canadian owned ships registered in Canada is one of considerable moment to this Company, as it will doubtless result in the Company securing contracts for the operation of wireless equipment on further vessels. Contract has been arranged with the Canadian Government for the operation of the wireless apparatus on its fleet of new merchant steamers which means the addition of over forty vessels. No effort has been spared to promote this branch of our business and every possible steps taken for the purpose of giving shipowners a thoroughly efficient wireless service. The following figures, showing the development of the Company as regards rental of ship sets within recent years, will be of interest:-

Number of ships, 1913.....	34	1916.....	72
1914.....	45	1917.....	96
1915.....	55	1918.....	132

DIRECTION FINDING APPARATUS

Substantial progress has been made in this development of wireless telegraphy. During the war, the Bellini-Tosi Direction Finding Apparatus, which this Company exploits in Canada under agreement with the inventors, has been brought to a high state of efficiency and our Affiliated Company has supplied a large quantity of these instruments to the Admiralty for war purposes. Recognizing the advantage of this new device, this Company approached the Department of Naval Service, Ottawa, in the Spring of 1917, pointing out the usefulness of the new invention in locating ships on the Coasts of Canada, but we were unable to make any headway although considerable expense was incurred in the expectation of developing this apparatus. During the latter

part of 1918, the Admiralty took the matter up, with the result that four DF Stations were established, at suitable points on the East Coast of Canada. These were erected for war purposes purely and simply but since the signing of the Armistice, the Department of Naval Service has continued the operation of such Direction Finding Stations for mercantile purposes.

Undoubtedly, with highly skilled operators, these Direction Finding Stations should prove of considerable benefit to shipping but, placed as they are close to existing wireless stations, their operation interferes with the ordinary working of the existing wireless stations as aids to navigation and for commercial working. The result, from this Company's standpoint, is a distinct loss of revenue from ordinary wireless traffic, which is being diverted to U. S. Coast Stations when it should pass through Canadian channels. I submit that, with the proved utility of Direction Finding Stations as aids to navigation, such stations should be located where they will not interfere with ordinary wireless working, and should operate on a special wavelength which could further obviate the possibility of interference. In this way, an efficient service covering all classes of traffic would be available to vessels on the Canadian route. The question of loss of traffic to our stations through interference of DF stations is being taken up and it is hoped a satisfactory solution will be reached to the interest of all parties.

OPERATORS

During the war, the Company had great difficulty in maintaining its staffs of skilled wireless operators. At the commencement of hostilities, the Company placed its services at the disposal of the Canadian Government and provided a large number of expert wireless operators for transports, besides supplying Coast Station personnel for war work. In addition, many of the Company's employees joined the Colours and, in 1918, with the numerous additions to the Canadian mercantile marine it became increasingly difficult for the Company to provide skilled operators. Although an assurance had been given by the authorities that wireless operators would be specially exempted, the operation of the Military Service Act apparently lost sight of this fact, with consequent disruption of our operating service. The circumstances were specially unjust to many of our employees who had volunteered their services in the earlier stages of the War and had been rejected by Recruiting Officers on the ground that their services were more valuable with the Company in the capacity of operators. To meet the new situation, schools of instruction were commenced in Montreal, Toronto and St. John's, Nfld., and these in due course relieved the situation to a certain extent. There is still a shortage of skilled operators, and with a view to meeting this want and also to assist in the work of reconstruction, the Company is continuing the schools in question, where discharged soldiers and sailors are being trained in wireless work. These men are receiving expert tuition and will be given an opportunity of entering our service as soon as they are able to obtain the necessary Government Certificates of Proficiency. I may state that lists giving the names of our Engineers and Operators, who have been engaged in war work, have been forwarded to the Minister of Naval Service, with the request that these men be given recognition for their splendid work during the period of hostilities. It is hoped that the Canadian Government will see its way clear to recognizing in some suitable manner, the sterling services of these Marconi officials.

GENERAL

The year under review, has proved the most successful in the Company's history, but undoubtedly the heavy capitalization of the Company and its restricted field of

