



**MONTREAL  
TRAMWAYS  
COMPANY**

**ANNUAL REPORT  
1950**

PURVIS HALL  
LIBRARIES

MAR 25 1955

TY



# M O N T R E A L   T R A M W A Y S   C O M P A N Y

---

## A N N U A L   G E N E R A L   M E E T I N G

---

NOTICE IS HEREBY GIVEN that in accordance with the By-laws of the Company, the Annual General Meeting of the Shareholders of MONTREAL TRAMWAYS COMPANY will be held at the Company's Offices, Tramways Building, 159 Craig Street West, Montreal, P.Q., at 12 o'clock noon, on Thursday, the 26th day of April, 1951. This meeting will be held for the reception of the Annual Report, Election of Directors, and the transaction of such other business as may legally come before said meeting.

The Transfer Books will be closed from the 6th day of April, 1951, to the 25th day of April, 1951, both days inclusive.

By order of the Board,

T. D. ROBERTSON,

*Secretary-Treasurer.*

MONTREAL, March 16th, 1951.

# MONTREAL TRAMWAYS COMPANY

*Incorporated by Act of the Legislature of the  
Province of Quebec, 24th March, 1911,  
and Amendments*

---

## OFFICERS

R. N. WATT, *President*  
WM. F. MACKLAIER, K.C., *Vice-President*  
\*ARTHUR DUPERRON, *General Manager*  
JULES ARCHAMBAULT, *Chief Engineer*  
T. D. ROBERTSON, *Secretary-Treasurer*

## DIRECTORS

RENÉ DUPUIS	GEORGE C. McDONALD, C.A.
C. E. GRAVEL	J. ARTHUR SAVOIE, N.P.
BEAUDRY LEMAN	R. N. WATT
WM. F. MACKLAIER, K.C.	JAMES WILSON, O.B.E.

*\*Resigned consequent upon his appointment as Chairman of the Montreal Transportation Commission.*

# M O N T R E A L T R A M W A Y S C O M P A N Y

## REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER, 1950

*To the Shareholders:*

Your Directors herewith submit their Annual Report for the year 1950 and enclose a copy of the Report of the Montreal Tramways Commission for the same year.

The Revenue and Expense Account for the year and the Surplus Account as at December 31st, 1950, are as follows:

<b>REVENUE:</b>			
Operating Revenue—Tramways . . . . .		\$21,337,046.66	
" " —Autobus and Trolley Bus . . . . .		8,695,771.08	
		\$30,032,817.74	
<b>EXPENSES:</b>			
Tramways			
Operating Expenses . . . . .	\$11,936,404.09		
Maintenance and Renewals . . . . .	5,270,423.70		
	17,206,827.79		
Autobus and Trolley Bus			
Operating Expenses and Maintenance . . . . .	\$ 6,647,149.73		
Depreciation . . . . .	916,785.14		
	7,563,934.87		
Taxes, other than Income Taxes . . . . .	976,327.55		
Rental, City of Montreal . . . . .	500,000.00		
	26,247,090.21		
		\$ 3,785,727.53	
<b>OTHER INCOME:</b>			
Interest on Securities, Call Loans, etc. . . . .	\$ 69,111.90		
Dividends . . . . .	4,363.00		
	73,474.90		
		\$ 3,859,202.43	
<b>DEDUCTIONS:</b>			
Interest on Bonds and Advances . . . . .	\$ 1,701,770.78		
Exchange . . . . .	16,097.86		
Amortization of Bond Discount and Expenses . . . . .	10,942.00		
Estimated Income Tax on net earnings for the year . . . . .	896,029.09		
Reserve for Financing . . . . .	181,431.47		
Contingent Reserve . . . . .	300,328.18		
	3,106,599.38		
Net Revenue transferred to Surplus . . . . .		\$ 752,603.05	

### SURPLUS ACCOUNT AS AT DECEMBER 31st, 1950

Balance December 31st, 1949 . . . . .	\$ 536,503.65
Profit on Sale of properties . . . . .	4,836.10
Net Revenue for the year . . . . .	752,603.05
Amount of reduction in Income Tax for the year 1950 arising from losses of the years 1948 and 1949 . . . . .	446,029.09
Amount transferred from Reserve . . . . .	742,657.70
Amount transferred from Reserve for Exchange on U.S. Dollars . . . . .	209,000.00
	\$ 2,691,629.59
<b>DEDUCT:</b>	
Net amount paid in respect of Income and Excess Profits Taxes for the years 1942-1947 inclusive . . . . .	\$ 1,893,622.62
Amount transferred to Depreciation Reserve . . . . .	750,000.00
	2,643,622.62
Surplus as per Balance Sheet . . . . .	\$ 48,006.97

## **FINANCIAL:**

The foregoing statement shows the financial results of the year ended December 31st, 1950, and the General Balance Sheet the Assets and Liabilities of the Company at the end of that year. As you will note, the Surplus Account shows a decrease of \$488,496.68.

Note "A" on the General Balance Sheet explains the item of \$1,893,622.62 in respect of Income and Excess Profits Taxes charged to Surplus Account.

The outstanding amount of First (Closed) Mortgage Bonds is now \$12,700,000.00 as a result of the payment, on July 1st, 1950, of \$700,000.00 of 2¼% Serial Bonds due on that date.

## **LEGISLATION:**

As the Shareholders were advised at the Company's last Annual General Meeting and as was set out in a circular mailed to each Shareholder, an Act 14, George VI (1950), Chapter 79, amending the Charter of the City of Montreal was enacted by the Quebec Legislature, which authorized the City of Montreal to establish by by-law a Commission of five members, designated under the name of MONTREAL TRANSPORTATION COMMISSION, with power to acquire the properties or the capital stock of the Company either by expropriation or by mutual agreement. The City of Montreal adopted on the 24th August, 1950, By-law No. 1981 creating such Commission. Subsequently, the Commissioners were appointed: one, the Chairman, by the Lieutenant-Governor in Council, three by the Council of the City of Montreal, and one by the other Cities and Towns of the Metropolitan District.

As at the date of drafting of this Report, the Montreal Transportation Commission has not initiated any procedures to expropriate or acquire the properties or capital stock of the Company. This Commission, however, presented a Bill to the 1951 Session of the Quebec Legislature providing for amendments to the 1950 Statute above referred to "in order to give additional powers to such Commission to enable it to achieve the objects for which it was constituted". This Bill, with certain changes effected during its passage through the Legislature, was subsequently enacted as 14-15 George VI, Chapter 124.

One of the most important amendments to the 1950 Act contained in the 1951 amending Act provides that the Commission may acquire by mutual agreement either the capital stock of the Company or a portion of such capital stock, provided such portion represents the majority of the shares issued by the Company, the price to be paid for all or any of the shares to be acquired to be subject to the prior approval by Chief Magistrate Thomas Tremblay. It is further provided that in the event that the Commission acquires by mutual agreement at least two-thirds of the shares issued by the Company, the remainder of such capital stock shall become the property of the Commission, as mandatory of the City of Montreal, "from the date of the last publication of a notice signed by the Chairman and the Secretary of the Commission, inserted twice in the Quebec Official Gazette and twice in an English newspaper and a French newspaper of Montreal and attesting the number of shares of the Company acquired by mutual agreement by the Commission and the proportion it bears to the total amount of capital stock issued by the Company". The indemnity

payable by the Commission in that event for each of the remaining shares shall be the average price paid for the shares acquired by mutual agreement. The 1951 Act provides that in fixing such price, no account shall be taken of the shares of the capital stock of the Company possessed directly or indirectly by the Quebec Hydro-Electric Commission.

In the case of the acquisition by mutual agreement of a majority only of the capital stock of the Company, it is provided that the Commission may expropriate the remainder thereof in accordance with the procedure provided in the 1950 Act as amended by the 1951 Act.

#### **LABOUR AGREEMENTS:**

On June 9th, 1950, decisions were rendered by Councils of Arbitration appointed in accordance with the Quebec Trades Disputes Act and the Public Service Employees Disputes Act to arbitrate the disputes between the Company and the Canadian Brotherhood of Railway Employees and Other Transport Workers and the Canadian Association of Auto-bus Chauffeurs, respectively, relating to the demands for new Labour Agreements submitted by these Unions in the Summer and in the Fall of 1949 respectively.

The two Councils of Arbitration abolished from June 9th, 1950, the Cost-of-Living Bonus then in force at that time and, in lieu of that Cost-of-Living Bonus, awarded an increase in the basic wages of hourly-paid employees of 10 cents per hour, and an increase of \$21.48 per month in the wages of employees on a monthly basis.

In addition, the Councils granted a Cost-of-Living Bonus of 25 cents per week for each point of increase in the Cost-of-Living Index at Montreal over and above the Official Index on July 1st, 1948, namely, 161.6. If the Cost-of-Living decreased, the Bonus was to be correspondingly decreased. The said adjustments, either upwards or downwards, are to be made every three (3) months in accordance with the fluctuations in the Official Index.

No final decision has as yet been rendered regarding Seniority Rights of Tramways Employees who, on the replacement of a tramways line by a bus line, become chauffeurs. The decisions rendered by the Councils of Arbitration in 1949 in this connection were appealed and, since that time, legal proceedings have been taken by both Unions and are still pending before the Courts.

#### **MONTREAL TRAMWAYS MUTUAL BENEFIT ASSOCIATION:**

During the year the Committee of Management of the Montreal Tramways Mutual Benefit Association prepared a plan of re-organization of classes and rates of benefits and contributions payable respectively by its members (the employees of the Company) and by the Company, which would have placed the Association on a sound actuarial basis. Under this plan the Company, with the authorization of the Montreal Tramways Commission, undertook to contribute annually a sum equal to the total amount of contributions paid by the members and to make, in addition, an immediate cash payment of \$820,725.00

provided the members adopted the plan. The plan provided that the members would contribute 5% of their annual income from the Company, the maximum in any one year not to exceed \$125.00 per member. On the basis of the existing number of members of the Association, the contribution of the Company under the plan would have been approximately \$640,000.00 per year.

As the Charter and By-laws of the Association require that any change in the rates of contributions and benefits must first be approved by the members, the plan was submitted to the vote of the members on September 12th, 1950. As it was then rejected by a vote of 3854 to 533, the plan did not come into effect.

**OPERATING:**

The number of revenue passengers carried during the year was 370,113,954, a decrease of 25,973,078 from the previous year.

The number of miles operated by the various vehicles is as follows:

Tramways . . . . .	31,359,218
Buses . . . . .	16,950,108
Trolley Buses . . . . .	1,985,348
Total . . . . .	<u>50,294,674</u>

**TAXES, SNOW REMOVAL AND CITY RENTAL:**

Included in Operating Costs for the year are the following:—

City of Montreal:

Snow Removal, Taxes and Annual Rental . . . . . \$1,669,713.90

Other Municipalities:

Snow Removal and Taxes . . . . . 83,139.85

Federal Government:

Licences . . . . . 196.00

Provincial Government:

Taxes, Gasoline, etc. . . . . 843,873.08

\$2,596,922.83

From January 28th, 1918 (the date of the present contract between the Company and the City of Montreal), to December 31st, 1950, the Company has paid the following amounts to the City of Montreal:

On account of Snow Removal . . . . .	\$ 7,658,126.21
On account of Annual Rental . . . . .	12,486,711.60
On account of Taxes . . . . .	15,850,584.58
	<u>\$35,995,422.39</u>

The Company has also expended for Maintenance of Street Pavement, in accordance with the provisions of the above-mentioned contract, a further sum of . . . . .

5,432,878.04

\$41,428,300.43



**ROLLING STOCK:**

Fifty (50) new Autobuses and forty (40) new Trolley Buses were received during the year.

**GENERAL:**

Your Directors desire to place on record their sincere appreciation of the faithful and efficient service of the officers and employees of the Company throughout the year.

Submitted on behalf of the Board of Directors.

A handwritten signature in cursive script, appearing to read "R. M. Watt".

*President.*

MONTREAL, March 16th, 1951.

# M O N T R E A L T R A M W A Y S C O M P A N Y

## GENERAL BALANCE SHEET

*As at December 31st, 1950*

CURRENT ASSETS:	ASSETS		
Cash and Demand Deposits . . . . .	\$ 2,628,765.44		
Call Loans . . . . .	5,475,000.00		
		\$ 8,103,765.44	
Marketable Securities, at cost (Market Value December 31, 1950, \$1,404,774.94)		1,435,771.89	
Accounts Receivable . . . . .		74,908.85	
Inventories of track and overhead materials, Street Car and Autobus repair parts and supplies, etc., at cost (as determined and certified to by Officials of the Company) . . . . .		1,742,271.93	
Accrued Interest Receivable . . . . .		27,324.25	
Refundable portion of Excess Profits Tax, recoverable 1951 . . . . .		144,056.15	
		\$11,528,098.51	
INVESTMENTS:			
Securities held for account of Guarantee Fund (Market Value December 31, 1950, \$496,562.50) . . . . .	\$ 500,000.00		
Securities held for account of Autobus Depreciation, Financing and Other Reserves (Market Value December 31, 1950, \$2,281,600.63) . . . . .		2,281,750.00	
			2,781,750.00
FIXED ASSETS:			
Property, Plant and Equipment . . . . .		\$57,537,529.03	
Less Reserves:			
Maintenance and Renewals . . . . .	\$ 841,010.16		
Depreciation, General . . . . .	13,000,000.00		
Depreciation, Autobus (of which the sum of \$1,919,067.47 has been released for purchase of new equipment) . . . . .	2,545,203.13		
		16,386,213.29	
			41,151,315.74
OTHER ASSETS:			
Operators' Ticket Advance Account . . . . .	\$ 138,575.00		
Deferred Charges . . . . .		398,739.52	
		537,314.52	

**NOTE:**

Balances payable when earned, under the Operating Contract with the City of Montreal:

(a) TO THE COMPANY:

For Return on Capital Value . . . . .	\$4,213,376.02
For Financing Allowance . . . . .	1,207,244.99
For amounts paid in the years 1937 and 1938 to the City of Montreal in virtue of Provincial Government Acts sanctioned May 20, 1937, and April 12, 1938 . . . . .	1,250,000.00
	\$6,670,621.01

(b) TO THE CITY OF MONTREAL:

For Rentals to December 31st, 1949 . . . . .	\$5,205,982.45
Less amounts paid as referred to above . . . . .	1,250,000.00
	\$3,955,982.45

(c) TO THE CONTINGENT RESERVE . . . . . \$ 199,671.82

The City of Montreal, in appeals pending before the Public Service Board, has protested the allocation of earnings under the Operating Contract by the Montreal Tramways Commission. On March 15th, 1948, the City of Montreal took action against the Company in the Superior Court for \$4,665,613.90 claiming that such amount is due it as arrears of rental and accrued interest, which action the Company is contesting.

\$55,998,478.77

Verified in accordance with our report of this date.

SHARP, MILNE & Co., C.A.,  
Auditors

MONTREAL, March 12th, 1951.

# MONTREAL TRAMWAYS COMPANY

## GENERAL BALANCE SHEET

*As at December 31st, 1950.*

### LIABILITIES, CAPITAL STOCK AND SURPLUS

<b>CURRENT LIABILITIES:</b>		
Accounts Payable	\$ 744,553.63	
Wages	740,667.74	
Provision for Income Tax (subject to final determination by the taxation authorities)	450,000.00	
Other Taxes	74,182.71	
Bond Interest	322,962.88	
Provision for Claims for Injuries and Damages	825,000.00	
Employees' Security Deposits	35,562.44	
First (Closed) Mortgage Bonds: 2¼% Serial Bonds due July 1, 1951	700,000.00	
Accrued Rental, City of Montreal	125,000.00	
Montreal Tramways Mutual Benefit Association	1,053,365.10	
Suspense (Note A)	2,226,032.46	
	\$ 7,297,326.96	
<b>FUNDED DEBT:</b>		
First (Closed) Mortgage Bonds (Payable in Canadian currency)		
2¼% Serial Bonds due July 1, 1952	\$ 700,000.00	
3% Bonds due January 1, 1953	11,300,000.00	
	\$12,000,000.00	
General Mortgage Sinking Fund Bonds due April 1, 1955		
Series "A" (Payable at holders' option in Canadian or U.S. currency or in sterling)		
5% . . . . .	\$ 2,831,800.00	
4½% . . . . .	267,100.00	
	\$ 3,098,900.00	
Series "B" (Payable in Canadian currency)		
5% . . . . .	\$21,089,700.00	
4½% . . . . .	1,836,100.00	
	\$22,925,800.00	
Bonds not yet presented for exchange		
5% . . . . .	\$ 22,200.00	
4½% . . . . .	500.00	
	\$ 22,700.00	
	26,047,400.00	
	38,047,400.00	
<b>RESERVES (In accordance with provisions of contract)</b>		
Contingent Reserve	\$ 300,328.18	
Other Reserves	166,268.59	
	466,596.77	
<b>RESERVES (For Company's Account)</b>		
Reserve for Financing	\$ 2,639,148.07	
Reserve for Redemption of Unpresented Tickets	500,000.00	
	3,139,148.07	
<b>CAPITAL STOCK:</b>		
70,000 shares of \$100.00 par value		7,000,000.00
<b>SURPLUS</b>		48,006.97
		\$55,998,478.77
		\$55,998,478.77

NOTE A.—For the years 1942-1947 inclusive, Income and Excess Profits Taxes were charged to Operating Expenses under the Contract between the Company and the City of Montreal. The amount of \$2,226,032.46 shown in the present Balance Sheet represents the difference between the amount charged to the Contract as Income and Excess Profits Taxes for the years 1942-1947 inclusive and the payments made to Department of National Revenue prior to March 1st, 1950, on account of Income and Excess Profits Taxes for the said years.

In consequence of the Act 12 Geo. VI, Chapter 50 (as amended), the Company was obliged to pay out of its own funds the balance of Income and Excess Profits Taxes for the said years outstanding on March 1st, 1950. During the year 1950, a net amount of \$1,893,622.62 was paid by the Company to the Department of National Revenue in respect to this liability, the same being charged to the Company's Surplus Account.

Pending the determination of its final disposition, the said amount of \$2,226,032.46 is presently carried in Suspense Account as a current liability.

Signed on behalf of the Directors:

RENÉ DUPUIS  
WM. F. MACKLAIR } *Directors.*

Certified Correct:

A. A. BOIRE,  
*Chief Accountant.*

**S H A R P , M I L N E & C O .**  
**CHARTERED ACCOUNTANTS**

MONTREAL, March 12th, 1951.

MONTREAL TRAMWAYS COMPANY,  
Montreal, Quebec.

We have examined the Balance Sheet of Montreal Tramways Company as at December 31st, 1950, and the related Statements of Revenue and Expenditure and Surplus for the year 1950. In connection therewith we examined or tested accounting records of the Company and other supporting evidence, but did not make a detailed audit of the transactions.

In our opinion the accompanying Balance Sheet and related Statements of Revenue and Expenditure and of Surplus present fairly the position of Montreal Tramways Company at December 31st, 1950, and the results of the operations for the year then ended according to the best of our information and the explanations given to us and as shown by the books of the Company.

(Signed) SHARP, MILNE & CO.  
*Auditors.*







