



THE MOUNT ROYAL HOTEL COMPANY, LIMITED
MONTREAL, CANADA

THIRTEENTH
ANNUAL REPORT

December 31st, 1935

MONTREAL, Que.

February 8th, 1936

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PRESIDENT'S ADDRESS

MONTREAL, February 8th, 1936.

To the Shareholders,

THE MOUNT ROYAL HOTEL COMPANY LIMITED:

Your Directors submit herewith Profit and Loss Account for the year ended December 31st, 1935, 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 \$351,280.72 was incurred for the year, which amount has been transferred to Deficit Account and makes a total deficit of \$1,631,537.75 which has been carried forward.

In common with most enterprises your Company has benefited to some extent from the improvement in general business conditions, but while earnings for the year under review showed an improvement, increases in taxation and in the cost of commodities precluded a proportionate increase in net results. It is hoped, however, that the present indications of more normal general conditions will be realized in the current year and, as a consequence, that the spending power of the public will reach a level that will permit of our obtaining more adequate prices for our high class services than has been the case for some years past.

Every effort is being exercised to increase business and, in this connection, your Management has continued its policy of providing the most attractive and up-to-date entertainment available for its patrons.

Operations have been carried on in the most economical manner possible bearing in mind the necessity for maintaining the property, plant and equipment in a thoroughly efficient condition.

Your Directors desire to record their appreciation of the efficient 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, 1935

ASSETS

CURRENT ASSETS:	
Cash in Banks and on Hand.....	\$ 46,430.01
Bonds and Stocks (Approximate Market Value as at 31st December, 1935—\$176,085.00).....	234,687.40
Accounts Receivable, Less Reserve for Doubtful Accounts.....	74,756.16
Accrued Interest Receivable.....	772.48
Inventories.....	31,569.83
TOTAL CURRENT ASSETS.....	388,215.88
PREPAID OPERATING EXPENSES.....	62,850.85
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.....	1,248,712.61
	10,092,205.54
Less Reserve for Depreciation.....	2,745,006.40
	7,347,199.14
	7,802,200.87
DEFERRED CHARGES:	
Unamortized Discount on First Mortgage Bonds Redeemed in 1927.....	143,767.29
First Mortgage Bonds—Refunding Expenses.....	148,181.98
	291,949.27
Unamortized Organization Expense.....	12,000.00
	303,949.27
GOODWILL.....	900,000.00
DEFICIT.....	1,631,537.75
TOTAL.....	\$10,637,687.89

LIABILITIES

CURRENT LIABILITIES:	
Accounts Payable.....	\$ 117,766.29
Interest Due and Accrued and Other Accrued Charges.....	132,954.30
Unclaimed Wages.....	1,267.30
TOTAL CURRENT LIABILITIES.....	251,987.89
FUNDED DEBT:	
5½% First Mortgage Loan—Repayable in Annual Instalments of \$120,000. and balance on 1st December, 1947, (Instalments due 1st December, 1932, 1933 and 1934 deferred by arrangement with Mortgagee. Instalment due 1st December, 1935 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
\$600.00—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 arrear \$2,115,967.00	
Outstanding Scrip Dividend Certificates payable out of Surplus Earnings only \$1,706,425.00	
TOTAL.....	\$10,637,687.89

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, 1935.

The reserve for depreciation of Fixed Assets as at 31st December, 1935, is, in our opinion, inadequate in respect of the provision 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, 1935, 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, 1935, according to the best of our information and the explanations given to us and as shown by the books of the Company.

MONTREAL, 27th January, 1936

PEAT, MARWICK, MITCHELL & CO.,

AUDITORS.

THE MOUNT ROYAL HOTEL COMPANY, LIMITED
MONTREAL

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER, 1935

PROFIT for Year ended 31st December, 1935, after Operating Expenses, Taxes and Provision for Bad and Doubtful Accounts, but before Interest, Amortization Charges and Depreciation.....	\$ 90,973.96
DEDUCT:	
Interest on First Mortgage Loan.....	\$195,800.00
Amortization of Bond Discount.....	28,022.53
Amortization of Refunding Expense.....	16,432.15
Amortization of Organization Expense.....	2,000.00
	242,254.68
Net Loss before providing for Depreciation.....	151,280.72
ADD:	
Provision for Depreciation.....	200,000.00
Net Loss for Year transferred to Deficit Account.....	\$ 351,280.72

DEFICIT ACCOUNT

DEFICIT as at 31st December, 1934.....	\$1,280,257.03
ADD Net Loss for Year ended 31st December, 1935.....	351,280.72
DEFICIT as at 31st December, 1935.....	\$1,631,537.75