CANADIAN MARCONI COMPANY

(LIMITED LIABILITY)

HEAD OFFICE: MARCONI BUILDING MONTREAL



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FORTY-SIXTH ANNUAL REPORT (1948)

McCILL UNIVERSITY

CANADIAN MARCONI COMPANY

(LIMITED LIABILITY)

HEAD OFFICE: MARCONI BUILDING MONTREAL

Directors for the year ending December 31, 1948

J. A. BOYD, Esq. S. M. Finlayson, Esq. DR. MILTON L. HERSEY W. A. MATHER, Esq.

A. H. GINMAN, Esq.

THE HONOURABLE A. K-HUGESSEN, K.C.

H. J. SYMINGTON, ESQ., C.M.G., 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: S. M. Finlayson

Assistant General Manager:

W. J. GRAY Communications Equipment Division

Secretary and Treasurer: James Fergus, F.C.I.S.

 $Chief\ Communications\ Engineer:$

L. S. PAYNE

Traffic Manager:
D. F. Bowie

Marine Superintendent:
A. Wilkins

Manager Personnel Relations:
J. C. Puddington

Assistant General Manager:

M. M. Elliott Merchandising Division

> Comptroller: W. H. Hopkins

Chief Accountant:
J. Hill

F. A. Barrow

Publicity Manager: H. S. Putnam

Broadcasting Manager: W. V. George

DIVISIONAL OFFICES

British Columbia:

L. S. Hawkins, Manager, 550 Burrard Street, Vancouver, B.C.

Ontario:

G. F. Eaton, Manager, 861 Bay Street, Toronto, Ont. Mid-Western:

W. F. Souch, Manager, 149 Portage Ave. East, Winnipeg, Man.

Maritimes:

D. J. Murphy, Manager, 572 Barrington St., Halifax, N.S.

Newfoundland:

W. A. Brown, Manager, 3 Prescott Street, St. John's, Nfld.

CANADIAN MAR

LIMITED

BALANCE SHEET -

ASSETS

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Property, Plant and Equipment:		
At revised values placed thereon by the Directors as at December 31, 1924, with subsequent		
additions at cost, less disposals and fully depreciated properties written off	\$2,740,698.42	
Less: Depreciation reserves	990,450.61	A1 550 045 01
		\$1,750,247.81
Patents and Patent Rights:		
At revised values placed thereon by the Directors as at December 31, 1924, with subsequent		
additions at cost, less sales and amounts written off		1,863,307.64
Investments in Associated Companies		106,250.00
Deferred Accounts Receivable:		
Trade accounts	\$ 97,918.58	
Refundable portion of excess profits tax	131,221.74	
		229,140.32
Current Assets:		
Inventories of manufactured stock, work in process, materials and supplies, as determined		
and certified by responsible officials of the Company and valued at cost or lower		
(less reserves of \$977,145.69)	\$2,883,469.91	
Accounts receivable (less reserve)	1,737,774.74	
Cash in banks and on hand	36,514.44	NAME OF THE OWNER OWNER.
		4,657,759.09
Unexpired Insurance, Taxes and Other Prepaid Expenses	• • • • • • • • • • • • • • • • • • • •	25,556.51
		\$8,632,261.37

TO THE SHAREHOLDERS OF CANADIAN MARCONI COMPANY (LIMITED LIABILITY):

We have examined the balance sheet of Canadian Marconi Company (Limited Liability) as at December 31, information and explanations which we required. Our examination included such tests of the accounting records and other actions.

Subject to the value at which patents and patent rights are included, we report that, in our opinion, the above 31, 1943 and the related statements of earned surplus and profit and loss present fairly the results of its operations for the of the Company.

Montreal, March 23, 1949.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING DECEMBER 31, 1948

Loss from regular operations for the year before taking into account the items shown below. Deduct: Income from investments	\$ 103,359.74 19,402.48	\$ 83,957.26
Add: Provision for depreciation of properties. Directors' fees. Executive remuneration. Legal expenses.	\$ 227,834.65 4,961.21 46,700.00 5,189.53	284,685.39
		\$ 368,642.65
Add: Expenses of plant reconversion.		20,328.33
Loss for the year, carried to Earned Surplus		\$ 388,970.98

CONI COMPANY

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DECEMBER 31, 1948

LIABILITIES

Capital Stock:		
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
Mortgage Payable	•••••	20,000.00
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 529,418.50	
Income and other taxes	78,348.29	
Unclaimed dividends	45,904.53	
Deferred revenue	35,325.00	
Bank overdraft	2,523,844.66	
		3,212,840.98
Deferred Surplus:		
Refundable portion of excess profits tax		131,221.74
Surplus Account:		
Earned surplus—per statement attached		713,516.65
		\$8,632,261.37
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Approved on Behalf of the Board:

A. H. GINMAN, Director.

S. M. FINLAYSON, Director.

1948 and the statements of earned surplus and profit and loss for the year ending on that date, and have obtained all the supporting evidence and such other procedures as we considered appropriate, but we did not make a detail audit of the trans-

balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at December year ending on that date, according to the best of our information and the explanations given to us and as shown by the books

> PRICE, WATERHOUSE & CO., Auditors.

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDING DECEMBER 31, 1948

Balance at December 31, 1947		\$ 960,391.71
Add: Adjustment of prior years' taxes on income (net)	\$ 2,306.68 139,789.24	142,095.92 \$1,102,487.63
Deduct: Loss for the year—per statement attached		388,970.98 713.516.65

TO THE SHAREHOLDERS:

Gentlemen:-

Your Directors beg to submit herewith the Balance Sheet and Profit and Loss Statement of your Company for the year ended December 31, 1948.

Nineteen hundred and forty-eight proved to be a very difficult year, particularly with respect to the sale of broadcast receivers, which form a large proportion of our manufacturing business. Our unit sales in 1948 were 23% lower than in 1947, while unit sales for the entire Canadian industry declined by 30% over those for the preceding year.

Even this smaller volume was only achieved by distress selling on the part of certain members of the industry, with the result that prices as a whole were sharply reduced, while costs remained at, or in some cases exceeded, the levels of the previous year. Although there was a sharp recovery in receiver sales in the last quarter, the over-all results were subnormal.

The depressed state of the industry was undoubtedly attributable, in large part, to the incidence of the 25% Excise Tax which was imposed in November, 1947, and which remained at that level until the 1st of August, 1948, after which it was reestablished at 10%.

Your Company's general manufacturing and selling operations were also restricted and complicated by the import control regulations introduced in November, 1947. These rulings reduced sales volume of certain products and created a number of non-productive expenses which could not immediately be overcome.

Although your Company made drastic reductions in expense to offset the deterioration in broadcast receiver business, it was thought undesirable to curtail too drastically our engineering and other development programmes, which, during 1948, were largely concerned with new techniques, all of which are considered to be essential to your Company's business in future years. These include certain very high frequency designs, marine radar, electronic equipment for use in nuclear research and, more recently, the introductory phases of television. I am happy to report that, in spite of its effect upon our 1948 operating results, this policy has borne fruit, in that we have, during the first quarter of 1949, received important orders for equipment of this nature.

During the first half of the year, largely due to the falling-off in broadcast receiver sales, our inventories increased materially. During the latter half of the year, we were enabled to reduce our inventories by somewhat more than 20%, which, in turn, permitted a substantial reduction in borrowings in the later months of the year, and both trends are continuing.

In the field of broadcasting, the transmitting facilities of Station CFCF were completely modernized and a high-powered Frequency Modulation Station of outstanding quality was brought into service. It was not until the beginning of 1949, however, that your Company secured interim permission to programme separately this latest facility and, consequently, development of business possibilities has only now begun.

In marine communications, our post-war modernization programme proceeded, and it is expected that, by mid-summer of 1949, this very important work will have been brought to completion. For the past two years, our engineers have been working on the design of a modern, commercial marine radar equipment, and their efforts have resulted in the production of a unit which meets the approval of the National Research Council and which is considered to be thoroughly competitive. A substantial quantity of these sets is now being assembled, satisfactory demonstrations having resulted in the sale or rental of all those produced in our initial programme plus an encouraging portion of those now in production.

Our mobile radio-telephone communication business proceeded well during 1948, and your Company was successful in securing much of this new and profitable business.

The plant, properties and equipments of your Company have been fully maintained.

The proposal of the Canadian Government to nationalize the overseas telecommunications services has been mentioned in previous Reports, but negotiations to that end have not yet been initiated. However, it has been officially announced that a Bill is to be introduced in Parliament during the present Session to provide Authority to the Government to proceed in this matter.

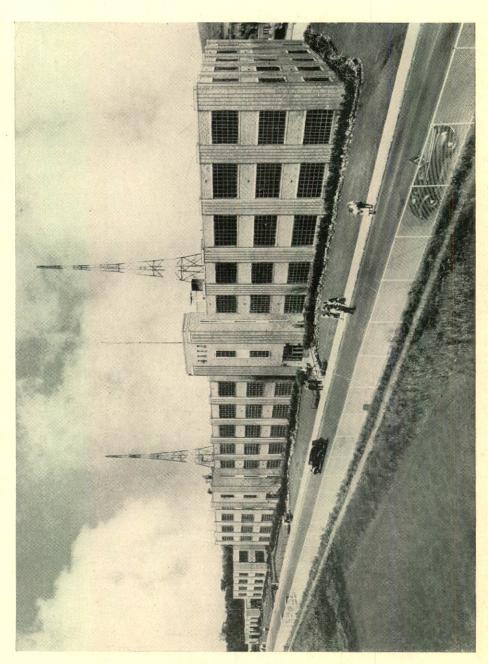
The Honourable A. K-Hugessen, K.C., was elected to the Board of Directors of your Company on June 16, 1948, to fill the vacancy created by the death of the late Mr. Gordon W. MacDougall, K.C.

In conclusion, your Board wishes to record its appreciation of the efforts of all employees during the year.

Respectfully submitted,

President.

COMPANY MARCONI (LIMITED LIABILITY) CANADIAN



- MONTREAL FACTORY