

CANADIAN MARCONI COMPANY

(LIMITED LIABILITY)

HEAD OFFICE:
MARCONI BUILDING
MONTREAL



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FORTY-THIRD ANNUAL REPORT
(1945)

CANADIAN MARCONI COMPANY

(LIMITED LIABILITY)

HEAD OFFICE: MARCONI BUILDING
MONTREAL

*Directors for the year ending
December 31, 1945*

J. A. BOYD, Esq.
A. H. GINMAN, Esq.
DR. MILTON L. HERSEY

GORDON W. MACDOUGALL, Esq., K.C.
W. M. NEAL, Esq., C.B.E.
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

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. PUTMAN

Manager Personnel Relations:

J. C. PUDDINGTON

Manager, Station CFCF:

J. A. SHAW

DIVISIONAL OFFICES

British Columbia:

L. S. HAWKINS, *Manager,*

550 Burrard Street,

Vancouver, B.C.

Mid-Western:

W. F. SOUCH, *Manager,*

356 Main Street,

Winnipeg, Man.

Ontario:

G. F. EATON, *Manager,*

855 Bay Street,

Toronto, Ont.

Maritimes:

H. A. RICE, *Manager,*

47 Argyle Street,

Halifax, N.S.

Newfoundland:

J. J. COLLINS, *Manager,*

90 New Gower Street,

St. John's, Nfld.

CANADIAN MARCONI (LIMITED) BALANCE SHEET

ASSETS

Property, Plant and Equipment:

At revised values placed thereon by the Directors as at December 31, 1921, with the cost of subsequent additions, less disposals and fully depreciated properties written off..	\$2,248,743.41	
Less: Depreciation Reserves.....	970,285.22	
		\$1,278,463.19

Patents and Patent Rights:

At revised values placed thereon by the Directors as at December 31, 1921, with the cost of subsequent additions, less sale and amounts written off.....		1,884,818.18
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Investments in Associated Companies.....		106,250.00
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Deferred Accounts Receivable.....	\$ 3,220.00	
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Refundable Portion of Excess Profits Tax.....	292,903.98	
		301,123.98

Current Assets:

Inventories of manufactured stock, work in process, materials and supplies at cost or lower, as determined and certified by responsible officials, including inventory carried for Government contracts (less reserves).....	\$1,903,507.35	
Accounts receivable (less reserve).....	1,054,251.86	
Newfoundland Government War Savings Certificates.....	1,000.00	
Dominion of Canada Bonds (Market value \$1,078,500.00).....	1,067,750.00	
Cash in banks and on hand.....	773,411.41	
		4,799,920.62

Unexpired Insurance, Taxes and Other Prepaid Expenses.....		19,271.02
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\$8,389,846.99

STATEMENT OF PROFIT AND LOSS FOR

Profit from operations for the year ending December 31, 1945, before taking into account income taxes.....

Add: Income from investments.....

Deduct:

Provision for depreciation of properties.....	
Directors' fees.....	
Executive remuneration.....	
Legal expenses.....	
Provision for Pension Fund.....	

Deduct: Provision for Income and Excess Profits Taxes.....

Net profit for the year.....

EARNED SURPLUS

Balance at December 31, 1944.....

Add: Net profit for the year, as above.....

Deduct: Amount transferred to Dividend Reserve.....

Balance at December 31, 1945.....

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of Canadian Marconi Company (Limited) and the financial statements thereon, and we report that, in our opinion, the above Balance Sheet at December 31, 1945, is properly prepared, and the Profit and Loss Statement for the year ending December 31, 1945, is properly prepared from the operations of the year for writing down of Patents, according to the best of our information and the

Montreal, March 18, 1946.

CONI COMPANY

LIABILITY)

DECEMBER 31, 1945

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.....	35,000.00
Current Liabilities:	
Accounts Payable and Accrued Liabilities.....	\$2,033,158.37
Income and Other Taxes.....	72,111.84
Unclaimed Dividends.....	43,990.76
Reserve for Dividend.....	182,187.28
	<u>2,331,448.25</u>
Reserves:	
General.....	\$ 250,000.00
Staff Pensions.....	150,000.00
	<u>400,000.00</u>
Deferred Surplus:	
Refundable Portion of Excess Profits Tax.....	292,903.98
Surplus Account:	
Earned Surplus, as per statement attached.....	775,812.76
	<u>\$8,389,846.99</u>
Approved on Behalf of the Board:	
J. A. BOYD, Director.	
GORDON W. MacDOUGALL, Director.	

THE YEAR ENDING DECEMBER 31, 1945

to account the items shown below.....	\$641,139.01
	17,441.83
	<u>\$658,580.84</u>

	\$144,701.21
	5,800.00
	45,921.00
	8,388.43
	143,164.94
	<u>347,975.58</u>
	\$310,605.26
	113,000.00
	<u>\$197,605.26</u>

DECEMBER 31, 1945

	\$760,394.78
	197,605.26
	<u>\$958,000.04</u>
	182,187.28
	<u>\$775,812.76</u>

ability) for the year ending December 31, 1945, and have obtained all the information and explanations which drawn up so as to exhibit a true and correct view of the state of the Company's affairs (before making any provision explanations given to us and as shown by the books of the Company.

PRICE, WATERHOUSE & CO.,
Auditors.

TO THE SHAREHOLDERS:

Gentlemen:—

Your Directors beg to submit the Balance Sheet and Profit and Loss Statement of the Company for the year ended December 31, 1945.

Substantial reduction in profit from operations is shown, due to cancellation of Government orders for wartime equipment, following the cessation of hostilities.

On the other hand, provision for income and excess profits taxes is reduced from \$875,000.00 in 1944, to \$113,000.00. A balance of \$197,605.26, approximately equal to that of 1944, has been transferred to earned surplus.

Working capital has decreased by \$237,741.52, to \$2,495,963.39. Principal reasons for this decrease are:

1. Erection of a building in the City of Vancouver, to permit consolidation of our storage, sales and administrative activities, previously carried on in separate and leased locations.

2. Acquisition of a two-storey office building in the City of Toronto, for a similar purpose. A condition of this acquirement was that your Company assume a mortgage of \$35,000.00, redeemable in five years. This item is shown in the Balance Sheet.

3. Purchase of land in the vicinity of the City of Montreal, as a site for the erection of a broadcast transmitter of considerably higher power than that of our present Station CFCF (which includes F.M. transmission). Construction will be commenced as soon as weather conditions permit and it is anticipated that the new Station will be in operation before the end of 1946.

Throughout the war period, your Company carried a very heavy traffic load and, despite staff shortages and difficulties with material supply, services to the public were expanded and improved.

Special mention must be made of the devoted services of our ship radio officers during the war, fifteen of whom lost their lives in pursuance of their duty.

On the material side, your Company was faced with a need for radio communication equipment on an unprecedented scale, and our wide manufacturing experience made it possible to swing into immediate supply of equipment for the armed services and for the merchant marine when the call came. Special design was required for the manifold new services of modern war and, in every case, the need was met.

In this war period, ending on August 31, 1945, so far as our contracts were concerned, your Company supplied radio apparatus for more than 12,000 army vehicles, 2,000 aeroplanes, 1,000 naval and merchant ships and 5,000 field sets. Many thousands of other special, and sometimes secret, devices were supplied for widely varied use.

Your Company's output was increased to approximately twenty times the pre-war level, with an increase of only four times the normal number of employees. This was achieved in the face of severe shortages of many critical materials, and the accomplishment can be claimed as an outstanding contribution to the allied war effort as a whole.

In peacetime conversion, continuing material shortages, and particularly the difficulty in obtaining cabinets for the larger models, has limited our production of broadcast receivers, so far, to mantel sets, for which plastic cabinets have been available in larger measure. It is hoped that these restrictive conditions will have been improved by mid-summer, permitting your Company to distribute a full line of broadcast receivers throughout the dealer organization. It is anticipated, however, that profits from that source will be somewhat lower than those of pre-war years.

In other production fields, materials and components are more readily available, namely for marine, aircraft, broadcast transmitters, point-to-point and overseas communications services. It is estimated that revenue from these sources for the first quarter of the current year will be equal, at least, to that for the similar period of 1945.

Intensive development for commercial application of wartime designs is being carried on, notably in radar and other fields using very high frequency apparatus. Radical re-designing is necessary to make our highly-successful wartime devices technically and economically practical for peacetime service. It may, therefore, be some time before these newer adaptations play their full part in your Company's production record.

Your Company is playing a leading role in Canada in the exploitation of frequency modulation, both in the entertainment field, and in its application to commercial services. It is confidently anticipated that this field will provide a major source of new business in the near future.

Your Company's manufacturing and selling divisions have been reconstituted from the administrative point of view and, in the case of the latter, have been expanded where necessary to provide complete service in every branch to its clients under normal peacetime conditions.

Our transatlantic telephone circuit with Great Britain, closed for security reasons in August, 1939, was reopened in June, 1945. In agreement with our associates, the British Post Office and the Bell Telephone Company and its connecting lines, rates were lowered from \$21.00, for three minutes, to \$12.00, for all points east of the Rocky Mountains, with similar reductions for British Columbia. This resulted in increased revenue.

Radiotelephone service between Canada and Barbados was opened on September 1, 1945, using equipment previously installed at our Drummondville and Yamachiche stations in the Province of Quebec, and controlled from Montreal.

Considerable reduction has been made in tariffs for our picturegram service with Australia and the United Kingdom, which is being used in larger volume by the press and business houses. This service, it is hoped, will be extended to wider public use.

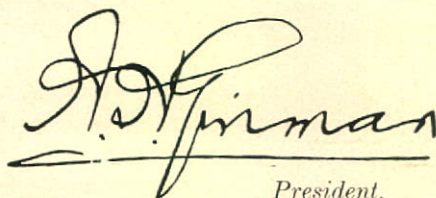
Your Company has been informed that the Canadian Government has subscribed, in principle, to the recommendations of the Commonwealth Communications Conference, held in London last July. These proposed the nationalization of Commonwealth overseas telecommunications, but, so far as your Company is concerned, negotiations to that end have not yet been initiated.

Your Board welcomes with pleasure one hundred and sixty members of the staff upon their return from service with the armed forces, or from Government assignments during wartime, and at the same time extends its sincere sympathy to the relatives of those who made the supreme sacrifice.

The Comptroller, Mr. A. Underwood, retired after thirty-six years in the Company's service, and was succeeded by Mr. W. H. Hopkins, who was promoted from the position of Chief Accountant.

Your Board wishes to express its appreciation of the excellent work of all employees, whose efforts have made possible the maintenance of your Company's high standards of production and services.

Respectfully submitted,



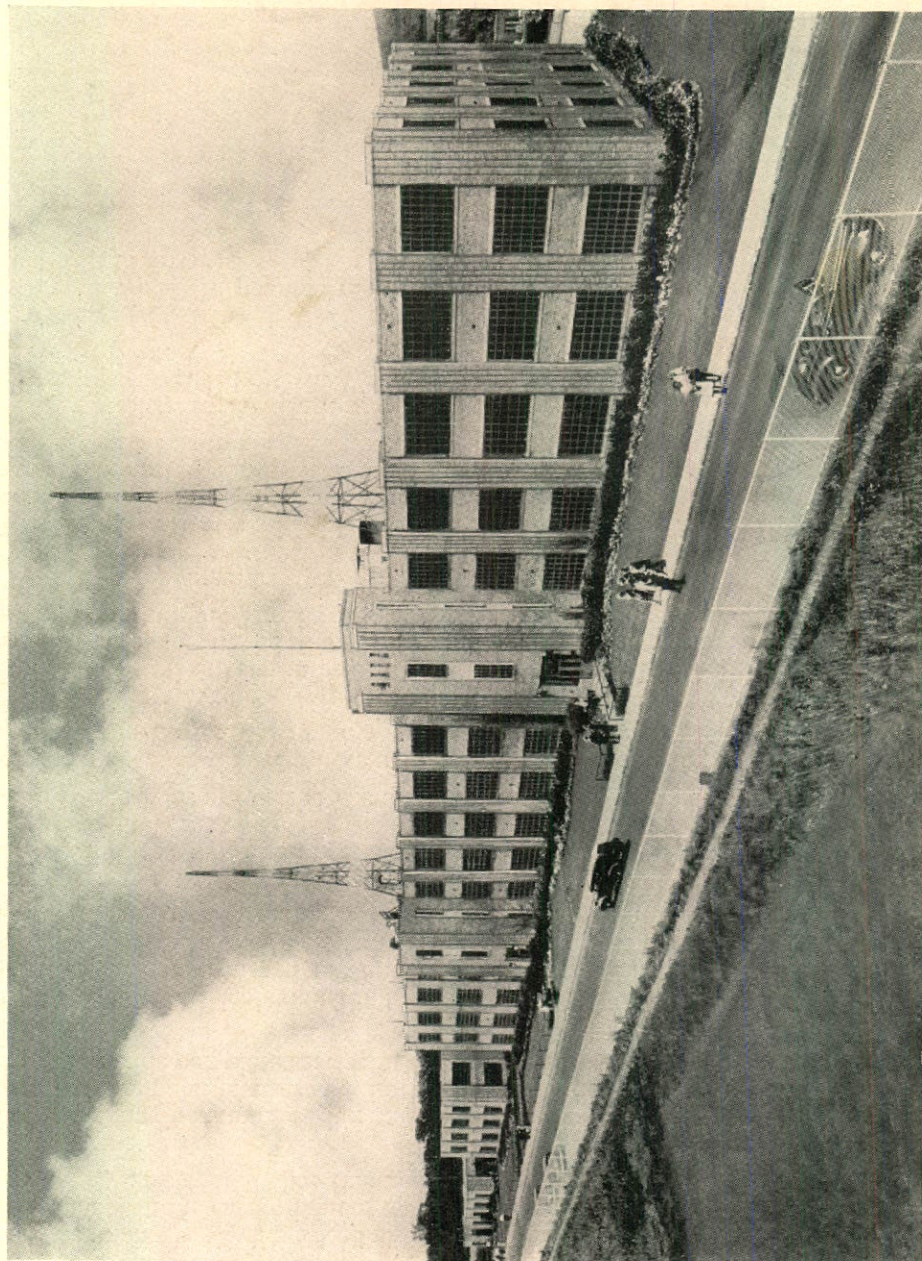
J. S. Jirman

President.

Montreal, March 27, 1946.

CANADIAN MARCONI COMPANY

(LIMITED LIABILITY)



FACTORY — MONTREAL