



THE MOUNT ROYAL HOTEL COMPANY, LIMITED
MONTREAL, CANADA

TWELFTH
ANNUAL REPORT
December 31st, 1934

MONTREAL, Que.

February 13th, 1935

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PRESIDENT'S ADDRESS

MONTREAL, February 13th, 1935.

To the Shareholders,

THE MOUNT ROYAL HOTEL COMPANY, LIMITED:

Your Directors submit herewith Profit and Loss Account for the year ended December 31st, 1934, together with Balance Sheet as at that date, duly audited and certified by the Company's Auditors.

After providing for the full year's interest on the First Mortgage Loan, and after allowing for amortization charges and the usual provision of \$200,000.00 for Depreciation, a total loss of \$420,054.34 was incurred for the year, which amount has been transferred to Deficit Account and which, added to the previous deficit of \$860,202.69, makes a total of \$1,280,257.03 which has been carried forward.

The improvement in business conditions, generally, which has been evident for some time past, has only lately been reflected in the Hotel's earnings, due to the fact that while the spending power of the public is somewhat improved in so far as essentials are concerned, it has not yet reached the level where there is very much available for the luxuries which comprise the major items of the services we have to offer. Your Directors feel, however, that this upward trend of the past few months may reasonably be expected to continue and, in this event, the outlook for the future is more encouraging than for some years past.

Operating Expenses have, in line with your Directors' policy, been kept at the lowest possible figure without affecting the standard of service or the maintenance of property, plant and equipment in a high state of efficiency.

Your Management has been particularly active in its efforts to popularize the Hotel and its various facilities and in this respect wishes to record its appreciation of the loyal co-operation of all members of the staff.

For the Directors,

J. ALDERIC RAYMOND,

President.

THE MOUNT ROYAL HOTEL COMPANY, LIMITED

BALANCE SHEET AS AT 31st DECEMBER, 1934

ASSETS

CURRENT ASSETS:

Cash in Banks and on Hand.....	\$ 35,423.83
Dominion and Provincial Government Bonds and Other Marketable Securities, (Approximate Market Value as at 31st December, 1934, \$241,800.00).....	299,836.00
Accounts Receivable less Reserve for Doubtful Accounts.....	88,638.82
Accrued Interest Receivable.....	1,765.60
Inventories.....	33,227.79

TOTAL CURRENT ASSETS..... 458,892.04

PREPAID OPERATING EXPENSES..... 57,906.97

OTHER INVESTMENTS AT COST, less amount written off..... 3,935.00

FIXED ASSETS:

Land.....	\$ 1,397,413.50
Building and Permanent Installations.....	7,446,079.43
Furnishings and Equipment.....	1,239,276.14

10,082,769.07

LESS Reserve for Depreciation..... 2,545,006.40

7,537,762.67

8,058,496.68

DEFERRED CHARGES:

Unamortized Discount on First Mortgage Bonds Redeemed in 1927.....	171,789.82
First Mortgage Bonds—Refunding Expense.....	164,614.13

336,403.95

Unamortized Organization Expense..... 14,000.00

350,403.95

GOODWILL..... 900,000.00

DEFICIT..... 1,280,257.03

\$ 10,589,157.66

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable.....	\$ 72,788.85
Interest Due and Accrued and Other Accrued Charges.....	129,489.10
Unclaimed Wages.....	1,179.71

TOTAL CURRENT LIABILITIES..... 203,457.66

FUNDED DEBT:

5½% First Mortgage Loan—Repayable in Annual Instalments of \$120,000 and balance on 1st December, 1947, (Instalments due 1st December, 1932 and 1933 deferred by arrangement with Mortgagee. Instalment due 1st December, 1934 unpaid) 3,560,000.00

CAPITAL STOCK AND DEBENTURES:

AUTHORIZED:

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

ISSUED:

68,148 6% Cumulative Preferred Shares of \$100.00 each.....	6,814,800.00
103 8% Cumulative Preferred Shares of \$100.00 each outstanding convertible into 103 shares 6% Cumulative Preferred Shares of \$100.00 each.....	10,300.00
\$600 8% Convertible Debentures outstanding convertible into 6, 6% Cumulative Preferred Shares of \$100.00 each.....	600.00

6,825,700.00

60,000 Common Shares of No Par Value.....

6,825,700.00

NOTE:

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

\$ 10,589,157.66

Approved on behalf of the Board:

J. A. RAYMOND, DIRECTOR.
V. G. CARDY, DIRECTOR.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the accounts of The Mount Royal Hotel Company Limited for the year ended 31st December, 1934.

The reserve for depreciation of Fixed Assets as at 31st December, 1934, 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, 1934 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, 1934, 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, 24th January, 1935

THE MOUNT ROYAL HOTEL COMPANY, LIMITED
MONTREAL

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER, 1934

PROFIT for Year ended 31st December, 1934, after Operating Expenses, Taxes and Provision for Bad and Doubtful Accounts, but before Interest, Amortization Charges and Depreciation.....	\$	23,958.14
DEDUCT:		
Interest on First Mortgage Loan.....	\$	195,800.00
Amortization of Bond Discount.....		29,177.91
Amortization of Refunding Expenses.....		17,034.57
Amortization of Organization Expense.....		2,000.00
		244,012.48
Net Loss before providing for Depreciation.....		220,054.34
ADD:		
Provision for Depreciation.....		200,000.00
Net Loss for Year transferred to Deficit Account.....	\$	420,054.34

DEFICIT ACCOUNT

DEFICIT as at 31st December, 1933.....	\$	860,202.69
ADD Net Loss for Year ended 31st December, 1934.....		420,054.34
DEFICIT as at 31st December, 1934.....	\$	1,280,257.03