



THE MOUNT ROYAL HOTEL COMPANY, LIMITED
MONTREAL, CANADA

FIFTEENTH
ANNUAL REPORT

December 31st, 1937

MONTREAL, Que.

February 23rd, 1938

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THE MOUNT ROYAL HOTEL COMPANY, LIMITED

MONTREAL

MONTREAL, February 23rd, 1938.

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, 1937, 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 \$314,536.15 is shown for the year, which amount has been transferred to Deficit Account and makes a total Deficit of \$2,254,183.36 carried forward.

Gross Earnings for the year showed a substantial increase over last year. This, however, was largely offset by the heavy increase in operating cost, due to the rising cost of foodstuffs and other commodities, increases in taxation and in the cost of labour, as well as the necessary expenditures on special replacements, renovations and modernization of plant and equipment.

A part of the necessary program of rehabilitation and modernization of plant, equipment and furnishings was completed during the year, the work done consisting of complete redecoration and modernization of a small number of guest rooms and suites, some of the public rooms, the Normandie Roof, the Main Lobby, and a certain amount of air-conditioning of public space. The work accomplished so far has been successful, in that it has been well received by the public and has resulted in increased business and in higher rates. It is therefore the intention of your Directors to continue with this program, as earnings permit, thus enhancing the reputation of the hotel for first class service to the travelling public and, at the same time, protecting the property and increasing the future earning power of the Company.

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, 1937

ASSETS

CURRENT ASSETS:	
Cash in Banks and on Hand.....	\$ 44,354.17
Bonds and Stocks (Approximate Market Value as at 31st December, 1937—\$167,928.00).....	226,541.90
Accounts Receivable, less Reserve for Doubtful Accounts.....	73,334.76
Accrued Interest Receivable.....	1,264.99
Inventories of Stores, Supplies and Equipment at Cost (determined by responsible officials on the basis of physical inventories).....	98,196.81
TOTAL CURRENT ASSETS	443,692.63
PREPAID OPERATING EXPENSES.....	64,243.48
OTHER INVESTMENTS AT COST, less amount written off.....	3,450.00
FIXED ASSETS:	
Land.....	\$ 1,397,413.50
Building and Permanent Installations.....	7,494,251.50
Furnishings and Equipment.....	1,241,579.58
	10,133,244.58
Less Reserve for Depreciation.....	3,145,006.40
	6,988,238.18
	7,499,624.29
DEFERRED CHARGES:	
Unamortized Discount on First Mortgage Bonds Redeemed in 1927.....	91,190.39
First Mortgage Bonds—Refunding Expense.....	117,036.56
	208,226.95
Unamortized Organization Expense.....	8,000.00
	216,226.95
GOODWILL.....	900,000.00
DEFICIT.....	2,254,183.36
TOTAL	\$10,870,034.60

LIABILITIES

CURRENT LIABILITIES:	
Accounts Payable.....	\$ 316,028.75
Interest due and Accrued and Other Accrued Charges.....	162,031.63
Unclaimed Wages.....	1,274.22
Deferred Income—Rent received in Advance.....	5,000.00
TOTAL CURRENT LIABILITIES	484,334.60
FUNDED DEBT:	
5½% First Mortgage Loan—Repayable in Annual Instalments of \$120,000.00 and balance on 1st December, 1947, (Instalments due 1st December, 1932 to 1935 inclusive deferred by arrangement with Mortgagee. Instalments due 1st December, 1936 and 1937 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:	
68,169—6% Cumulative Preferred Shares of \$100.00 each.....	6,816,900.00
82—8% Cumulative Preferred Shares of \$100.00 each convertible into 82, 6% Cumulative Preferred Shares.....	8,200.00
\$600.00—8% Convertible Debentures Convertible into Six 6% Cumulative Preferred 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	\$2,935,051.00
Outstanding Scrip Dividend Certificates Payable out of Surplus Earnings only	1,706,425.00
TOTAL	\$10,870,034.60

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, 1937. The reserve for depreciation of Fixed Assets as at 31st December, 1937 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, 1937, 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, 1937, 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, 1938.

PEAT, MARWICK, MITCHELL & CO.,
AUDITORS.

THE MOUNT ROYAL HOTEL COMPANY, LIMITED
MONTREAL

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER, 1937

PROFIT for Year ended 31st December, 1937, after Operating Expenses, Taxes and Provision for Bad and Doubtful Accounts, but before Mortgage Interest, Amortization Charges and Depreciation.....		\$ 124,157.90
DEDUCT:		
Interest on First Mortgage Loan.....	\$195,800.00	
Amortization of Bond Discount.....	25,712.76	
Amortization of Refunding Expense.....	15,181.29	
Amortization of Organization Expense.....	<u>2,000.00</u>	
		238,694.05
Net Loss before providing for Depreciation.....		<u>114,536.15</u>
ADD:		
Provision for Depreciation.....		200,000.00
Net Loss for Year transferred to Deficit Account.....		<u><u>314,536.15</u></u>

DEFICIT ACCOUNT

DEFICIT as at 31st December, 1936.....		\$1,939,647.21
ADD Net Loss for Year ended 31st December, 1937.....		314,536.15
DEFICIT as at 31st December, 1937.....		<u><u>\$2,254,183.36</u></u>