



1000 ROOMS - 1000 BATHS



MOUNT ROYAL HOTEL

MONTREAL
CANADA

February 12th, 1944.

To the Shareholders of

THE MOUNT ROYAL HOTEL COMPANY LIMITED.

Your Directors submit herewith Profit and Loss Account for the year ended November 30th, 1943, together with audited Balance Sheet and Statement of Earned Surplus Account as of that date.

In the course of the year covered by these statements, your Company discharged all its obligations in respect of interest on its funded debt and paid by way of sinking fund on its First Mortgage Bonds the aggregate sum of \$319,000.

By virtue of these sinking fund payments, the total amount of First Mortgage Bonds outstanding has been reduced to \$2,825,000, an aggregate reduction since the reorganization of your Company in 1940 of \$735,000.

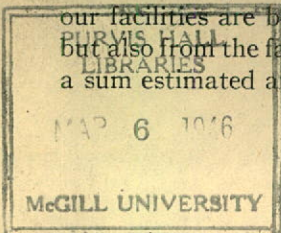
During the year, the amount of your Company's standard profits was ascertained by the Board of Referees pursuant to the Excess Profits Tax Act. It was found, as anticipated, that the reserves previously set up for income and excess profits taxes in respect of prior years were adequate. Accordingly, no adjustments in our accounts were necessitated by the decision of the Board.

After interest, depreciation and taxes, your Company realized net income from the year's operation of \$144,551.86. This is \$59,091.37 more than last year. Expenses, notably for labour, continue to increase, while our rates and prices remain subject to the controls imposed by the Wartime Prices and Trade Board.

As previously stated, the success of the operations of your Company since its reorganization in 1940 must be measured by the extent of the reduction, through sinking fund payments, of the amount of First Mortgage Bonds outstanding. In view of the Company's obligations in respect of the retirement of these Bonds and other requirements of the business, our working capital can be increased from year to year only to a very limited degree. At the end of the year under review, it amounted to \$249,339.17.

An unprecedented volume of business was transacted during the year, the facilities of the Hotel being on many occasions strained to the utmost in an effort to meet the demands made upon us for accommodation and services. During recent months, it has frequently been impossible to supply accommodation to all who sought it. This state of affairs is general throughout the hotel industry and results primarily from the movement into the large centres of great numbers of members of the armed-forces. We have estimated that over three-fourths of our patrons are either members of the armed services or business men engaged, directly or indirectly, upon war work.

In view of these conditions, you may properly feel that your Company is performing an essential public service directly related to the successful prosecution of the war. This results not only from the manner in which our facilities are being used by sailors, soldiers and airmen, and by non-combatants who are doing war work, but also from the fact that we will, in respect of the year under review, contribute in income and excess profits taxes a sum estimated at \$344,000.



During the course of the year under review, despite some measure of limitation upon our purchases of beverages, we were able to maintain our revenues from beverage sales at substantially the level of the previous year. There having been no relaxation of the restrictions on our purchases, a decline in the current year in revenues from beverage sales is to be expected.

There was spent during the year ended November 30th, 1943, on capital improvements the sum of \$12,400.38.

As in previous years, your Directors have found it to be expedient to charge off, by way of depreciation in respect of the year under review, the sum of \$200,000.

The rights of holders of Fractional Certificates for the Common Shares of this Company are now prescribed to expire on July 1st, 1944. Holders are urged to exercise their rights under and in accordance with the terms of such Certificates prior to that date.

Your Directors feel that your Company's business has been efficiently managed and record their appreciation of the services rendered by Mr. Cardy, Vice-President and General Manager, Mr. Shink, Executive Assistant and Treasurer, and by the heads of the various departments and members of our regular staff.

On behalf of the Directors,

W. H. HOWARD,
President.



DIRECTORS

W. M. BIRKS
F. D. CHAPMAN
*W. A. EDEN
ARTHUR FONTAINE
*WILBERT H. HOWARD, K.C.
*A. STEWART McNICHOLS
HON. E. L. PATENAUDE, K.C.
S. B. PECKHAM, C.A.
*E. G. SMITH

OFFICERS

President..... WILBERT H. HOWARD, K.C.
Vice-President and General Manager..... VERNON G. CARDY
Executive Assistant and Treasurer..... J. A. SHINK
Secretary..... G. H. MONTGOMERY, JR.
Comptroller and Asst.-Secretary..... JOHN F. BRYANT

*Members of the Executive Committee of the Board.

THE MOUNT ROYAL HOTEL COMPANY LIMITED

BALANCE SHEET AS OF NOVEMBER 30, 1943

ASSETS

CURRENT ASSETS:

Cash in Banks and on Hand.....	\$ 184,829.25
Dominion of Canada Bonds (par value \$250,000.00) at Cost.....	250,000.00
Other Marketable Securities at Book Value.....	5,150.00
(Market Value at November 30, 1943: \$3,605.00)	
Accounts Receivable, less Reserve for Doubtful Accounts.....	142,447.51
Accrued Interest Receivable.....	947.91
Inventories of Stores, Supplies and Equipment at not exceeding cost (determined by responsible Officials on basis of physical inventories).....	174,587.43
	757,962.10

PREPAID AND DEFERRED OPERATING EXPENSES..... 76,280.05

REFUNDABLE PORTION OF EXCESS PROFITS TAX—Estimated.. 45,000.00

INVESTMENTS, Less Amount Written Off..... 5,000.00

FIXED ASSETS:

Land.....	\$ 1,397,413.50
Building and Permanent Installations.....	7,557,092.81
Furnishings and Equipment.....	1,312,615.40
	10,267,121.71
Less Reserve for Depreciation.....	4,583,339.73
	5,683,781.98
	\$ 6,568,024.13

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable.....	\$ 145,905.62
Bond Interest Accrued.....	60,440.00
Other Accrued Charges.....	61,787.16
Reserve for Income and Excess Profits Taxes—Estimated.....	238,636.27
Unclaimed Wages.....	1,853.88
	508,622.93

FUNDED DEBT:

4% First Mortgage Bonds, due 1947:	
Issued.....	\$3,560,000.00
Less Redeemed to November 30, 1943.....	735,000.00
	2,825,000.00
4% General Mortgage Convertible Bonds, due 1950:	
Amount Subscribed.....	197,000.00
	3,022,000.00

CAPITAL STOCK:

Authorized—175,000 Shares of No Par Value.	
Issued —136,617 Shares	
To be issued 3,000 Shares	
	139,617 Shares.....
	1,811,476.00

CAPITAL SURPLUS..... 865,339.86

EARNED SURPLUS..... 315,585.34

DEFERRED SURPLUS—Represented by Refundable Portion of Excess Profits Tax..... 45,000.00

\$ 6,568,024.13

Signed on behalf of the Board:

W. H. HOWARD, DIRECTOR.

A. STEWART McNICHOLS, DIRECTOR.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the accounts of The Mount Royal Hotel Company Limited for the year ended November 30, 1943, and 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, in our opinion, the above Balance Sheet as of November 30, 1943, is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as of November 30, 1943, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

MONTREAL, January 28, 1944

PEAT, MARWICK, MITCHELL & CO.,
AUDITORS.

THE MOUNT ROYAL HOTEL COMPANY LIMITED

MONTREAL

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED NOVEMBER 30, 1943

GROSS REVENUE		\$3,661,847.21
OPERATING EXPENSES, including Cost of Current Maintenance, Repairs and Renewals and provision for Bad and Doubtful Accounts, but before Bond Interest and Depreciation . . .		2,844,834.34
		817,012.87
DEDUCT:		
Interest on First Mortgage Bonds	\$ 120,595.01	
Interest on General Mortgage Bonds	7,866.00	
Provision for Depreciation	200,000.00	
		328,461.01
Net Profit		488,551.86
Provision for Income and Excess Profits Taxes— <i>Estimated</i> , of which \$45,000.00 is refundable under the Provisions of the Excess Profits Tax Act		344,000.00
NET INCOME FOR YEAR		\$ 144,551.86

EARNED SURPLUS

Amount at November 30, 1942		\$ 170,470.98
ADD:		
Profit on Sale of Dominion of Canada Bonds		562.50
Net Income for Year ended November 30, 1943		144,551.86
Amount at November 30, 1943		\$ 315,585.34