

BRUCK SILK MILLS LIMITED

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Financial
Statement

31st October

1936

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Mills at

COWANSVILLE, P.Q.

Sales Offices at

MONTRÉAL
VANCOUVER

TORONTO WINNIPEG
LONDON, ENG.

JAN 21 1946

MCGILL UNIVERSITY

BRUCK SILK MILLS LIMITED

Throwsters — Weavers

Dyers — Finishers

Silk Printers



Mills at
COWANSVILLE, P.Q.

Sales Offices at
MONTREAL TORONTO WINNIPEG
VANCOUVER LONDON, ENG.

Officers



President and Treasurer

I. I. BRÜCK, Montreal

Vice-President

L. S. LEE, Montreal

Secretary

H. STERN, Montreal

Directors

I. I. BRÜCK	Montreal
WILLIAM M. CHADBOURNE	New York
W. R. G. HOLT	Montreal
PAUL P. HUTCHISON	Montreal
R. G. IVEY	London, Ont.
L. S. LEE	Cowansville
WM. H. MINER	Montreal
HARTLAND DE M. MOLSON	Montreal
LT.-COL. C. N. MONSARRAT	Montreal
D. W. PARTRIDGE	Montreal
WALLACE B. PHILLIPS	London, Eng.

Bankers

BANK OF MONTREAL
MONTREAL

CENTRAL HANOVER BANK AND TRUST COMPANY
NEW YORK

Auditors

MACINTOSH, ROBERTSON & PATERSON, Montreal

Trustee and Transfer Agent

MONTREAL TRUST COMPANY, Montreal

Registrar

THE CANADIAN TRUST CO., Montreal

Head Office

460 St. Catherine St. West, Montreal

MONTREAL, QUE.,

November 20th, 1936.

TO THE SHAREHOLDERS,

BRUCK SILK MILLS LIMITED.

GENTLEMEN:

Although the results obtained by your Company in the fiscal year ended October 31st were disappointing, there was encouraging improvement in the later months. The decline in business, which reached its depth after the mid-year, was due to abnormal climatic conditions, resulting in hesitant consumers, irregular demands and, for the most part, unsatisfactory prices. Nevertheless, your Directors and management were successful in fully maintaining the position of your Company in its field. Your Company ended the year with its finances in strong shape, its plants and equipment operating efficiently and its sales again moving upward.

SALES RESULTS: During the first eight months of the fiscal year, the trend of business was lower. Sales to June 30th showed an increase of only $1\frac{1}{4}\%$ in volume, but a decline of $3\frac{3}{10}\%$ in value. In the final four months, improvement was experienced, and sales for the full year showed an increase of $2\frac{3}{4}\%$ in volume but a decrease of 2.8% in value over the previous fiscal period. It is encouraging to note that the upward trend of the final months of last year has continued into the present period, with a further indication of upward prices.

EARNINGS: In consequence of the foregoing, earnings of your Company were adversely affected. Gross trading profit was reduced to \$301,394. It is gratifying, however, that after providing for all operating and other expenses, full charge-off to depreciation reserve and reserve for taxes, interest on your bonds was fully earned, and a small balance remained applicable to the common shares.

DIVIDENDS:—During the year, due to the lower sales and earnings, your Directors found it necessary to reduce the dividends on your shares. Following payments of .30c. per share made on January 15th and April 15th, payments of .10c. per share were made on July 15th and October 15th. These payments, all of which were absorbed out of your Company's previous surplus, required a total of \$100,000.

FINANCIAL POSITION:—Your Company ended its fiscal year in a strong financial position. Current assets were \$743,460 or more than seventeen times current liabilities of \$42,395, indicating net working capital of \$701,065. Inventory position was held at a level in keeping with the requirements of the business, and values were taken at cost or market, whichever proved the lower.

PLANT:—In line with the usual policy of your Directors, all plant, machinery and equipment was maintained in high efficiency during the year; moreover, there was expended on capital account for enlargements and betterments an amount of \$91,000.

DEPRECIATION RESERVE:—You will see that out of the year's profits there was written off to de-

preciation reserve the sum of \$90,313.83, of which \$79,148.24 was applied against plant, machinery and equipment. This increased the reserve to \$585,777.74, equal to about 39.5% of the gross value of total fixed assets of \$1,484,376.19.

BOND REDEMPTIONS: As you will see from the accompanying balance sheet, your Company redeemed and cancelled during the year a further \$8,200 par value of 6½% first mortgage bonds, making the total retired to date \$113,300 par value, leaving a balance of \$436,700 outstanding as at October 31st, 1936.

CONCLUSION: With improvement already experienced in sales results, your Directors look to the future with confidence.

I wish to extend to your staff thanks and appreciation for their efforts and full co-operation during 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, 1936

ASSETS	LIABILITIES
CURRENT ASSETS:-	
Cash on Hand and in Banks	\$ 12,667.28
Cash Surrender Value of \$475,000.00 Life Assurance	49,388.63
Deposit with Insurance Underwriters	9,659.37
Accounts Receivable	171,611.16
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	167,133.80
	\$ 743,160.24
Investments at Cost, including Bonds of the Company purchased	3,402.00
Cash in Sinking Fund	391.75
Prepaid Insurance, etc.	6,308.68
PLANT INVESTMENT:	
Land, Buildings, Plant, Machinery, Furniture and Fixtures at value of \$477,016.61 as appraised on 1st November, 1921 by Canadian Appraisal Co. Ltd., plus cost of subsequent additions	1,181,376.19
Less—Reserve for Depreciation	585,777.75
	398,598.44
Trademarks, Processes, etc.	105,176.15
	<u>\$1,757,250.26</u>
	\$ 1,757,250.26
CURRENT LIABILITIES:-	
Accounts Payable	\$ 40,997.70
Reserve for Taxes	1,397.12
	\$ 42,394.82
FUNDED DEBT:-	
6½% First Mortgage Bonds	
Authorized	\$1,000,000.00
Issued	550,000.00
Less—Redeemed and Cancelled	113,300.00
	436,700.00
CAPITAL:-	
NO PAR VALUE COMMON STOCK	
Authorized	150,000 Shares
Issued	125,000 Shares
	787,500.00
RESERVE FOR CONTINGENCIES	11,931.15
EARNED SURPLUS AS AT 31st OCTOBER, 1936	175,723.99
	<u>1,250,135.14</u>
	\$1,757,250.26
CONTINGENT LIABILITY	
Trade Paper under Discount with Bank \$91,133.75	

MONTECALMO 19th NOVEMBER, 1936.

We have audited the Books and Accounts of Bruck Silk Mills Limited for the year ended 31st October, 1936, 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 explanation given to us, and as shown by the Books of the Company.

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

Signed on behalf of the Board:

(Signed) ISAAC I. BRUCK }
(Signed) I. S. LEE } DIRECTORS.

BRUCK SILK MILLS LIMITED

Statement of Income and Expenditure for Year ended 31st October, 1936

GROSS PROFIT FROM TRADING		\$301,894.45
Selling, Delivery, Administration and other Expenses	\$175,883.26	
Directors' Fees	1,100.00	
Legal Fees and Expenses	1,511.32	
Bond Interest	28,918.50	
Bond Discount Amortized	917.25	208,330.33
		\$ 93,564.12
DEPRECIATION:---		
Plant, Machinery and Equipment	79,148.21	
Buildings	9,528.04	
Furniture and Fixtures	1,637.55	
	90,313.83	
Reserve for Taxes	1,397.42	91,711.25
		1,852.87
Dividend and Interest received on Investments		621.95
		\$ 2,474.82

Statement of Earned Surplus Account as at 31st October, 1936

Balance at Credit, 31st October, 1935		576,867.56
DEDUCT:---		
Adjustment of Depreciation applicable to prior year	238.36	
Additional Income Tax for year to 31st October, 1935	3,380.03	3,618.39
		573,249.17
Profit for year to 31st October, 1936		2,474.82
		575,723.99
Dividends paid during year		100,000.00
		\$175,723.99
BALANCE AT CREDIT, 31ST OCTOBER, 1936		

Montreal -19th November, 1936.

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

