



THE MOUNT ROYAL HOTEL COMPANY, LIMITED  
MONTREAL, CANADA

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NINTH  
ANNUAL REPORT  
*December 31st, 1931*

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MONTREAL, Que.  
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## PRESIDENT'S ADDRESS

Montreal, January 25th, 1932.

*To the Shareholders,*

### THE MOUNT ROYAL HOTEL COMPANY LIMITED:

Your Directors beg to submit the following report and financial statements covering the operations of your Company during the year ending December 31st, 1931.

Net profits for the year, after deducting operating expenses, mortgage interest, taxes, and making provision for depreciation, were \$126,451.82 which, added to the balance in Surplus Account of \$90,050.83 brings the total to \$216,502.65. From this amount has been deducted the sum of \$204,771.00 being 3% paid during the year on the 6% Preferred Stock, leaving a balance in Surplus Account carried forward as at December 31st, 1931, of \$11,731.65.

### GENERAL

The period under review witnessed further accentuation of the trade depression experienced in 1930, and in common with most businesses your Company suffered a considerable contraction in net profits. However, in view of the conditions prevailing throughout the year, the results, although disappointing, are not relatively unsatisfactory.

The decrease in the number of visitors to the Hotel, together with the reduced spending power of patrons were naturally reflected in lower earnings. The tourist and convention business was substantially below normal, while the exchange situation resulted in a considerable decrease in patronage by travelling salesmen representing United States firms which, in many cases, found it unprofitable to keep their salesmen in Canadian territory.

It has been the endeavor of your Management to meet these conditions by effecting economies in operation wherever possible without in any way impairing the high standard of service or the efficiency of the property, plant and equipment.

With the drastic operating economies in effect, any improvement in business generally should find reflection in increased earnings for your Company.

### DIVIDENDS

During the year, dividends at the rate of 3% on the Company's 6% Preferred Stock were paid. In face of reduced earnings, one of the principal factors governing this dividend payment was the policy which your Directors adopted with regard to Depreciation. Your Hotel during 1931 was operated at about 50% capacity, with consequently lessened wear and tear on the property, plant and equipment and your Directors and Auditors decided that under these circumstances an amount of \$200,000 set aside for depreciation was adequate, although with a return of normal conditions this item must undoubtedly be revised upwards.

Your Directors would like to make special mention of the loyal and efficient service rendered by the staff during this most trying period and to express their warm appreciation of their unsparing efforts so willingly given.

FOR THE DIRECTORS,

J. ALDERIC RAYMOND,

President.

## BALANCE SHEET AS AT 31ST DECEMBER, 1931

### ASSETS

#### CURRENT ASSETS:

Cash in Banks and on Hand.....	\$	97,521.07
Call Loans.....		141,145.93
Dominion Government Bonds and Other Marketable Securities (Market Value as at 31st December, 1931, \$364,275.00).....		436,105.00
Notes and Accounts Receivable, less Reserve for Doubtful Accounts....		82,868.14
Accrued Interest Receivable.....		6,237.98
Inventories.....		37,698.44

Total Current Assets.....\$ 801,576.56

Prepaid Operating Expenses.....		70,102.70
Other Investments at Cost.....		57,025.00

#### FIXED ASSETS:

Land.....	\$	1,397,413.50
Building and Permanent Installations.....		7,446,079.43
Furnishings and Equipment.....		1,277,009.76

\$ 10,120,502.69

Less Reserve for Depreciation..... 1,945,006.40

8,175,496.29

Claim in Litigation.....	\$	75,768.15
Less Reserve.....		15,000.00

60,768.15

#### DEFERRED CHARGES:

Unamortized Discount on First Mortgage Bonds Redeemed in 1927.....	\$	262,876.74
First Mortgage Bonds—Refunding Expense.....		217,573.27

\$ 480,450.01

Unamortized Organization Expense..... 20,000.00

500,450.01

Goodwill..... 900,000.00

\$ 10,565,418.71

### LIABILITIES

#### CURRENT LIABILITIES:

Accounts Payable.....	\$	115,533.52
Accrued Interest and Other Charges.....		51,267.44
Unclaimed Wages.....		1,186.10

Total Current Liabilities.....\$ 167,987.06

#### FUNDED DEBT:

First Mortgage Loan (bearing interest at 5½% per annum repayable in 15 annual instalments of \$120,000.00 and balance on 1st December, 1947)..... 3,560,000.00

#### 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:

68,095 6% Cum. Pref. Shares of \$100.00 each.....	\$	6,809,500.00
150 8% Cum. Pref. Shares of \$100.00 each outstanding, convertible into 150, 6% Cum. Pref. Shares of \$100.00 each.....		15,000.00
\$1,200 8% Convertible Debentures outstanding, convertible into 12, 6% Cum. Pref. Shares of \$100.00 each.....		1,200.00

\$ 6,825,700.00

60,000 Common Shares of No Par Value..... 6,825,700.00

SURPLUS..... 11,731.65

#### Note:

Dividends on Preferred Stock in Arrears.....	\$	477,799.00
Outstanding Scrip Dividend Certificates payable out of Surplus Earnings only.....		1,706,425.00

\$ 10,565,418.71

Approved on behalf of the Board:

J. A. RAYMOND, *Director.*

V. G. CARDY, *Director.*

### AUDITOR'S REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of The Mount Royal Hotel Co. Ltd. for the year ended 31st December, 1931.

The reserve for depreciation of Fixed Assets as at 31st December, 1931, 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 we have required and, subject to the foregoing, in our opinion, the above Balance Sheet, as at 31st December, 1931, is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us and as shown by the books of the Company.

PEAT, MARWICK, MITCHELL & CO.,

*Chartered Accountants.*

Montreal, 22nd January, 1932.

# THE MOUNT ROYAL HOTEL COMPANY, LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1931

Earnings for Year ended 31st December, 1931, after Operating Expenses, Taxes and Provision for Bad and Doubtful Accounts, but before Interest, Amortization Charges and Depreciation..\$ 583,678.61

*Deduct:*

Interest on First Mortgage Loan.....	\$ 201,746.79	
Amortization of Bond Discount.....	32,590.32	
Amortization of Refunding Expenses.....	18,889.68	
Amortization of Organization Expense.....	4,000.00	
		<u>257,226.79</u>
		\$ 326,451.82

*Deduct:*

Provision for Depreciation.....	200,000.00	
		<u>200,000.00</u>
Net Profit for Year Carried to Surplus Account.....	\$ 126,451.82	
		<u>126,451.82</u>

## SURPLUS ACCOUNT

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

*Add:*

Adjustments affecting Prior Year.....	\$ 4,865.19	
Net Profits for Year ended 31st December, 1931.....	126,451.82	
		<u>131,317.01</u>
		\$ 216,502.65

*Deduct:*

Dividends Paid on Preferred Stock.....	204,771.00	
		<u>204,771.00</u>

Surplus as at 31st December, 1931.....\$ 11,731.65