

BRUCK SILK MILLS LIMITED

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Financial
Statement

31st October

1935

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Mills at
COWANSVILLE, P.Q.

Sales Offices at
MONTREAL TORONTO WINNIPEG
VANCOUVER LONDON, ENG.

BRUCK SILK MILLS LIMITED

Throwsters — Weavers

Dyers — Finishers

Silk Printers



Mills at

COWANSVILLE, P.Q.

Sales Offices at

MONTREAL

TORONTO

WINNIPEG

VANCOUVER

LONDON, ENG.

MONTREAL, QUE.,

November 29th, 1935.

TO THE SHAREHOLDERS,

BRUCK SILK MILLS LIMITED.

GENTLEMEN: —

It gives me much satisfaction to present to you the annual financial statement of your Company for the fiscal year ended October 31, 1935. The year was one of abnormal seasonal conditions, and the highly disturbed position of the textile trades throughout the world proved difficult in other ways. Although your Company experienced a contraction of about $8\frac{1}{2}\%$ in gross sales, it has come through the period in sound condition. Helped by reduction in expense items your dividends were fully earned and your Company was able to maintain its already strong position in the industry.

EARNINGS. Treating income tax reserve as a charge against surplus, your net earnings available for dividend purposes were \$171,830, this being equal to about \$1.37 earned per share on the outstanding 125,000 shares of no par value common stock, on which dividends of \$1.20 per share were paid during the year. After dividends, surplus charges, and adjustments, earned surplus amounted to \$576,867.

BALANCE SHEET. As of the end of the fiscal year, October 31, 1935, the financial position of the Company continued notably strong. Net working capital amounted to \$815,283, with current assets exceeding current liabilities in ratio of 16.65 to 1, as compared with 14.66 to 1 at the end of the preceding year. Cash, call loans and accounts receivable represented over 40% of net working capital. Inventories of \$489,842. (taken at the lower of cost or market) were moderately and judiciously increased during the year and constitute a ready and valuable asset to your Company.

DEPRECIATION RESERVE.—Your Directors continued the policy of the past and wrote off to depreciation account from earnings, an amount of \$86,937, this raising depreciation reserve to \$514,607 applicable against plant, machinery, equipment, buildings, etc., carried in the balance sheet at a gross figure of \$1,410,813, and a net amount (after deduction of reserve) of \$896,206.

TAX EXEMPTION. During recent months your Company was successful in securing a further ten-year extension of commutation of municipal taxes in the Town of Cowansville, Que., where the plant is located. In consideration of this, your Directors were agreeable to continue the program of plant extension and arranged to add a further 25,000 sq. ft. of floor space.

PLANT IMPROVEMENT.—During the past year there was expended on capital account approximately

\$97,000 in additions of plant and equipment. A new generator was added to your power plant which continues to function efficiently and economically. Additions were also made to loom capacity, embossing, moire, and other finishing and dyeing equipment. Today your plant contains the most modern machinery and equipment known to the industry in Canada or elsewhere, and this is a strong contributory to the operating success of your Company.

FUNDED DEBT REDUCED. Again in the past year your Directors effected a reduction in your Company's outstanding funded debt, there having been repurchased and retired \$9,200 par value of 6½% first mortgage bonds, bringing the total so redeemed to date to \$105,100, leaving a balance of \$441,900 still outstanding in the hands of the investing public.

SHAREHOLDERS. At the last annual meeting, in reply to a question, I told you that the outstanding shares of your Company were owned by 856 individuals and institutions. It gives me much pleasure to state that on November 26th last, the stock register showed a total of 1,148 names, an increase of 292, or about 34%.

CONCLUSION.— I might say that following the highly erratic tendencies of business last year, and particularly the poor results experienced in the four months April to July, inclusive, there was steady improvement in the final quarter and, I am happy to say, this has continued into the current year to date. Your Directors

feel hopeful that your Company will continue to strengthen in importance and financial resources.

Again this year, I wish to express to you gratification and pleasure in the close and willing co-operation of your staff in the past year.

Submitted on behalf of the Board.

I. I. BRUCK,

President.

FINANCIAL STATEMENT

BRUCK SILK MILLS LIMITED

Balance Sheet as at 31st October, 1935

ASSETS

CURRENT ASSETS:

Cash on Hand and in Banks	\$	48,242.27
Cash on Call Loan (Secured)		25,000.00
Cash Surrender Value of \$475,000.00 Life Assurance		39,489.81
Deposit with Insurance Underwriters		8,504.93
Account Receivable		256,282.85
INVENTORIES —Manufacturing Materials either raw, in process or in the finished state, valued at the lower of cost or Market. Other manufacturing elements and Mill Supplies at cost		489,842.01
	\$	867,361.87
Investments at Cost		2,280.00
Cash in Sinking Fund		304.75

DEFERRED CHARGES:—

Prepaid Insurance, etc.	4,210.58
Discount on Bonds	917.25
	5,127.83

PLANT INVESTMENT:—

Land, Buildings, Plant, Machinery, Furniture and Fixtures at value of \$577,046.61 as appraised on 1st November, 1924 by Canadian Appraisal Co. Ltd., plus cost of subsequent additions	1,110,812.81
LESS—Reserve for Depreciation	514,606.95
	896,205.86

Trademarks, Processes, etc.	105,176.15
	\$1,876,456.46

Signed on behalf of the Board:

(Signed) ISAAC L. BRUCK } DIRECTORS.
 (Signed) C. N. MONSARRAT }

LIABILITIES

CURRENT LIABILITIES:

Accounts and Bills Payable	\$	24,782.93
Reserve for Taxes		27,295.82
	\$	52,078.75

FUNDED DEBT:—

6½% FIRST MORTGAGE BONDS		
Authorized	\$1,000,000.00	
Issued		550,000.00
LESS—Redeemed and Cancelled		105,100.00
		444,900.00

CAPITAL:—

NO PAR VALUE COMMON STOCK		
Authorized	150,000 Shares	
Issued	125,000 Shares	787,500.00

RESERVE FOR CONTINGENCIES 15,110.15

EARNED SURPLUS AS AT 31st

OCTOBER 1935	776,867.56	
		1,379,477.71

\$1,876,456.46

MONTREAL, 27th NOVEMBER, 1935.

We have audited the Books and Accounts of Bruck Silk Mills Limited for the year ended 31st October 1935. Having obtained all the information and explanations we have required, we certify that in our opinion the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us and as shown by the Books of the Company.

(Signed) MACINTOSH, ROBERTSON & PATTERSON,
Chartered Accountants.

BRUCK SILK MILLS LIMITED

Statement of Income and Expenditure for Year ended 31st October, 1935

GROSS PROFIT FROM TRADING		\$459,104.03
Selling, Delivery Administration and other Expenses	\$169,248.85	
Directors' Fees	1,060.00	
Legal Fees and Expenses	3,200.76	
Bond Interest	29,516.50	
Bond Discount Amortized	2,000.00	205,026.11
		\$254,077.92
DEPRECIATION: -		
Plant, Machinery and Equipment	77,000.03	
Buildings	3,403.01	
Furniture and Fixtures	1,534.15	
	36,937.19	
Reserve for Taxes	21,517.09	108,454.28
		145,623.64
Dividend and Interest received on Investments		4,688.56
		\$150,312.20
PROFIT FOR YEAR		

Statement of Earned Surplus Account as at 31st October, 1935

Balance at Credit, 31st October, 1934		\$624,108.10
DEDUCT: Adjustment of Depreciation applicable to prior years		47,552.74
		\$576,555.36
Profit for year to 31st October, 1935		150,312.20
		\$726,867.56
Dividends paid during Year		150,000.00
		\$576,867.56
BALANCE AT CREDIT, 31ST OCTOBER, 1935		

Montreal 27th November, 1935.

(Signed) MACINTOSH, ROBERTSON & PATERSON,
Chartered Accountants.

