

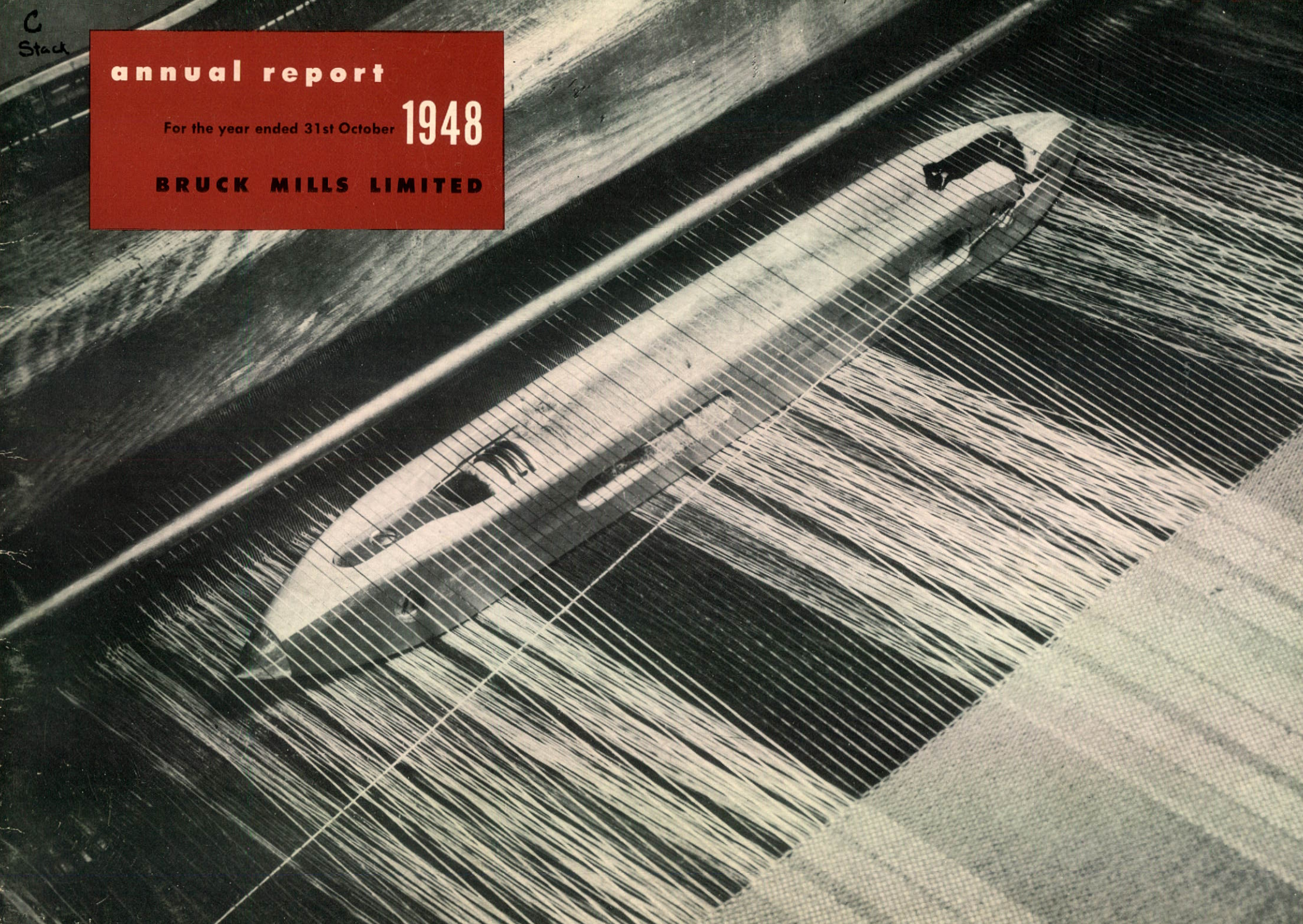
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Stack

annual report

For the year ended 31st October

1948

BRUCK MILLS LIMITED





ISAAC I. BRUCK

The passing of our late president, Isaac I. Bruck, is a great loss, not only to Bruck Mills, but to the textile industry of Canada as a whole. A pioneer in the textile field in this country, he built an organization, now twenty-seven years old, which will always remember him for his vision, sincerity and kindness. His efforts are largely responsible for an industry which now employs many thousands and has become an important part of Canada's economic system. Isaac Bruck's accomplishments are a tremendous inspiration to those who follow in his footsteps. Bruck Mills are proud to carry the name of a man of great vision.

directors	L. N. Buzzell Isaac I. Bruck Gerald L. Bruck Robert J. Bruck Morton Darling	H. D. Dwyer L. S. Lee Rene B. Perrault Wallace B. Phillips H. Stern
officers	<i>President and Treasurer</i> I. I. Bruck <i>Vice-President</i> Gerald L. Bruck <i>Vice-President</i> Robert J. Bruck <i>Vice-President</i> L. S. Lee <i>Secretary</i> H. Stern	
general offices	460 St. Catherine Street West, Montreal	
sales offices	Montreal: 460 St. Catherine Street West Toronto: 332 Adelaide Street West Winnipeg: 304 New Hargrave Building Vancouver (representative): 1355 Parker Street	
u.s. office	868 Sixth Avenue, New York	
overseas offices	England: 39 King Street, Cheapside, London E.C.2 (<i>Bruck Silk Mills (Eng.) Limited</i>) Australia: 84 Flinders Lane, Melbourne 181 Clarence Street, Sydney	
bankers	Bank of Montreal National City Bank of New York	
transfer agents	Montreal Trust Company, Montreal and Toronto City Bank Farmers Trust Company, New York	
registrars	Canadian Trust Company, Montreal Montreal Trust Company, Toronto National City Bank of New York, New York	

Entrance - Sherbrooke Mill



BRUCK MILLS LIMITED

annual report
for the year ended
October 31, 1948.



report to the shareholders

Montreal, Que., Jan. 19, 1949.

To the Shareholders of
Bruck Mills Limited.

In placing before you the financial report of your company for the year ended October 31st, 1948, I am mindful of the unfortunate loss we have suffered since our last Annual Meeting. I refer to the passing of our late Founder and President, Isaac I. Bruck. During his lifetime he never spared himself in his devoted efforts in the interests of the company and its shareholders. He will long be remembered with gratitude by his associates for his fine personality and endearing qualities, and by his employees for his constant endeavours towards their welfare and security. To the Directors and personnel of this company his passing created a deep sense of personal loss.

Results for the year under review have been extremely gratifying. The year's operations were highlighted by the greatest sales volume and net profits in your company's history. Net sales increased by 28.2% over the previous fiscal period. This volume has been made possible by several factors:—

General conditions throughout the country were favourable, resulting in continued consumer demand for quality rayon materials.

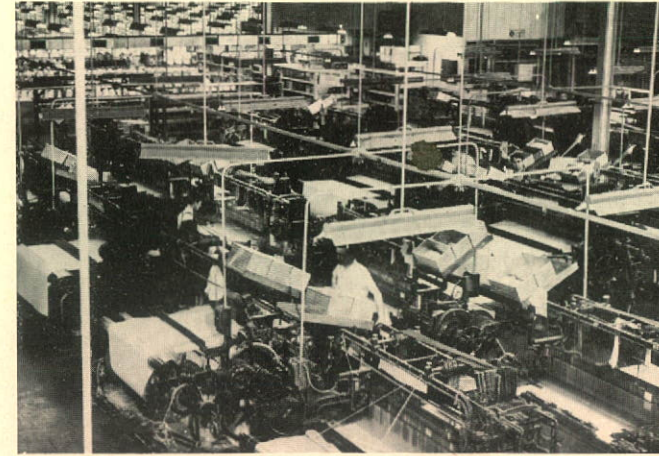
The growing demand for Bruck Fabrics has enabled your company to claim an ever-increasing share of the market. Although there has been a considerable reduction in exports due to the inability of foreign countries to provide the necessary dollars, such reductions have been more than offset by increased domestic sales. Your company's comprehensive advertising programme is proving most helpful in broadening the domestic market for the widely diversified range of Bruck Fabrics.

The satisfactory condition of your company's manufacturing plants has enabled it to produce the greatest yardage in its history. The policy of leaving most of the earnings in the business during the years has made it possible for the productive facilities of the plants to be greatly enlarged and improved. During the year under review \$851,000 was spent on capital equipment. This completes your company's current plant expansion programme, but from time to time further modernization and replacement projects will have to be undertaken. The operating expenses of the year include a charge for depreciation of \$444,644, which is an increase of \$178,651 over the previous year.

While there was a substantial reduction in Federal income levies, your company was still called upon to provide approximately 41.4/10% of the year's profits for Federal and Provincial taxes.

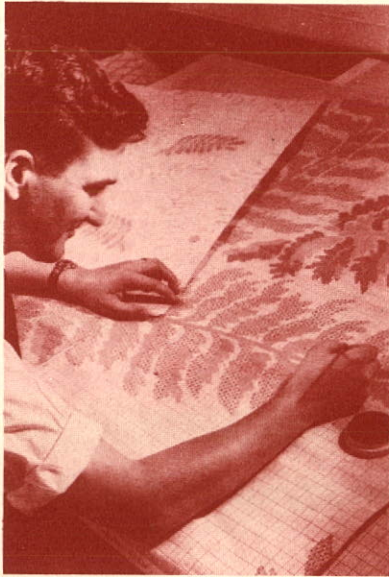
It has been the policy of your management to maintain low inventories. The inventory at October 31st, 1948, was \$2,483,124, which is satisfactory, considering the large increase in sales volume. Most of the inventory consists of raw and semi-processed material in amounts which represent minimum manufacturing quantities needed to carry on full operations. Values are calculated on the basis of cost or market—whichever is lower.

During the year, Directors and Shareholders approved a change in the corporate name of the company from BRUCK SILK MILLS LIMITED to BRUCK MILLS LIMITED, and likewise a change in the Capital structure of your company, by which each old Common share was replaced by one Class "A" and two Class "B" shares. Dividends totalling \$187,500 were declared and paid during the fiscal year ended October 31st, 1948. These payments represented \$1.50 per share on the old Common Stock.



Weave Room,
Sherbrooke

During the month of November, 1948, the Directors declared a 30c. regular quarterly dividend on the new Class "A" shares and a regular quarterly dividend of 7½c. on the new Class "B" shares, payment of which was made December 15th, 1948. In terms of the old stock, the new rate will represent an amount of \$1.80 per share for the current year as against \$1.50 per share for the prior year.



Jacquard
Designing

The operations of Bruck Mills (Australia) Limited are developing favourably. The productive capacity and sales are increasing steadily and operations for the fiscal year ended June 30th, 1948 were on a profitable basis.

During the year under review further voluntary wage increases were granted by the management to its increased staff, which now number 1,759 as compared to 1,576 a year ago. It is most gratifying to acknowledge the continued pleasant Employee-Management relations. On behalf of the Directors I desire to convey to all personnel grateful appreciation for their fine cooperation which has contributed so substantially to the attainment of the excellent results shown herein.

The satisfactory condition of your company's plants and the wide acceptance of its products augurs well for continued profitable operations.

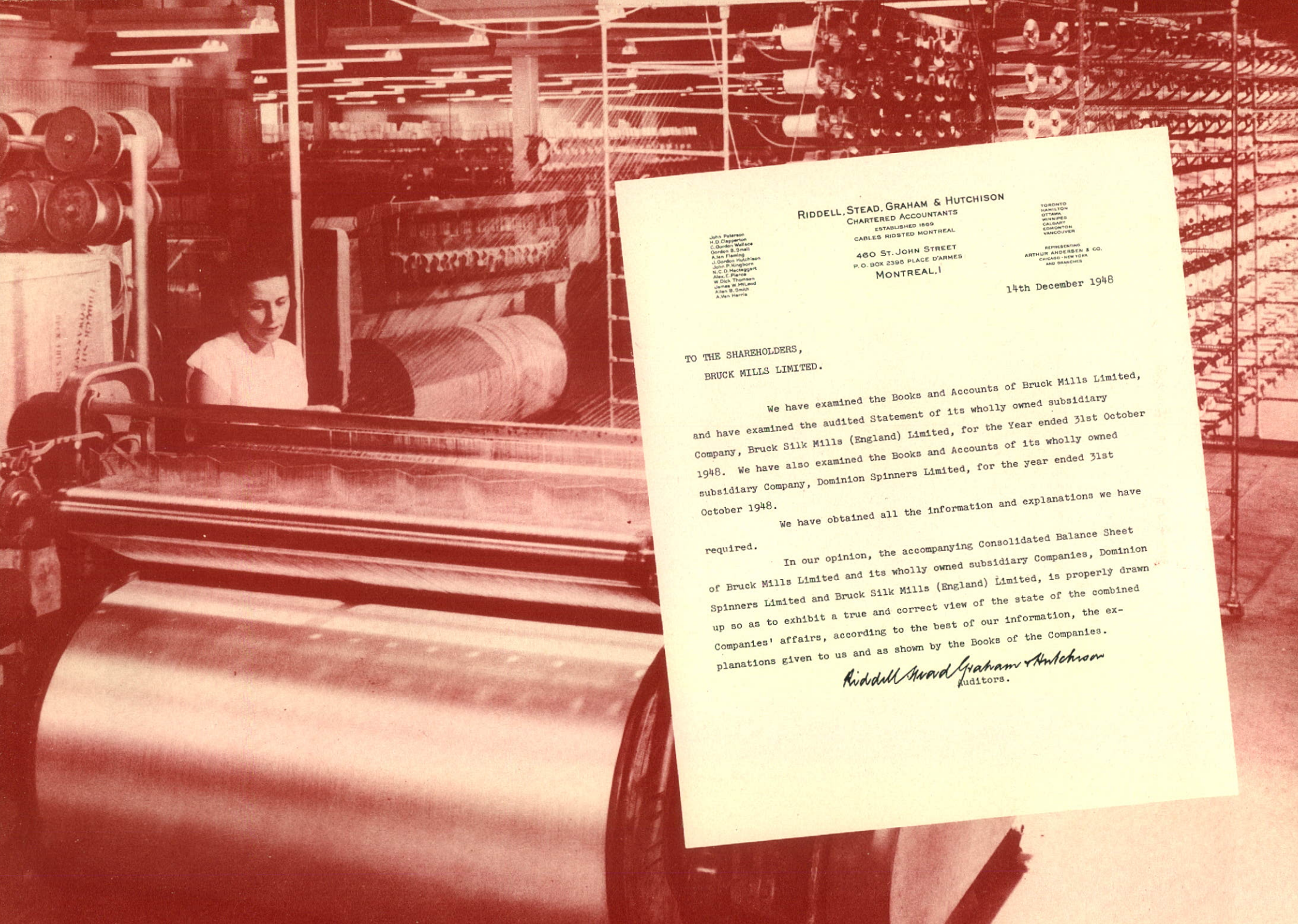
Submitted on behalf of the Board,

A handwritten signature in red ink, reading "George L. Brown E." The signature is written in a cursive style.

President.



Package dyeing



RIDDELL, STEAD, GRAHAM & HUTCHISON
CHARTERED ACCOUNTANTS
ESTABLISHED 1899
CABLES RIDSTED MONTREAL
460 ST. JOHN STREET
P. O. BOX 2398 PLACE D'ARMES
MONTREAL 1

TORONTO
HAMILTON
OTTAWA
WINDSOR
CALGARY
EDMONTON
VANCOUVER

REPRESENTING
ARTHUR ANDERSEN & CO.
CHICAGO - NEW YORK
AND BRANCHES

14th December 1948

TO THE SHAREHOLDERS,
BRUCK MILLS LIMITED.

We have examined the Books and Accounts of Bruck Mills Limited, and have examined the audited Statement of its wholly owned subsidiary Company, Bruck Silk Mills (England) Limited, for the Year ended 31st October 1948. We have also examined the Books and Accounts of its wholly owned subsidiary Company, Dominion Spinners Limited, for the year ended 31st October 1948.

We have obtained all the information and explanations we have required.

In our opinion, the accompanying Consolidated Balance Sheet of Bruck Mills Limited and its wholly owned subsidiary Companies, Dominion Spinners Limited and Bruck Silk Mills (England) Limited, is properly drawn up so as to exhibit a true and correct view of the state of the combined Companies' affairs, according to the best of our information, the explanations given to us and as shown by the Books of the Companies.

Riddell Stead Graham & Hutchison
Auditors.

consolidated
balance
sheet

as at 31st October 1948

BRUCK MILLS

and Wholly Owned Subsidiary
Dominion Spinners Limited
and Bruck Silk Mills (England) Limited

assets

CURRENT ASSETS

Cash on Hand and in Banks			\$85,407	
Cash Surrender Value of \$475,000.00				
Life Insurance			180,309	
Deposit with Insurance Underwriters			21,346	
Accounts Receivable—Less Reserve			221,148	
Inventories—Manufacturing materials, either raw, in process or in finished state, valued at the lower of cost or market. Other manufacturing elements at cost			<u>2,483,124</u>	\$2,991,334

OTHER ASSETS

Refundable portion of Excess Profits Tax			246,759	
Investments at cost—				
Marketable	\$595,296			
Less: Balance uncalled thereon	<u>18,954</u>	\$576,342		
Approximate Market Value				
£247,602 Australian (or \$802, 232 subject to foreign exchange restrictions)				
Non-Marketable		<u>4,775</u>	581,117	
Investment in wholly owned Subsidiary Company—not consolidated—at cost			5,000	
Prepaid Charges			77,432	
Trademarks, Processes, etc.			<u>1</u>	910,309

FIXED ASSETS

Land, Buildings, Machinery, Furniture and Fixtures, etc.			5,324,998	
Deduct: Reserve for Depreciation	1,816,733			
Reserve for Amortization of Appraisal				
Appreciation	344,186		<u>2,160,919</u>	3,164,079

As per valuations by Canadian Appraisal Company Limited, of Bruck Mills Limited's fixed assets dated 29th April 1944 and of Dominion Spinners Limited's fixed assets dated 31st July 1946, with subsequent additions at cost, less retirements. (Amount of appraisal write up over former values, \$2,022,041)

\$7,065,722

Signed on behalf of the Board:

GERALD BRUCK, *Director*

HARRY STERN, *Director*

LIMITED

Companies

liabilities

CURRENT LIABILITIES

Accounts Payable and Accrued Charges	\$734,680	
Bills Payable	210,747	
Provision for Dominion and Provincial Profits Taxes	489,040	
Bank Loan—Current Portion	<u>70,000</u>	\$1,504,467

BANK LOAN—repayable in instalments due

15th December 1949 to		380,676
15th December 1952		

CAPITAL, SURPLUS AND RESERVE

Capital—		
Authorized—150,000 Class "A" Shares N.P.V.		
—300,000 Class "B" Shares N.P.V.		
Issued and fully paid—		
125,000 Class "A" Shares	787,500	
250,000 Class "B" Shares	1,815,587	
Capital Surplus—per statement attached	1,910,733	
Earned Surplus—per statement attached	246,759	
Deferred Surplus—Refundable portion of Excess Profits Tax	<u>420,000</u>	5,180,579
Reserve for Contingencies		

CONTINGENT LIABILITIES

Trade paper under discount with Bank	<u>\$1,004,699</u>	
Guarantee of Mortgages on Employees' Houses	<u>\$4,156</u>	

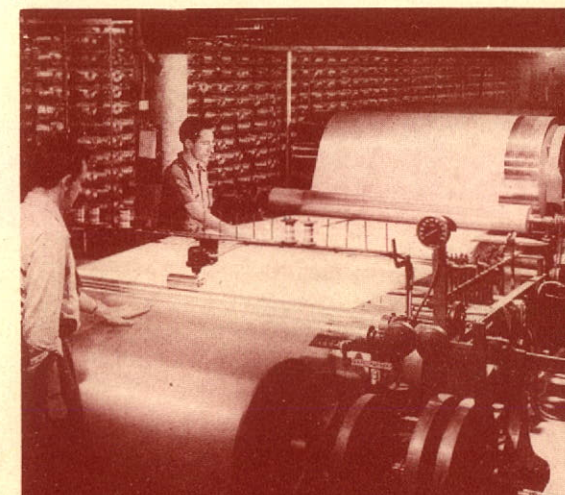
\$7,065,722

MONTREAL, 14th DECEMBER 1948

Submitted with our report of this date.

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON,
Chartered Accountants,
Auditors.

Slasher,
Sherbrooke



BRUCK MILLS LIMITED

And Wholly Owned Subsidiary Co

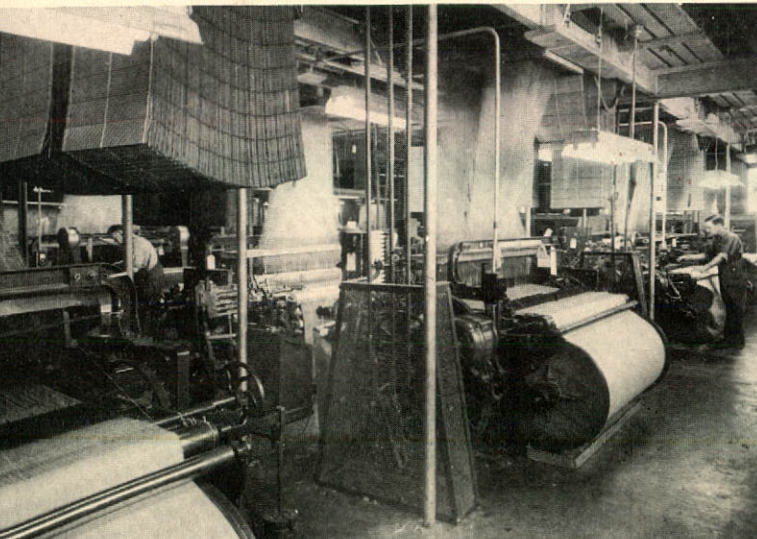
consolidated statement of income and expenditure

For the Year Ended 31st October 1948

Gross Profit from Trading			\$3,057,861
Selling, Delivery, Administrative and other Expenses	\$853,068		
(Executive Officers' Remuneration \$85,565			
Directors' Fees	4,400		
Legal Fees and Expenses	<u>7,714</u>	\$865,182	
Depreciation		<u>444,644</u>	<u>1,309,826</u>
			1,748,035
			<u>27,153</u>
			1,775,188
			<u>733,922</u>
			<u>\$1,041,266</u>

Deduct: Provision for Dominion and Provincial Profits
Taxes

Net Income for the year ended 31st October 1948



Jacquard Weaving,
Sherbrooke

**consolidated statement
of earned surplus**
at 31st October 1948

Balance at Credit 31st October 1947		\$1,237,653	
Adjustments applicable to prior years		<u>1,087</u>	\$1,236,566
Portion of refundable Excess Profits Tax received			<u>20,401</u>
			1,256,967
Net Income for the year ended 31st October 1948		1,041,266	
<i>Less:</i> Dividends paid	\$187,500		
Transferred to Contingent Reserve	<u>200,000</u>	<u>387,500</u>	<u>653,766</u>
Balance at Credit 31st October 1948			<u><u>\$1,910,733</u></u>

**consolidated statement
of capital surplus**
at 31st October 1948

Arising from Appraisal Appreciation—Balance at Credit 31st October 1947		\$1,406,418	
<i>Less:</i> Proportion of Appraisal Appreciation applicable to disposals of Fixed Assets during the year	\$2,667		
Amortization of Appraisal Appreciation	<u>108,649</u>	<u>111,316</u>	\$1,295,102
<i>Other—</i>			
Balance at Credit 31st October 1947		426,135	
Profit on Sale of Fixed Assets	13,949		
Profit on sale of Investments	<u>80,401</u>	<u>94,350</u>	<u>520,485</u>
Balance at Credit 31st October 1948			<u><u>\$1,815,587</u></u>

how the 1948
sales dollar
was distributed



material cost 36.8¢



wages 21.2¢



factory expense
and supplies 15.3¢

taxes 6.4¢

administrative and
selling expenses 7.4¢

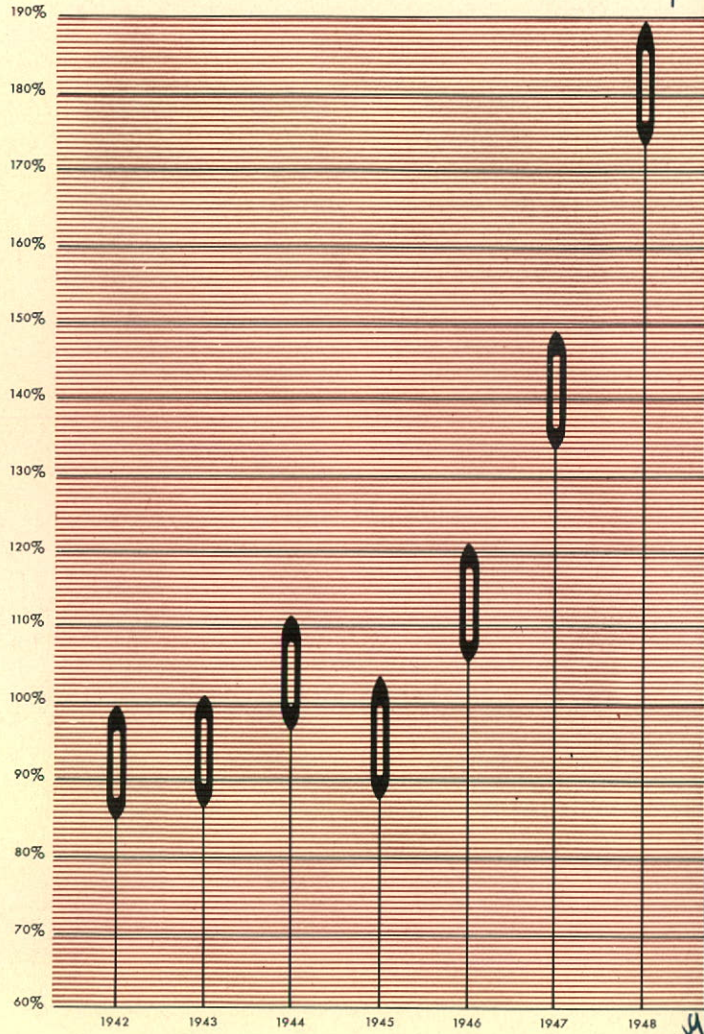
depreciation 3.8¢

dividends paid 1.7¢

to surplus account 7.4¢

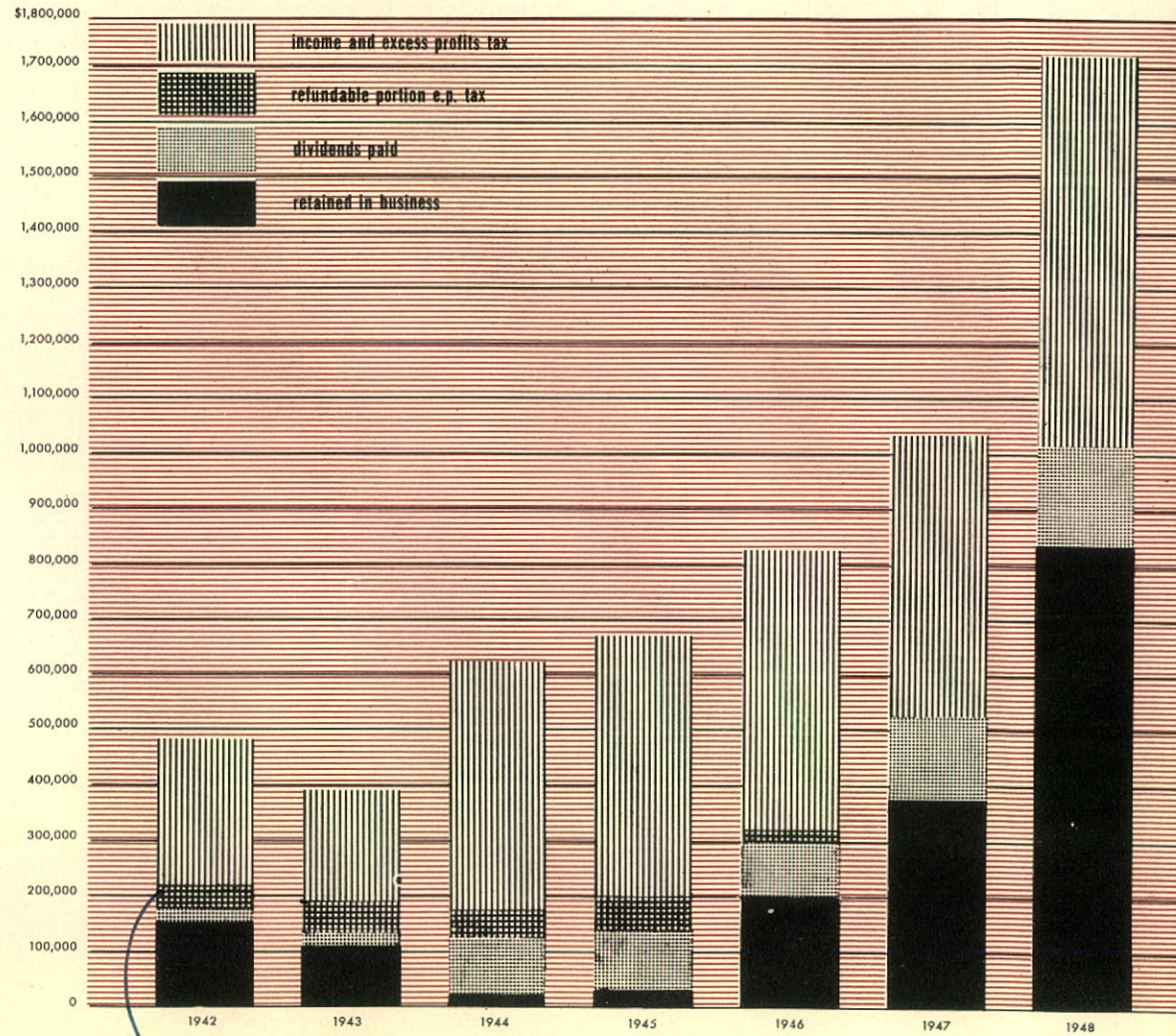
net sales comparison

expressed in percentages: 1942 = 100%

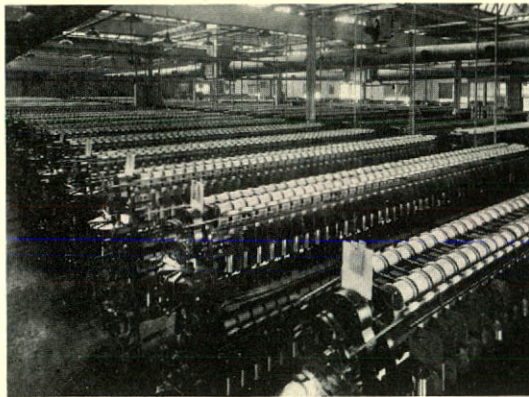


1949

distribution of net income



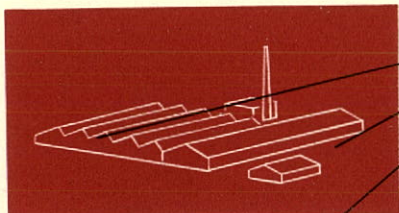
use diagonal



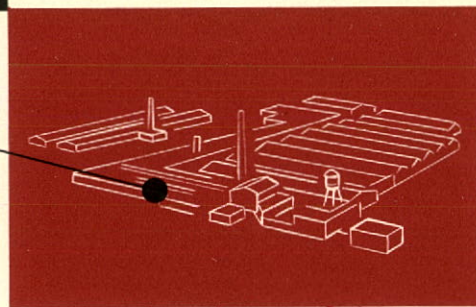
● throwing



● weaving



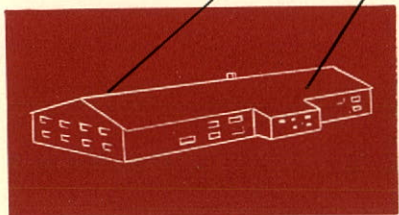
Dominion Spinners Limited
St. Johns, Quebec



Bruck Mills Limited,
Cowansville, Quebec



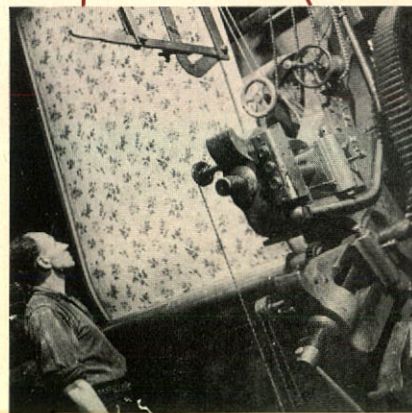
● dyeing



Farnham Division,
Quebec

Represented on this page are views of the Cowansville, St. Johns and Farnham Divisions.

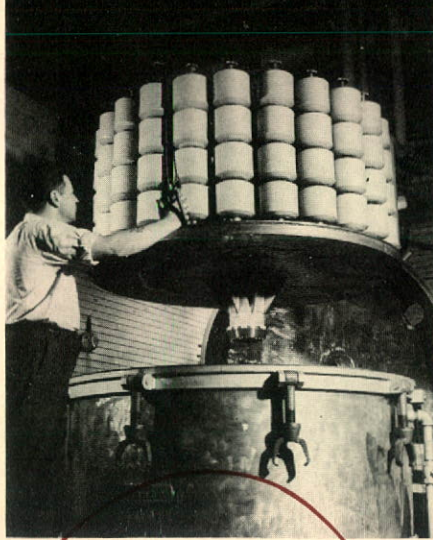
The Cowansville mill is the company's original and largest plant. In addition to the preparation and the weaving of fabrics, it has complete dyeing, printing and finishing facilities. It is here that the yarns processed by the St. Johns and Farnham Divisions are consumed. Here, also, a good part of the fabrics woven in the Sherbrooke unit is dyed, printed and finished before being shipped to customers in Canada and abroad.



● machine printing



● finishing



yarn dyeing

During the past year, the Sherbrooke plant has been brought into full operation. Shown here are some interiors of this manufacturing unit. This mill produces drapery, upholstery, linings and sportwear fabrics, together with a variety of other specialized types. The Sherbrooke Division employs over 300 persons.



inspection

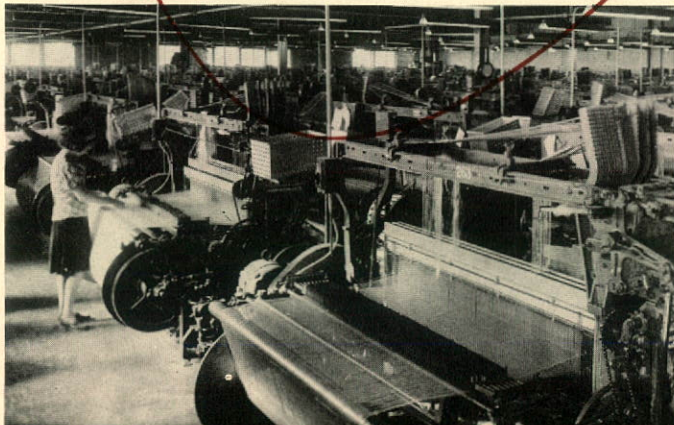
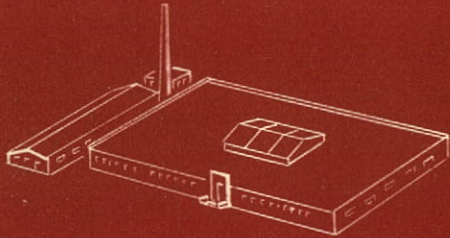
**Bruck Mills Limited
Sherbrooke, Que.**



coning of yarn

weaving

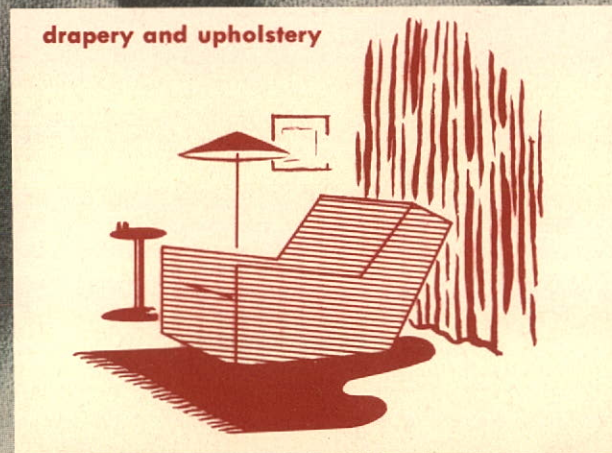
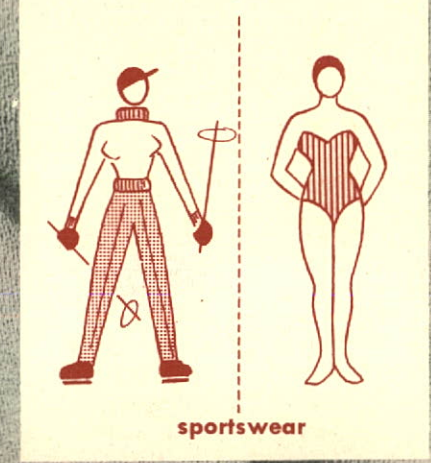
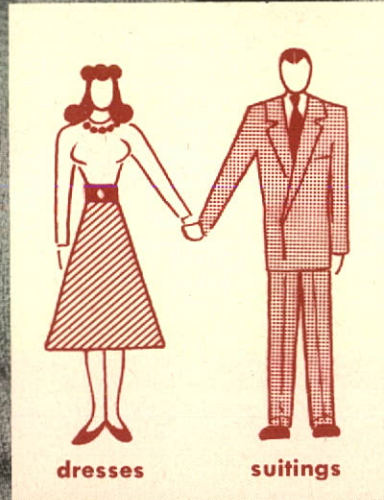
skein dyeing



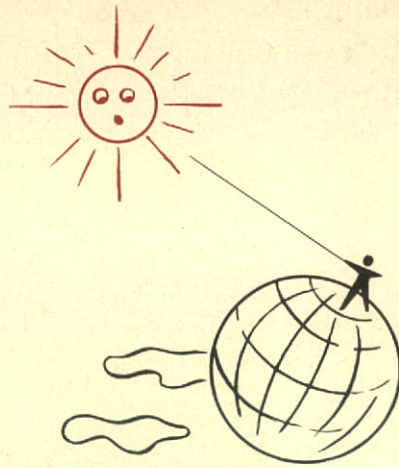
products

Your company's plants produce a variety of fabrics too numerous to illustrate on this page.

Bruck's long-range planning has always included diversity of manufacture in order to insure the company's sales against local disturbances in any one branch of the soft goods industry. Your company is an important supplier of materials to those industries manufacturing dresses, men's clothing, sportswear, drapery, upholstery, bathing suits and others.



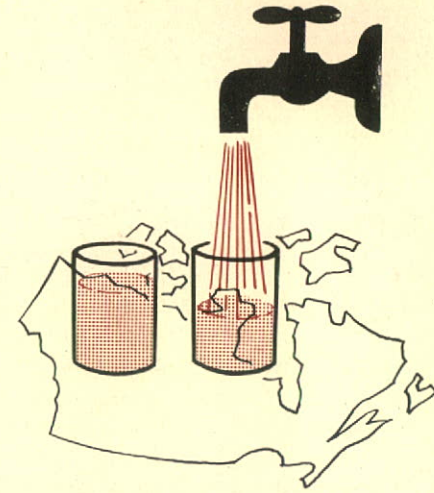
even
ripley
might be
amazed



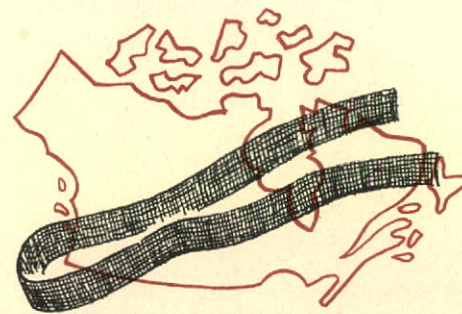
The thread used annually in the Bruck mills would reach three-quarters of the way to the sun... 68,000,000 miles of it woven into cloth.



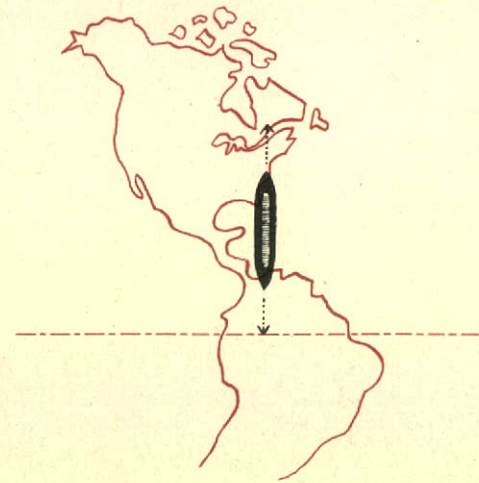
The same consumption of thread annually would reach around the world at the Equator 27,000 times.



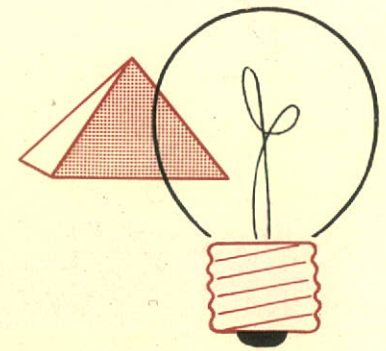
Sufficient water is consumed by the mill dye house each day to give each person in Canada one and a half tumblers of water.



The Bruck Fabrics woven each year would stretch, a yard wide, across Canada and all the way back again.



Each hour, the shuttles in the looms in the Bruck mills travel the equivalent distance from Montreal to Lima, Peru.



The daily consumption of electricity in the Bruck mills would have been sufficient to have kept a 25-watt bulb burning since the days the pyramids were built, over 4000 years ago.



The Santa Claus parade is a gala event in Sherbrooke and Cowansville every Yuletide.



The mills are gaily decorated and little children line up for gifts from Santa and the Good Fairy.

The streets are lined with excited children as Santa's float passes onward to the mill.



employee relations

Each year the people of the Town of Cowansville and surrounding districts come to see the long-awaited Bruck Mills Santa Claus parade. Sherbrooke, too, welcomes Santa and his retinue. After the parade, gifts are given to all children attending. This year they numbered 4,500.

Although "Christmas comes but once a year," the management feels that this page illustrates an important phase of your company's activities. It depicts the close relationship which exists between your company, its employees, and the communities in which the plants are located.

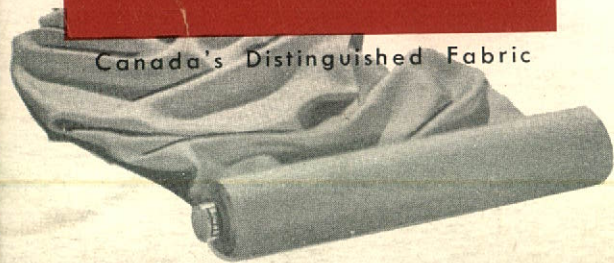
Your company's employee relations program includes free medical attention, social aids, entertainment and organized sports. Recreational facilities which are available to the employees and the community include a ball park, hockey rink and club house.





Bruck
F A B R I C S

Canada's Distinguished Fabric



*photography: Hugh Frankel
design: Eveleigh-Dair
printing: Benallack Press Ltd.*