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annual report *for the year ended Oct. 31, 1949*

Bruck Mills Limited

bruck mills limited

annual report

for the year ended 31st October

1949

directors	N. Berkman Gerald L. Bruck Robert J. Bruck L. N. Buzzell Morton Darling	Hon. Gaspard Fauteux L. S. Lee Rene B. Perrault Wallace B. Phillips H. Stern
officers	<i>President</i> <i>Executive Vice-President</i> <i>Vice-President</i> <i>Secretary and Treasurer</i>	Gerald L. Bruck Robert J. Bruck L. S. Lee 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: 305 Cambie Street	
u.s. office	868 Sixth Avenue, New York	
overseas offices	England: 39 King Street, Cheapside, London, E.C.2 (Bruck Silk Mills (Eng.) Limited) 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	Montreal Trust Company, Montreal Montreal Trust Company, Toronto National City Bank of New York, New York	

14th December, 1949.

report

to the shareholders:

I am pleased to place before you the financial report of your company for the year ended October 31st, 1949.

The year under review has shown a definite trend toward a buyer's market in the rayon textile industry. This has, in part, been brought about by increased domestic supply resulting from shrinking export markets and the increased importation of textiles into Canada, particularly from Britain. During the period under review competition in the industry was keenest since 1940. Despite these conditions it is gratifying to report that your company increased its sales volume by 16% over the previous fiscal year and earned a net profit, after all charges, of \$1,054,974 which compares with \$1,041,266 for the previous year.

Net sales of \$13,035,765 were almost exclusively to domestic accounts. As a result of world monetary difficulties which have at least temporarily disrupted the export trade of this industry, your company's foreign shipments represented a small fraction of total sales.

The working capital position of your company has been increased by an amount of \$1,151,994, including \$297,864 provided from life insurance benefits on the life of our late President, Isaac I. Bruck.

It is to be noted that during the year under review your company spent the sum of \$653,283 for capital equipment, compared to \$851,000 for the previous year. Of special significance is the fact that the operating expenses for the year include a charge for depreciation of \$645,111 as against one of \$444,644 for the previous fiscal period.

In line with your management's policy to maintain inventories at minimum requirements, your company closed its year with an inventory of \$2,281,775 reflecting a decrease of \$201,349 from that of October 31st, 1948. This was accomplished despite increased sales volume. However, present conditions indicate that larger inventories may be necessary to carry on a similar volume of business in the future.

As a result of your company's satisfactory earnings and working capital position, your Directors voted three extra $7\frac{1}{2}\text{¢}$ quarterly dividends on the Class "B" shares, in addition to the regular $7\frac{1}{2}\text{¢}$ quarterly dividends, the last of which is payable on December 15th, 1949. Four quarterly dividends of 30¢ per share were declared and paid on the Class "A" stock. Disbursements for the fiscal year ended October 31st, 1949 amounted to \$1.20 per share on the Class "A" stock, and 45¢ per share on the Class "B" stock. This was a total distribution of \$262,500 compared to one of \$187,500 for the previous fiscal period.

The condition of your company's plants is satisfactory and the yardage produced during this past year has been the largest in its history. In April, 1949, it was decided to close the Farnham division, used solely as a yarn processing plant, and to move substantial amounts of equipment from this plant to the Cowansville and St. Johns mills. The amalgamation of this unit with the other plants, has enabled your company to effect operating economies and arrangements have been made to sell the Farnham land and buildings.

Bruck Mills (Australia) Ltd. have announced a net profit of £60,950 (Australian) for their year ending June 30, 1949. Converted at the present rate of exchange, in Canadian funds this is equal to \$148,413. The Board of Directors of Bruck Mills (Australia) Ltd., at their annual meeting held on October 6th, declared an initial dividend of 3% on the par value (£1 A) ordinary shares. Recent advices indicate that this company is continuing to make substantial progress.

Devaluation of the Pound Sterling and other currencies that followed in its wake confronts the Canadian textile industry with increased and serious competition, particularly from British sources. The diversification and particular types of your company's products will at least partially mitigate the effect of competition arising from devaluation. The devaluation of the Canadian Dollar has resulted in increased costs to this company as it must necessarily use substantial amounts of U.S. supplies. This will be partly offset by lower raw material prices from abroad.

Your company employs a total labour force of 1600 persons who have enjoyed steady employment for the period under review. It is gratifying to acknowledge the continued pleasant employee-management relations, and to pay tribute to the loyalty and skill of our staff who contributed so substantially to the satisfactory results currently shown.

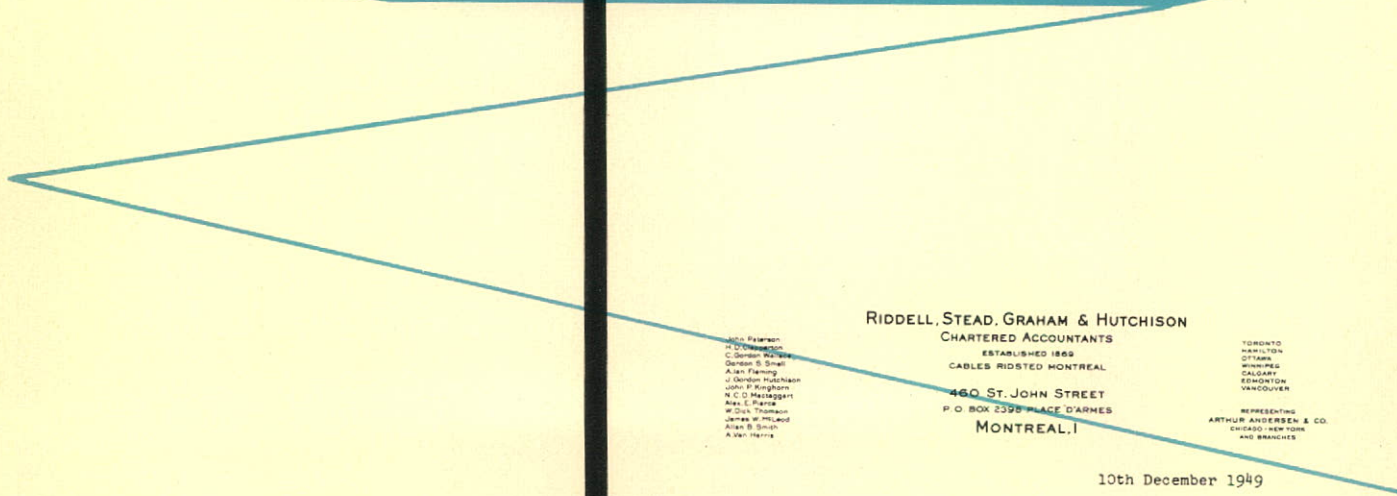
We deeply regret the passing on June 13, 1949, of Herbert Dennis Dwyer, a Director of this company. Mr. Dwyer had been associated with the company as a member of the Board for 13 years, and his wise counsel and warm personality will be missed by all those who had been associated with him.

Submitted on behalf of the Board,



PRESIDENT

auditors' report



John Pearson
H. D. Macgregor
C. Gordon McNeil
Dorothy S. Small
Alan Fleming
J. Gordon Hutchison
John P. Knighton
N. C. MacLaggart
Max E. Rennie
W. Dick Thomson
James W. McLeod
Allen B. Smith
Alan Harris

RIDDELL, STEAD, GRAHAM & HUTCHISON
CHARTERED ACCOUNTANTS
ESTABLISHED 1882
CABLES RIDSTED MONTREAL
460 ST. JOHN STREET
P. O. BOX 2398 PLACE D'ARMES
MONTREAL, I

TORONTO
MONTREAL
OTTAWA
WINDSOR
CALGARY
EDMONTON
VANCOUVER
REPRESENTING
ARTHUR ANDERSEN & CO.
CHICAGO - NEW YORK
AND BRANCHES

10th December 1949

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 1949. We have also examined the Books and Accounts of its wholly owned subsidiary Company, Dominion Spinners Limited, for the year ended 31st October 1949.

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 of 31st October 1949

Bruck Mills

assets

CURRENT ASSETS

Cash on Hand and in Banks	\$99,151	
Deposit with Insurance Underwriters	22,744	
Accounts Receivable—Less Reserve	1,518,400	
Inventories—Manufacturing Materials, either raw, in process or in finished state, valued at the lower of cost or market. Other manufacturing elements at cost	2,281,775	\$3,922,070

OTHER ASSETS

Refundable portion of Excess Profits Tax	244,681	
Investments at cost—		
Marketable	\$595,296	
Less: Balance uncalled thereon	14,245	\$581,051
Approximate market value		
£208,918 Australian (or \$508,714 subject to foreign exchange restrictions)		
Non-Marketable	19,912	600,963
Prepaid Charges		57,537
Trademarks, Processes, etc.		1
		903,182

FIXED ASSETS

Land, Buildings, Machinery, Furniture and Fixtures, etc.	5,883,833	
Deduct: Reserve for Depreciation	2,423,464	
Reserve for Amortization of Appraisal Appreciation	452,257	2,875,721
		3,008,112

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)

\$7,833,364

SIGNED ON BEHALF OF THE BOARD:

GERALD L. BRUCK, *Director.*

HARRY STERN, *Director.*

Limited

and wholly owned subsidiary companies

DOMINION SPINNERS LIMITED

BRUCK SILK MILLS (ENGLAND) LIMITED

liabilities

CURRENT LIABILITIES

Accounts Payable and Accrued Charges	\$691,670	
Bills Payable	50,146	
Provision for Dominion and Provincial Profits Taxes	473,393	
Bank Loan—Portion due 15th June, 1950	40,000	
Option and Deposit on proposed sale of Farnham Plant	<u>28,000</u>	
(Net book value of Farnham Plant \$48,688)		\$1,283,209

BANK LOAN—Repayable in instalments due
15th December, 1950, to
15th December, 1953

400,000

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
—250,000 Class "B" Shares

787,500

Capital Surplus—per statement attached

1,691,455

Earned Surplus—per statement attached

3,006,519

Deferred Surplus—Refundable portion of Excess Profits Tax

244,681

Reserve for Contingencies

420,000

6,150,155

\$7,833,364

MONTREAL, 10TH DECEMBER, 1949

Submitted with our report of this date.

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON,

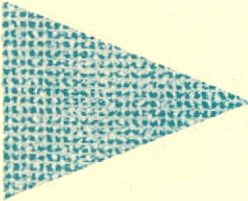
Chartered Accountants,
Auditors.

Bruck Mills Limited

and wholly owned subsidiary companies

DOMINION SPINNERS LIMITED

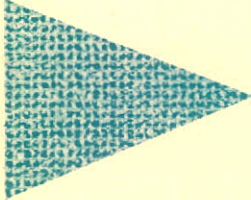
BRUCK SILK MILLS (ENGLAND) LIMITED



consolidated statement of income and expenditure

for the year ended 31st October, 1949

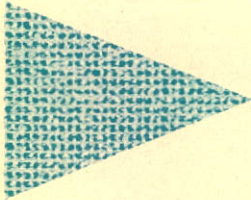
Gross Profit from Trading			\$3,243,539
Selling, Delivery, Administrative and Other Expenses	\$831,163		
(Executive Officers' Remuneration \$73,045)			
Directors' Fees	5,500		
Legal Fees and Expenses	15,046	\$851,709	
		<hr/>	
Depreciation		645,111	1,496,820
	Income from Operations		1,746,719
Other Income			3,915
			<hr/>
			1,750,634
Deduct: Provision for Dominion and Provincial Profits Taxes			695,660
	Net Income for the year ended 31st October, 1949		\$1,054,974
			<hr/> <hr/>



consolidated statement of earned surplus

at 31st October, 1949

Balance at credit, 31st October, 1948	\$1,910,733	
Adjustments applicable to prior years	3,638	\$1,914,371
Balance of proceeds of Life Insurance		297,864
Portion of refundable Excess Profits Tax received		2,219
		<u>2,214,454</u>
<i>Less:</i> Foreign Exchange adjustment on consolidation		411
		<u>2,214,045</u>
Net Income for the year ended 31st October, 1949	1,054,974	
<i>Less:</i> Dividends paid	262,500	792,474
		<u>\$3,006,519</u>
Balance at credit 31st October, 1949		<u><u>\$3,006,519</u></u>



consolidated statement of capital surplus

at 31st October, 1949

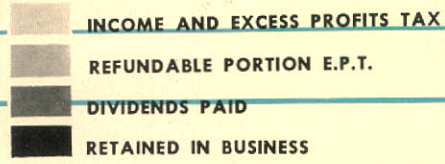
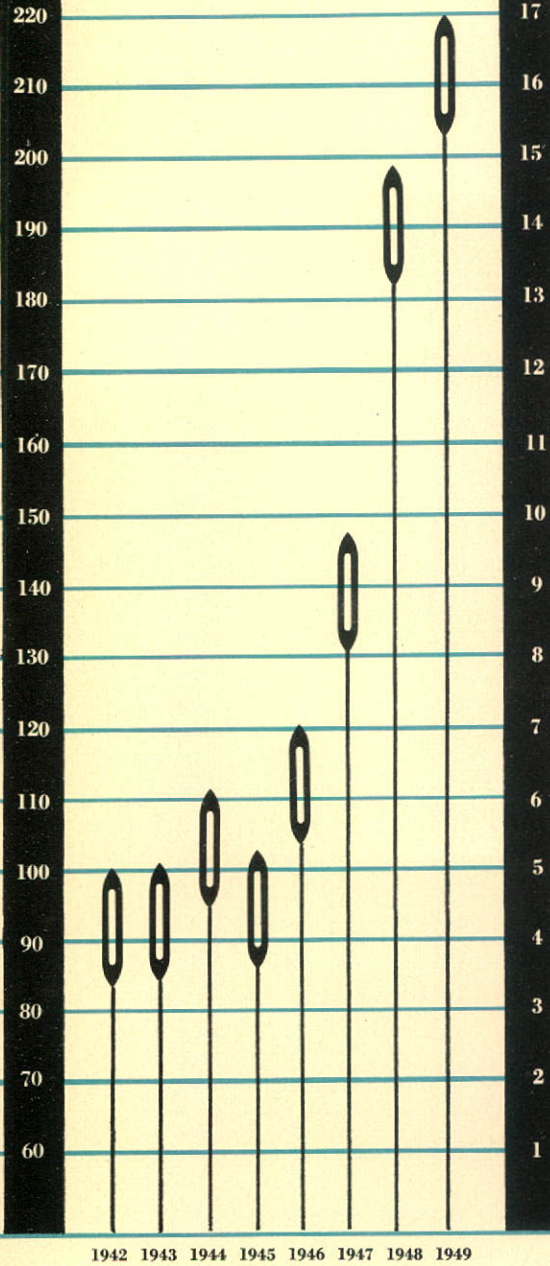
Arising from Appraisal Appreciation—Balance at credit, 31st October, 1948	\$1,295,102	
<i>Less:</i> Proportion of Appraisal Appreciation applicable to disposals of Fixed Assets during the year	\$13,055	
Amortization of Appraisal Appreciation	108,070	1,173,977
		<u>1,173,977</u>
<i>Other—</i>		
Balance at credit, 31st October, 1948		520,485
<i>Less:</i> Loss on Sale of Fixed Assets	2,763	
Loss on Investments realized	244	3,007
		<u>517,478</u>
Balance at credit 31st October, 1949		<u><u>\$1,691,455</u></u>

	1	2	3	4	5	6	7	8	9	10
10										
20										
30			material cost							
40			41.1c.					wages		
50								21.0c.		
60										
70		factory					to			
80		expense					surplus		dividends paid	
		and supplies					account		2.0c.	
		13.7c.					5.9c.			
90			administrative and selling expenses						6.4c.	
100		taxes 5.2c.					depreciation 4.7c.			

how the 1949
fabric dollar sale
was distributed

net sales comparison
expressed in percentages
1942 = 100%

distribution of net income
expressed in units of \$100,000



1942 1943 1944 1945 1946 1947 1948 1949

1942 1943 1944 1945 1946 1947 1948 1949

**fabrics of many types
for varied uses**

Starting with the yarn, which is purchased, Bruck Mills are self-sufficient, performing all the operations to finished fabric.

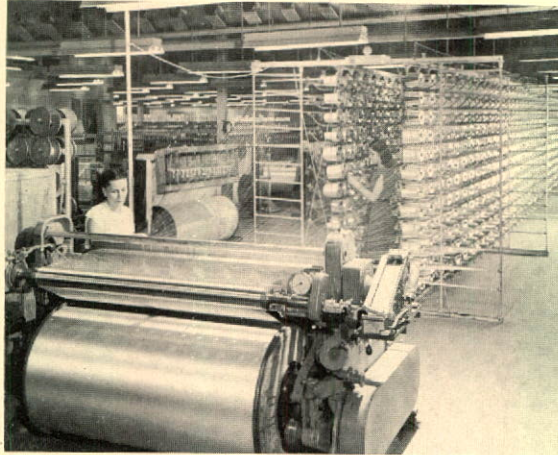
In addition to rayon, its principal raw material, large quantities of fine cotton and nylon yarns are widely used.

PACKAGE DYEING



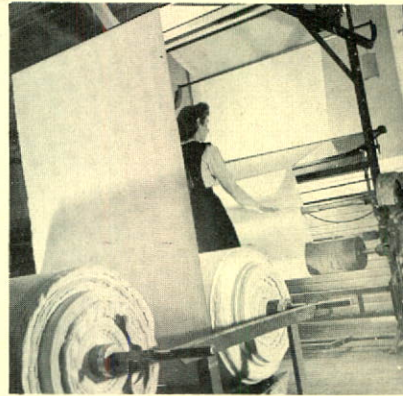
The company's mills are producers of a wide range of fabrics, extending to many branches of the needle and home furnishings trades.

Your company enjoys increased stability in respect to its sales volume and profit because of this wide diversification.



Bruck Fabrics are distributed to the many trades it serves by the company's own selling organization. This highly developed department has been an integral part of the organization since the company's beginning in 1921.

WARPING



INSPECTING





SUITING



DRESS



LINGERIE



SPORT



DRAPERIES

the magic of printed fabrics

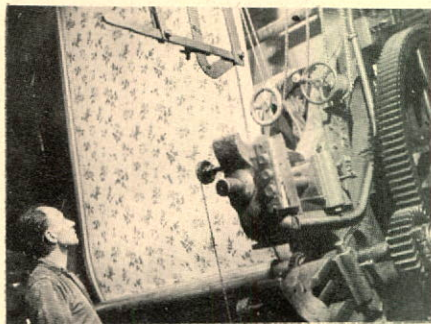


Hand screen printing. Patterns are stencilled on cloth which is affixed to 70 yard tables.

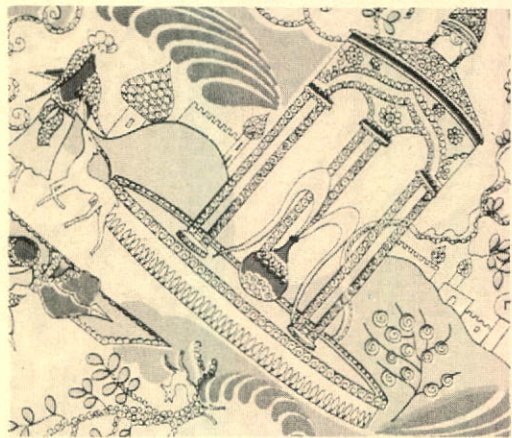
An important and indeed colourful part of the company's converting operation is to be found in its printing plants. Here, by its hand-screened or roller printing machine operation, fresh colour and vitality is applied to Bruck Fabrics.

Bruck prints are to be seen in dresses, dressing gowns, neckwear, blouses, tablecloths, housefurnishings, and many other items.

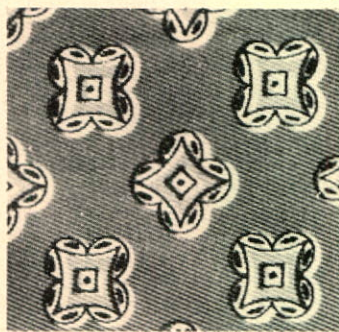
From the point of view of merchandising, printing is extremely valuable to the company because of the flexibility and diversification which it adds to production.



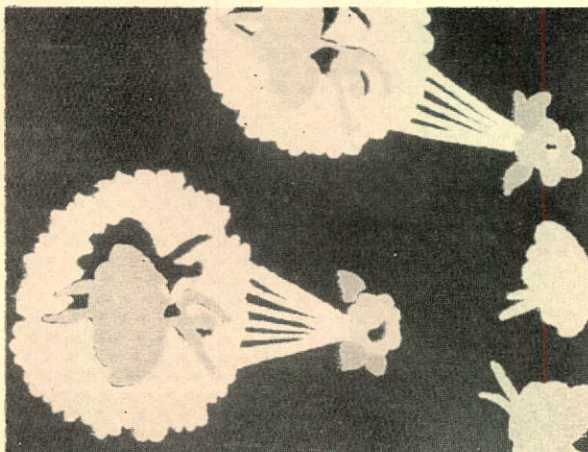
Machine roller printing. High speed machines print fabric by means of engraved copper rollers.



A small section of a machine printed design for dress fabrics.



Typical machine printed dressing gown pattern on a foulard fabric.



A screen print for dress fabrics. This printing process produces artistic hand effects and vivid colours.



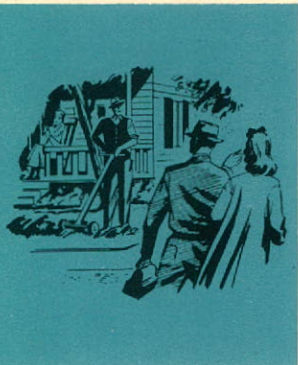


SPORT AND RECREATION

The company fosters and encourages sport and recreation for those who work at the mills. Equipment and sports facilities are provided. Hockey, baseball, and bowling teams, drawn from the staff, compete among themselves and with other local and district teams.

PENSION PLAN

In 1943 employees were given the opportunity of a regular monthly income at retirement age, by participation in the Pension Plan, to which your company was pleased to contribute the greater part of the cost.



"ENTRE NOUS"

Entre Nous is the employees' magazine, published each month to give them all the news and views of their friends and co-workers. Weddings, sports, social events, scenes in the mill . . . everything is found in the pages of this friendly Bruck Mills family magazine.

THE CLUBHOUSE

The social centre of Cowansville is the Bruck Mills Club where departmental parties are frequently held in its informal atmosphere. It is also extensively used for weddings, receptions, and provincial and community activities.



CHRISTMAS PARTY

Every year the eagerly awaited Santa Claus Parade is staged, attended by several thousands of children, drawn from all our mills and from the surrounding districts. The mills are gaily decorated and the children line up for gifts from Santa and the Good Fairy. This is indeed children's day.

employee relations

From its inception 28 years ago, your company has enjoyed most pleasant relations with its employees. From a small beginning of 60 people, the Bruck organization now numbers over 1,600 steadily employed personnel.

PARK AND PLAYGROUND

In September 1945 the war memorial and children's playground was opened, with swings and other equipment provided for the youngsters. This popular recreation centre for the children of Cowansville stands also as an ever-present reminder of "those who died that children may play." The company also provides a large ball park and hockey rink for its own and neighbouring teams.



ACCIDENT AND SICKNESS PLAN

Employees are assured adequate sickness and accident benefits under a new plan instituted during the year.



advertising



National ads appear in full colour in national week-end rotogravures and general magazines. These national ads are the springboard for the Bruck merchandising campaign.

Your company's product has for many years been well and favourably known by the trade for its superior quality and styling. Now, spearheaded by a wide consumer advertising campaign and supplemented by posters, labels and tags, Bruck Fabrics are receiving wide consumer acceptance.



Display material featuring the company's current advertising is distributed to retail stores.

Instructions on the proper care of Bruck Fabrics are printed on string tags which give further product identification.

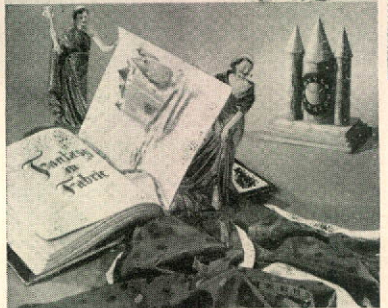
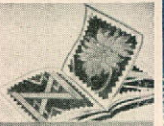


Bruck Fabric News is a bi-monthly external house organ and reaches over 7,000 retail stores here and abroad. It tells of Bruck promotions; gives news of the trade; it is an aid to fashion merchandising.



miraglow

Once upon a time, and in long ago,
 a magical way to improve light and shadow
 the beautiful fabrics were discovered



Bruck

This magic power of enhancing design
 on Bruck fabrics brings new depth and
 beauty to flowing trim, jackets,
 evening dresses and exquisite lingerie.



BRUCK MILLS LIMITED (Incorporated and Limited)
 London, England. Sole U.S.A. Importers: The Bruck Mills Co., Inc., New York, N.Y.
 Distributors in the various states: Bruck Mills Co., Inc., New York, N.Y.

Bruck
F A B R I C S

Canada's Distinguished Fabric

