



THE MOUNT ROYAL HOTEL COMPANY, LIMITED  
MONTREAL, CANADA

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EIGHTH  
ANNUAL REPORT  
*December 31st, 1930*

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MONTREAL, Que.

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## PRESIDENT'S ADDRESS

Montreal, February 13th, 1931.

*To the Shareholders,*

THE MOUNT ROYAL HOTEL CO. LIMITED:

Your directors beg to submit the following report and financial statement covering the operations of your Company during the year ending December 31st, 1930.

You will note from the Profit and Loss Statement that the net profits for the year, after deducting operating expenses, mortgage interest, taxes, and making adequate provision for depreciation, were \$202,634.88, from which has been deducted \$136,514.00, being 2% paid during the year on the 6% Preferred Stock, leaving a balance of \$66,120.88, which added to the amount brought forward—\$19,064.76—brings the total surplus carried forward as at December 31st, 1930, to \$85,185.64.

### GENERAL

The year under review was indeed a trying one for all classes of industry, and the hotel business from coast to coast reflected the general conditions prevailing. The tourist business was particularly disappointing and was in sharp contrast to that of previous years when the capacity of the better hotels in Montreal was taxed to meet the demands. This is a condition, however, which is but temporary and will improve with the recovery in business conditions generally, which recovery now seems definitely under way.

The Convention business also did not come up to previous years. Many conventions booked were cancelled, while those held were attended by much smaller numbers than in former years.

The reduced spending power of the travelling public made itself evident in the decrease in per capita total of the various services we sell. Having established a high standard of service it is of course imperative that this be maintained. Under such conditions it has been extremely difficult to decrease the cost of service in proportion to the decrease in revenue.

Since your Board assumed control of the Company on March 20th, 1930, a number of important operating economies have been effected and expenditures controlled without in any way impairing the standard of service given. The application of these economies will be more apparent in the future operation of the Company and should be reflected in a material increase in earnings available for dividends.

The property, plant, and equipment have been maintained in a high state of efficiency.

### DIVIDENDS

The policy of your Directors in paying dividends only to the extent of net profits available from earnings is, of course, sound and one which we feel sure will merit your endorsement. Such earnings justified a payment of 2% on the 6% Preferred Stock for 1930. With the drastic reductions already effected in operating costs, and with a normal recovery in business conditions generally, it would appear that earnings available for dividends in the not too distant future will justify payment of the arrears of dividends on the Preferred Stock and permit resumption of regular dividend payments.

It is a pleasure to be able to refer to the harmonious relationship existing throughout all departments of the Staff, and the Directors desire to express their appreciation of the loyal and efficient services rendered by the Company's employees.

FOR THE DIRECTORS,

J. ALDERIC RAYMOND,

President.

# BALANCE SHEET AS AT 31ST DECEMBER, 1930

## ASSETS

### CURRENT ASSETS:

Cash in Bank and on Hand.....	\$	53,056.84
Call Loans.....		200,000.00
Dominion Government Bonds and Other Marketable Securities (Market Value at 31st December, 1930, \$383,550.00).....		397,892.50
Notes and Accounts Receivable, less Reserve for Doubtful Accounts.....		78,657.68
Accrued Interest Receivable.....		5,341.94
Inventories.....		51,620.15
Total Current Assets.....		786,569.11
Prepaid Operating Expenses.....		70,601.31
Other Investments at Cost.....		57,025.00

### FIXED ASSETS:

Land.....	\$	1,397,413.50
Building and Permanent Installations.....		7,439,367.71
Furnishings and Equipment.....		1,289,029.44
		10,125,810.65
Less Reserve for Depreciation.....		1,746,096.55
		8,379,714.10
Claim in Litigation.....		75,768.15

### DEFERRED CHARGES:

Unamortized Discount on First Mortgage Bonds		
Redeemed in 1927.....		295,467.06
First Mortgage Bonds—Refunding Expense.....		236,462.95
		531,930.01
Unamortized Organization Expense.....		24,000.00
		555,930.01
Goodwill.....		900,000.00
		\$10,825,607.68

## LIABILITIES

### CURRENT LIABILITIES:

Accounts Payable.....	\$	185,605.83
Accrued Interest and Other Charges.....		48,006.91
Unclaimed Wages.....		1,109.30
Total Current Liabilities.....		234,722.04

### FUNDED DEBT:

First Mortgage Loan (bearing interest at 5½% per annum repayable in 16 annual instalments of \$120,000.00 and balance on 1st December, 1947).....		3,680,000.00
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### CAPITAL STOCK and DEBENTURES:

#### Authorized:

70,000 6% Cum. Pref. Shares of \$100.00 each.....	\$	7,000,000.00
60,000 Common Shares of No Par Value.....		

#### Issued:

68,077 6% Cum. Pref. Shares of \$100.00 each.....		6,807,700.00
167 8% Cum Pref. Shares of \$100.00 each outstanding, convertible into 167, 6% Cum. Pref. Shares of \$100.00 each.....		16,700.00
\$1,300 8% Convertible Debentures outstanding, convertible into 13, 6% Cum. Pref. Shares of \$100.00 each.....		1,300.00
		6,825,700.00
60,000 Common Shares of No Par Value.....		6,825,700.00

SURPLUS.....		85,185.64
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#### Note:

Dividends on Preferred Stock in Arrears.....		273,028.00
Outstanding Scrip Dividend Certificates payable out of Surplus earnings only.....		1,706,425.00
		\$10,825,607.68

Approved on behalf of the Board:

J. A. RAYMOND, *Director.*

V. G. CARDY, *Director.*

## CERTIFICATE OF AUDITORS

We have audited the books and accounts of The Mount Royal Hotel Co. Ltd. for the year ended 31st December, 1930.

The reserve for depreciation of Fixed Assets as at 31st December, 1930 is, in our opinion, inadequate in respect of the provisions made in the years prior to 1929.

In accordance with the provisions of the Companies' Act (Quebec) we have to report that we have obtained all the information and explanations which we have required and, subject to the foregoing, in our opinion, the above 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 31st December, 1930, according to the best of our information and the explanations given to us and as shown by the books of the Company.

Montreal, 11th February, 1931.

PEAT, MARWICK, MITCHELL & CO.,

*Chartered Accountants.*

# THE MOUNT ROYAL HOTEL COMPANY, LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1930

Earnings for Year ended 31st December, 1930, after Operating Expenses, Taxes and Provision for Bad and Doubtful Accounts, but before Interest, Amortization Charges and Depreciation . \$ 804,821.06

*Deduct:*

Interest on First Mortgage Loan . . . . .	\$ 209,073.17	
Amortization of Bond Discount . . . . .	33,322.36	
Amortization of Refunding Expense . . . . .	19,511.78	
Amortization of Organization Expense . . . . .	19,278.87	
		<u>281,186.18</u>
		523,634.88

*Deduct:*

Provision for Depreciation . . . . .	321,000.00	
		<u>321,000.00</u>
Net Profit for Year carried to Surplus Account . . . . .	\$ 202,634.88	

## SURPLUS ACCOUNT

Surplus as at 31st December, 1929 . . . . . \$ 5,039.50

*Add:*

Adjustments affecting Prior Year . . . . .	\$ 14,025.26	
Net Profit for Year ended 31st December, 1930 . . . . .	202,634.88	
		<u>216,660.14</u>
		221,699.64

*Deduct:*

Dividend Paid on Preferred Stock . . . . .	136,514.00	
		<u>136,514.00</u>

Surplus as at 31st December, 1930 . . . . . \$ 85,185.64