



1000 ROOMS - 1000 BATHS



MOUNT ROYAL HOTEL

MONTREAL
CANADA

February 1st, 1946.

To the Shareholders of
THE MOUNT ROYAL HOTEL COMPANY LIMITED.

Your Directors submit herewith Profit and Loss Account for the financial year of the Company ended November 30th, 1945, together with audited Balance Sheet and Statement of Earned and Capital Surplus Accounts as of that date.

In the course of the year under review, your Company discharged all its obligations in respect of Interest on its Funded Debt. There was paid by way of Sinking Fund on your Company's First Mortgage Bonds the aggregate sum of \$220,000, and General Mortgage Bonds to the principal amount of \$14,500 were purchased at a discount. The Bonds so purchased were cancelled. In addition, and under the provisions of Section 24 of the Trust Deed securing the General Mortgage Bonds, \$14,500 of these Bonds were converted into Shares of No Par Value of the Capital Stock of the Company.

By virtue of these Sinking Fund Payments and Conversion, the principal amounts of First and General Mortgage Bonds of your Company, outstanding at November 30th, 1945, were reduced to \$2,340,000 and \$18,000 respectively. Since that date, an additional \$25,000 has been paid by way of Sinking Fund on the First Mortgage Bonds in respect of the financial year of the Company covered by this report, and such Bonds have thereby been reduced to \$2,315,000 principal amount.

The Net Income from the year's operations amounted to \$189,277.94 as compared to \$195,723.68 for the previous year.

Expenses, principally for labour, continue to rise, while we are still restricted as to selling rates and prices by the controls imposed by the Wartime Prices and Trade Board.

The volume of business handled during the year was exceptionally heavy and every means at our disposal, such as the facilities of our special reservation bureau, were made available to guests whom we could not accommodate in the Hotel to help them find suitable quarters elsewhere.

During the year under review, your Company spent on capital improvements the sum of \$58,596.84. Of this amount \$44,609 represented further expenditures on the long delayed program of renewal and modernization of our guest elevators.

There was charged during the year an amount of \$181,728.96 for Depreciation in accordance with the usual Income Tax rates.

COMMERCIAL

LIBRARY

UNIVERSITY

In the course of the year your Directors thought it expedient in the best interests of the Company to establish a Pension Plan for the employees of the Company. All male and female employees, of the ages of 21 and 25 years or over, respectively, and who had at least 5 years of service with the Company were privileged to join the Plan. The retirement age under the Plan is 65 years. It is believed that this progressive measure will contribute materially to the maintenance of the best possible relations with our employees.

The rights of holders of Fractional Certificates for the Common Shares of this Company are now prescribed to expire on July 1st, 1946. The period of time originally granted has already been extended four times and it is not the intention of your Company, at this time, to further extend the expiry date of these Fractional Certificates beyond the above mentioned date. Holders are therefore urged to exercise their rights, prior to that date, under and in accordance with the terms of such certificates.

Your Directors, during the year resumed the payment of dividends, aggregating 60c per share.

The Company recently sustained the loss of a member of its Board of Directors in the death of Mr. George A. Ross, prominent Architect, who died suddenly while resting in his home. Mr. Ross designed and had charge of the construction of the Mount Royal Hotel, as well as several other leading hotels and important buildings in Canada. He took office as a Director of the Company on March 6th, 1945, and served as a member of the Executive Committee of the Board. His counsel and experience were greatly valued by his associates on the Board.

Your Directors desire to record their appreciation of the loyal support received from the Management, Heads of Departments, and all members of the Staff, as well as for maintaining a courteous and efficient service to the guests of the Hotel under the strenuous and heavy demands made by the travelling public.

On Behalf of the Directors,

VERNON G. CARDY,
President.

DIRECTORS

*VERNON G. CARDY	HON. E. L. PATÉNAUDE, K.C.
*W. A. EDEN	W. R. SALTER, K.C.

OFFICERS

President.....	VERNON G. CARDY
Vice-President.....	W. A. EDEN
Vice-President and Secretary-Treasurer.....	J. A. SHINK
Comptroller and Asst.-Secretary.....	J. F. BRYANT

**Members of the Executive Committee of the Board*

THE MOUNT ROYAL HOTEL COMPANY LIMITED

BALANCE SHEET AS OF NOVEMBER 30, 1945

ASSETS

CURRENT ASSETS:	
Cash in Banks and on Hand.....	\$ 161,597.12
Dominion of Canada Bonds (par Value \$450,000.00) at Cost.....	450,000.00
Other Marketable Securities at Book Value.....	5,150.00
(Market Value at November 30, 1945: \$7,725.00)	
Accounts Receivable, less Reserve for Doubtful Accounts.....	186,041.75
Accrued Interest Receivable.....	1,937.50
Inventories of Stores, Supplies and Equipment at not exceeding Cost (determined by responsible Officials on basis of physical inventories)	106,165.31
	910,891.68
 PREPAID AND DEFERRED OPERATING EXPENSES.....	 85,348.55
 REFUNDABLE PORTION OF EXCESS PROFITS TAX — Estimated..	 95,800.00
 INVESTMENTS, less amount written off.....	 5,000.00
 FIXED ASSETS:	
Land.....	\$1,397,413.50
Building and Permanent Installations.....	7,643,567.71
Furnishings and Equipment.....	1,320,054.26
	10,361,035.47
Less Reserve for Depreciation.....	5,608,944.87
	4,752,090.60
	<u>\$5,849,130.83</u>

Signed on behalf of the Board:
V. G. CARDY, DIRECTOR,
W. A. EDEN, DIRECTOR.

LIABILITIES

CURRENT LIABILITIES:	
Accounts Payable.....	\$ 436,425.50
Accrued Interest and other charges.....	175,353.72
Reserve for Income and Excess Profits Taxes — Estimated.....	79,231.59
Unclaimed Wages.....	2,658.58
Balance of Sinking Fund Instalment on First Mortgage Bonds in respect of year ended November 30, 1945.....	25,000.00
	\$ 718,669.39
 FUNDED DEBT:	
4% First Mortgage Bonds, due 1947:	
Issued.....	\$3,560,000.00
Less:	
Redeemed to November 30, 1945..	\$1,220,000.00
Balance of Sinking Fund	
Instalment paid subsequent to	
November 30, 1945.....	25,000.00
	1,245,000.00
	2,315,000.00
4% General Mortgage Convertible Bonds, due 1950 — Amount Subscribed....	197,000.00
Less Redeemed to November 30, 1945.....	179,000.00
	18,000.00
	2,333,000.00
 CAPITAL STOCK:	
Authorized 175,000 Shares of no par value	
Issued 141,067 shares.....	1,825,976.00
 CAPITAL SURPLUS.....	 258,488.68
 EARNED SURPLUS.....	 617,196.76
 DEFERRED SURPLUS—Represented by Refundable Portion of Excess Profits Tax.....	 95,800.00
	<u>\$5,849,130.83</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the accounts of The Mount Royal Hotel Company Limited for the year ended November 30, 1945, 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, 1945, 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, 1945, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

MONTREAL, February 1st, 1946

PEAT, MARWICK, MITCHELL & CO.,
AUDITORS.

THE MOUNT ROYAL HOTEL COMPANY LIMITED

MONTREAL

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED NOVEMBER 30, 1945

PROFIT for Year ended November 30, 1945, after deducting Operating Expenses, including Repairs and Renewals, and provision for Bad and Doubtful Accounts, but before charges for Bond Interest and Depreciation.....	\$728,911.15
DEDUCT:	
Interest on First Mortgage Bonds.....	\$ 97,544.44
Interest on General Mortgage Bonds.....	1,359.81
Provision for Depreciation.....	181,728.96
	280,633.21
Net Profit.....	\$448,277.94
Provision for Income and Excess Profits Taxes — <i>Estimated</i> , of which \$26,800.00 is refundable under the provisions of the Excess Profits Tax Act.....	259,000.00
NET INCOME FOR YEAR.....	\$189,277.94

EARNED SURPLUS

Amount at November 30, 1944.....	\$511,584.02
DEDUCT:	
Dividends paid.....	84,640.20
	\$426,943.82
ADD:	
Profit on Sale of Dominion of Canada Bonds.....	975.00
Net Income for Year ended November 30, 1945.....	189,277.94
Amount at November 30, 1945.....	\$617,196.76

CAPITAL SURPLUS

Amount at November 30, 1944.....	\$257,263.68
ADD:	
Surplus arising from the purchase of the Company's 4% General Mortgage Bonds.....	1,225.00
Amount at November 30, 1945.....	\$258,488.68