



THE MOUNT ROYAL HOTEL COMPANY, LIMITED
MONTREAL, CANADA

FOURTEENTH
ANNUAL REPORT

December 31st, 1936

MONTREAL, Que.

February 3rd, 1937

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PRESIDENT'S ADDRESS

MONTREAL, February 3rd, 1937.

To the Shareholders of
THE MOUNT ROYAL HOTEL COMPANY LIMITED
Montreal.

Your Directors submit herewith Profit and Loss Account for the year ended December 31st, 1936, together with Balance Sheet as at that date, duly certified by the Company's Auditors.

After provision for the full year's Interest on First Mortgage Loan, and after allowing for Amortization Charges and the usual provision of \$200,000 for Depreciation, a total loss of \$308,109.46 was incurred for the year, which amount has been transferred to Deficit Account, and makes a total Deficit of \$1,939,647.21, carried forward.

The results of operations for the year past show improvement and indicate that the betterment in general business conditions is now making itself felt in the hotel business but heavy taxation, the rising cost of commodities and higher wages all combined to reduce much of the net gains.

All the signs for immediate and future increase in business are propitious, and your Directors wish now to point out the very economical manner in which the hotel has been operated during the depression, and to stress their opinion that the time has now definitely arrived when the many replacements and improvements, deferred wherever possible on account of the depression, should be promptly undertaken, so that the hotel may be in a position to meet the much more exacting demands of the travelling public today, continue to attract business and thus protect the goodwill and future earning power of the Company.

It is, therefore, the intention of your Directors to utilize available earnings for the purpose of carrying out an extensive program of renovation and modernization of the hotel, a policy which is considered to be in the best interests of the security holders of the Company, since it will enable the Mount Royal Hotel to retain its proud position in the hotel world and to benefit materially from the present and future opportunities for profitable business resulting from improved general conditions.

Your Directors desire to record their appreciation of the loyal and efficient service rendered by all members of the staff.

For the Directors,

J. ALDERIC RAYMOND,
President.

THE MOUNT ROYAL HOTEL COMPANY, LIMITED

BALANCE SHEET AS AT 31st DECEMBER, 1936

ASSETS

CURRENT ASSETS:

Cash in Banks and on Hand.....	\$ 31,911.14
Bonds and Stocks (Approximate Market Value as at 31st December, 1936—\$210,012.00).....	225,885.00
Accounts Receivable, less Reserve for Doubtful Accounts.....	48,018.29
Accrued Interest Receivable.....	1,279.18
Inventories.....	27,813.92

TOTAL CURRENT ASSETS..... 334,907.53

PREPAID OPERATING EXPENSES..... 81,394.62

OTHER INVESTMENTS AT COST, less amount written off..... 3,450.00

FIXED ASSETS:

Land.....	\$ 1,397,413.50
Building and Permanent Installations.....	7,446,079.43
Furnishings and Equipment.....	1,233,863.30
	10,077,356.23
Less Reserve for Depreciation.....	2,945,006.40
	7,132,349.83
	7,552,101.98

DEFERRED CHARGES:

Unamortized Discount on First Mortgage Bonds Redeemed in 1927.....	116,903.15
First Mortgage Bonds—Refunding Expense.....	132,217.85
	249,121.00
Unamortized Organization Expense.....	10,000.00
	259,121.00

GOODWILL..... 900,000.00

DEFICIT..... 1,939,647.21

TOTAL..... \$10,650,870.19

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable.....	\$ 118,736.53
Interest Due and Accrued and Other Accrued Charges.....	145,166.39
Unclaimed Wages.....	1,267.27
TOTAL CURRENT LIABILITIES.....	265,170.19

FUNDED DEBT:

5½% First Mortgage Loan—Repayable in Annual Instalments of \$120,000. and balance on 1st December, 1947, (Instalments due 1st December, 1932 to 1935 inclusive deferred by arrangement with Mortgagee. Instalment due 1st December, 1936, unpaid.).....	3,560,000.00
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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:

68,159—6% Cumulative Preferred Shares of \$100.00 each.....	6,815,900.00
92—8% Cumulative Preferred Shares of \$100.00 each outstanding, convertible into 92, 6% Cumulative Preferred Shares.....	9,200.00
\$600.00—8% Convertible Debentures outstanding, convertible into 6, 6% Cumulative Pre- ferred Shares.....	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	\$2,525,509.00
Outstanding Scrip Dividend Certificates Payable out of Surplus Earnings only	<u>\$1,706,425.00</u>

TOTAL..... \$10,650,870.19

Signed 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, 1936.

The reserve for depreciation of Fixed Assets as at 31st December, 1936, 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, 1936, 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, 1936, according to the best of our information and the explanations given to us and as shown by the books of the Company.

MONTREAL, 26th January, 1937.

PEAT, MARWICK, MITCHELL & CO.,
AUDITORS.

THE MOUNT ROYAL HOTEL COMPANY, LIMITED
MONTREAL

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER, 1936

PROFIT for Year ended 31st December, 1936, after Operating Expenses, Taxes and Provision for Bad and Doubtful Accounts, but before Interest, Amortization Charges and Depreciation.....		\$ 132,518.81
DEDUCT:		
Interest on First Mortgage Loan.....	\$195,800.00	
Amortization of Bond Discount.....	26,864.14	
Amortization of Refunding Expense.....	15,964.13	
Amortization of Organization Expense.....	2,000.00	
	<u>240,628.27</u>	
Net Loss before providing for Depreciation.....		108,109.46
ADD:		
Provision for Depreciation.....		200,000.00
Net Loss for Year transferred to Deficit Account.....		<u>\$ 308,109.46</u>

DEFICIT ACCOUNT

DEFICIT as at 31st December, 1935.....	\$1,631,537.75
ADD Net Loss for Year ended 31st December, 1936.....	308,109.46
DEFICIT as at 31st December, 1936.....	<u>\$1,939,647.21</u>