

CANADIAN MARCONI COMPANY

(LIMITED LIABILITY)

HEAD OFFICE:
MARCONI BUILDING
MONTREAL



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FORTY-SIXTH ANNUAL REPORT
(1948)

CANADIAN MARCONI COMPANY

(LIMITED LIABILITY)

HEAD OFFICE: MARCONI BUILDING
MONTREAL

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*Directors for the year ending
December 31, 1948*

J. A. BOYD, ESQ.	DR. MILTON L. HERSEY
S. M. FINLAYSON, ESQ.	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

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HEAD OFFICE: MARCONI BUILDING

MONTREAL

General Manager:

S. M. FINLAYSON

Assistant General Manager:

W. J. GRAY

Communications Equipment Division

Assistant General Manager:

M. M. ELLIOTT

Merchandising Division

Secretary and Treasurer:

JAMES FERGUS, F.C.I.S.

Comptroller:

W. H. HOPKINS

Chief Communications Engineer:

L. S. PAYNE

Chief Accountant:

J. HILL

Traffic Manager:

D. F. BOWIE

Factory Manager:

F. A. BARROW

Marine Superintendent:

A. WILKINS

Publicity Manager:

H. S. PUTNAM

Manager Personnel Relations:

J. C. PUDDINGTON

Broadcasting Manager:

W. V. GEORGE

DIVISIONAL OFFICES

British Columbia:

L. S. HAWKINS, *Manager*,
550 Burrard Street,
Vancouver, B.C.

Mid-Western:

W. F. SOUCH, *Manager*,
149 Portage Ave. East,
Winnipeg, Man.

Ontario:

G. F. EATON, *Manager*,
861 Bay Street,
Toronto, Ont.

Maritimes:

D. J. MURPHY, *Manager*,
572 Barrington St.,
Halifax, N.S.

Newfoundland:

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

CONI COMPANY

(LIABILITY)

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
		<u>\$8,632,261.37</u>
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	
Refundable portion of 1942 and 1943 excess profits taxes, transferred from deferred surplus.....	139,789.24	
		142,095.92
		<u>\$1,102,487.63</u>
Deduct: Loss for the year—per statement attached.....		388,970.98
Balance at December 31, 1948.....		<u>\$ 713,516.65</u>

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 re-established at 10%.

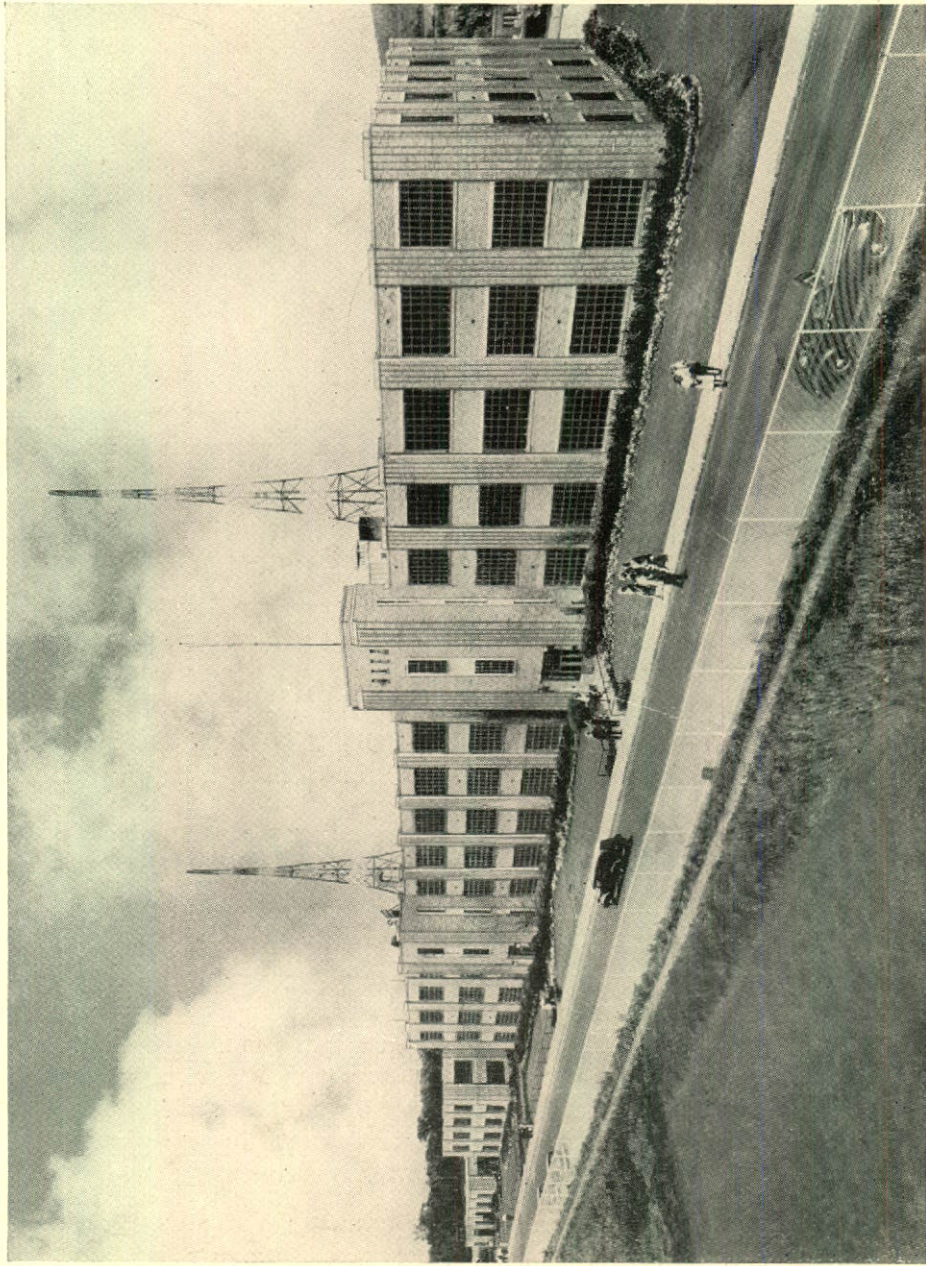
Your Company's general manufacturing and selling operations were also restricted and complicated by the import control regulations introduced in November, 1947. These rulings reduced sales volume of certain products and created a number of non-productive expenses which could not immediately be overcome.

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

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FACTORY — MONTREAL