

Deposition
File

Bruck

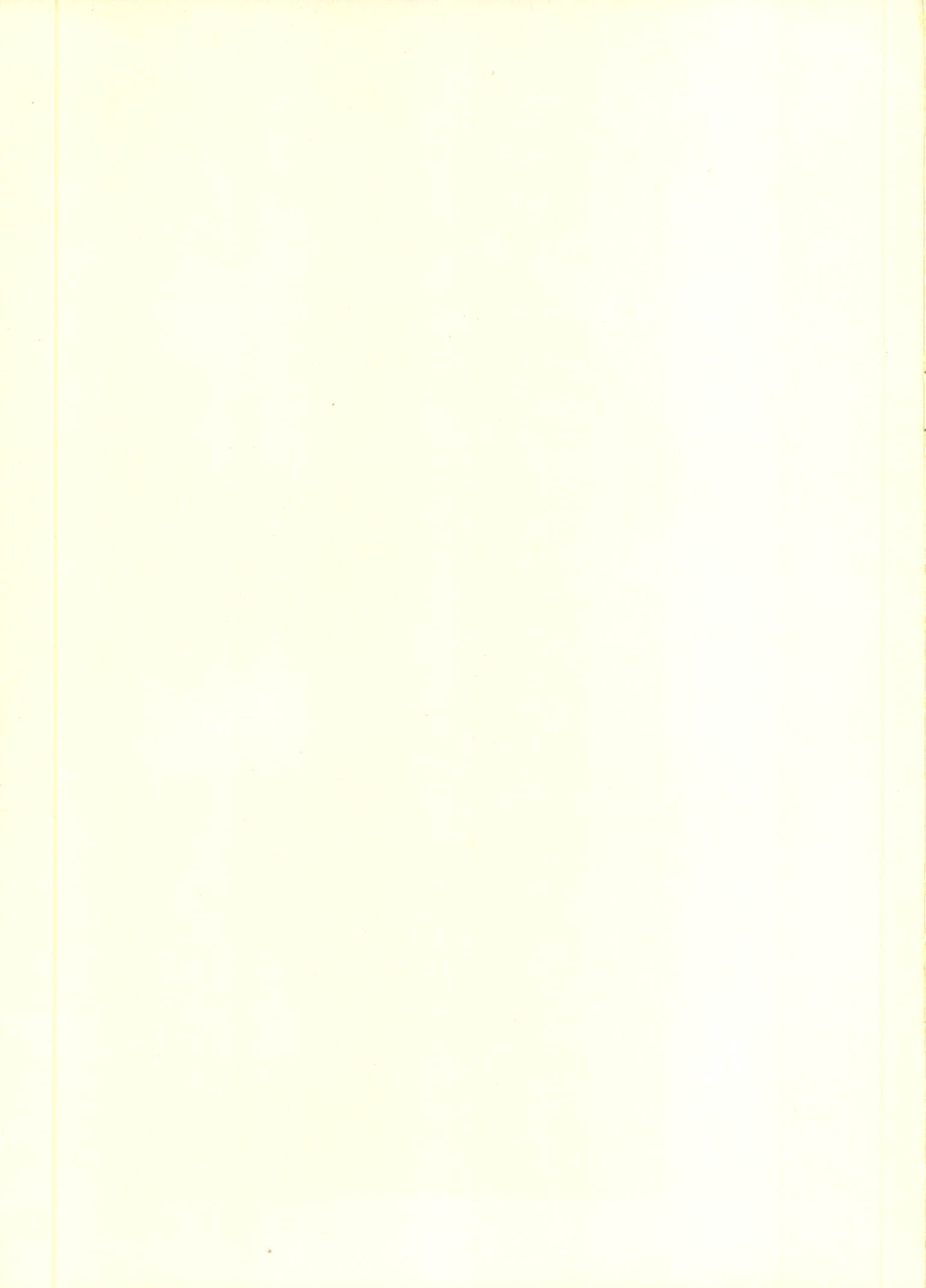
SILK MILLS LIMITED



Annual Report to
the Shareholders
for the year ended
October 31st, 1947

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Bruck Silk Mills Limited Mills at Cowansville, Farnham, St. Johns, Sherbrooke, Que.

Directors

Isaac I. Bruck
Gerald L. Bruck
Robert J. Bruck
Morton Darling
H. D. Dwyer
H. E. Herschorn, O.B.E.
L. S. Lee
Rene B. Perrault
Wallace B. Phillips
H. Stern
Allan Watt

Officers

I. I. Bruck President and Treasurer
L. S. Lee Vice-President
Gerald L. Bruck Vice-President
Robert J. Bruck Vice-President in Charge of Exports
H. Stern Secretary

General Offices

Montreal 460 St. Catherine Street West

Sales Offices

Montreal 460 St. Catherine Street West
Toronto 332 Adelaide West
Winnipeg 304 New Hargrave Building
Vancouver (Representative) 1355 Parker Street

United States Office

New York 160 Broadway

Overseas Offices

England London, E.C.2 39 King Street, Cheapside
(Bruck Silk Mills (Eng.) Limited)
Australia Melbourne 84 Flinders Lane
Australia Sydney 181 Clarence Street



Report to the Shareholders

Montreal, Que., Jan. 20, 1948.

To the Shareholders of Bruck Silk Mills Limited,

I am pleased to place before you the financial report of your company for the year ending October 31st, 1947. This period has not only been profitable but impressive in other respects. Business conditions in the textile industry have been favourable for the year under review. Your company's sales have reached an all time peak, and its net profits are the highest in its history. These achievements are important and the underlying facts accounting for these results are of equal significance.

During this period your company has expanded its productive capacity by the addition of two plants. It has proceeded with, and has profited by its program of modernization of equipment. It has also succeeded in broadening the base of its sales. It may be noted here that as a result of the acquisition of new machinery, the reserve for depreciation as reported in the consolidated statement of operations was increased by \$107,002. over that of the previous year. Of this amount \$10,597. applied to Dominion Spinners Limited.

Taxes.

Throughout the past number of years your company has earned consistent and reasonable profits before provision for Federal taxation. However, the application of the Excess Profits Tax Act in prior years has worked particular hardship to the company by virtue of the fact that the standard profit determined for your company was low.

With the elimination of the Excess Profits Tax, as of and from January 1st, 1948, it is expected that your company's profits after taxes will substantially improve.

Plant and Equipment.

The operations in the Sherbrooke plant which were commenced in the period under review have now reached substantial proportions, and it is anticipated that this division will be in full production well before the end of the fiscal year 1947-1948.

Your company has purchased a building containing 20,000 square feet of manufacturing space in the Town of Farnham, located some 12 miles

from the Cowansville plant. The building has already been completely fitted with throwing equipment and is operating to capacity. The output of this plant has enabled your company to increase its production of crepe fabrics, which are in considerable demand.

Your company's wholly owned subsidiary, Dominion Spinners Limited, St. Johns, Quebec, has been operating to capacity. In addition to supplying crepe yarns for the Cowansville plant, it is processing a considerable amount of yarn for the hosiery industry.

The operation of the Cowansville plant, including its commission converting department, has been most satisfactory. The introduction of new equipment as part of the modernization program is already reflected in the high efficiency of that division.

The accounts of two subsidiaries, Yamaska Engineering Company Limited and Colonial Engraving Company Limited, are not reflected in the financial statement. The combined net profit for these companies amounts to \$6,632.

Operations.

The consolidated profits of the company for the fiscal year ended October 31st, 1947, amounted to \$532,550. after taxes.

In common with industry at large your company is facing rising costs of material, supplies, labour and services.

Sales.

Your company's products continue to be in good demand, and future bookings are limited only by its productive capacity. The company's sales organization, aided by a wide advertising program, has established a broad market for its products.

Bruck Fabrics today enjoy a diversified distribution in both domestic and export markets. They consist of a comprehensive range of diversified types supplying several trades and industries.

Dividends.

During the past fiscal year your Directors have declared four dividends on the outstanding common stock, amounting to \$1.20 per share. Since the close of the fiscal year an extra dividend of 30c per share was declared and was paid on December 15th, 1947.



In line with past policy, your Directors have seen fit to retain a substantial portion of the profits in the business. This is considered prudent in view of substantial increase in the operations of the company, its capital replacement program, and its expansion projects.

Bruck Mills (Australia) Limited.

Bruck Mills (Australia) Limited, in which your company holds a substantial interest, now having a large part of its equipment installed, is already in partial operation.

Staff.

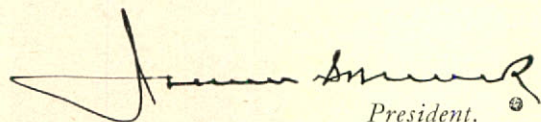
In view of the rising cost of living, the management has initiated voluntary wage increases to the employees of the company.

It is indeed very gratifying to note the feeling of harmony which exists between employees and management. On behalf of the Directors, I wish to acknowledge the full appreciation of the valuable services rendered by all personnel, and at the same time to pay tribute to that cooperation which has been so important a factor in obtaining the excellent results shown herein.

Conclusion.

Although it is impossible to predict the future, I believe that, due to the excellent condition of your company's plants, and enviable reputation and acceptance of its products, the coming year should be profitable and one of continued development.

Submitted on behalf of the Board,



President.

TORONTO
HAMILTON
OTTAWA
WINDSOR
CALGARY

John Peterson
H.D. Clapperton
C. Gordon Wallace
Gordon S. Small
Alan Fleming
J. Gordon Hutchison
John R. Kinghorn
N.C.D. Macgregor
Alex E. Preece
W. Dick Thomson

RIDDELL, STEAD, GRAHAM & HUTCHISON
CHARTERED ACCOUNTANTS

ESTABLISHED 1869
CABLES RIDSTED MONTREAL

460 ST. FRANCOIS XAVIER ST.
P.O. BOX 2398 PLACE D'ARMES
MONTREAL, I

EDMONTON
VANCOUVER
LONDON
GLASGOW
EDINBURGH
SCOT

REPRESENTING
ARTHUR ANDERSEN & CO.
CHICAGO-NEW YORK
AND BRANCHES
AND ASSOCIATED WITH
MACINTOSH ROBERTSON & PATERSON
CHARTERED ACCOUNTANTS
MONTREAL AND BRANCHES
D. BRYAN ROBERTSON, CHARLES A. PATERSON
JAMES R. WILCOX, ALAN S. SMITH
ALAN HARRIS

TO THE SHAREHOLDERS,
BRUCK SILK MILLS LIMITED,

17th January 1948

We have examined the Books and Accounts of Bruck Silk 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 1947. We have also examined the Books and Accounts of its wholly owned subsidiary Company, Dominion Spinners Limited, for the ten month period ended 31st October 1947.

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

In calculating the liability for Excess Profits Tax a reserve for possible depreciation in inventory values has been claimed in accordance with the provisions of the Excess Profits Tax Act.

We report that, in our opinion, the accompanying Consolidated Balance Sheet of Bruck Silk 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.

As required by Section 114 of the Companies Act 1934, we report that aggregate profits of the non-consolidated subsidiary Companies have not been included in these accounts.

Riddell Stead Graham & Hutchison
Auditors



BRUCK SILK
And Wholly Owned
Dominion Spinners Limited and

Consolidated Balance Sheet

Assets

Current Assets

Cash on Hand and in Banks.....	\$	98,025	
Cash Surrender Value of \$475,000.00 Life Insurance.....		168,982	
Deposit with Insurance Underwriters.....		19,547	
Accounts Receivable—Less Reserve.....		175,517	
Inventories—Manufacturing materials, either raw, in process or in finished state, valued at the lower of cost or market.			
Other manufacturing elements at cost.....		1,958,290	\$2,420,361

Other Assets

Refundable portion of Excess Profits Tax.....	\$	267,160	
Investments at cost—			
Marketable.....		\$519,480	
Approximate Market Value £288,800 Australian (or \$935,712. subject to foreign exchange restrictions)			
Non-Marketable.....		5,035	524,515
Investments in wholly owned Subsidiary Companies—not consolidated—at cost.....		8,000	
Prepaid Charges.....		53,428	
Trademarks, Processes, etc.....		1	853,104

Fixed Assets

Land, Buildings, Machinery, Furniture and Fixtures, etc.....		\$4,412,153	
<i>Deduct:</i>			
Reserve for Depreciation.....	\$1,380,228		
Reserve for Amortization of Appraisal Appreciation	235,537	1,615,765	2,796,388

As per valuations by Canadian Appraisal Company, Limited,
of Bruck Silk 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, \$2,022,040.95.)

\$6,069,853

Signed on behalf of the Board:

ISAAC I. BRUCK }
HARRY STERN } Directors

MILLS LIMITED

Subsidiary Companies

Bruck Silk Mills (England) Limited

as at 31st October 1947

Liabilities

Current Liabilities

Accounts Payable and Accrued Charges	\$ 646,772	
Bills Payable	208,147	
Provision for Dominion and Provincial Profits Taxes	346,805	
Due to Subsidiary Companies—not consolidated	23,263	
Bank Loan—Current Portion	30,000	\$1,254,987

Bank Loan — repayable in instalments due

15th December 1948 to	
15th December 1952	470,000

Capital, Surplus and Reserve

Capital—		
Authorized—150,000 shares of Common Stock N. P. V.		
Issued and fully paid—125,000 shares	\$ 787,500	
Capital Surplus—per statement attached	1,832,553	
Earned Surplus—per statement attached	1,237,653	
Deferred Surplus—		
Refundable portion of Excess Profits Tax	267,160	
Reserve for Contingencies	220,000	4,344,866

Contingent Liabilities

Trade paper under discount with Bank	\$617,795
Estimated maximum Excess Profits Tax on Reserve for possible inventory decline of \$212,830	31,925
Guarantee of Mortgages on Employees' Houses ..	13,391

\$6,069,853

MONTREAL, 17th January 1948.

Submitted with our report of this date.

(Signed) Riddell, Stead, Graham & Hutchison,
Chartered Accountants,
Auditors.

BRUCK SILK

And Wholly Owned

Dominion Spinners Limited and

Consolidated Statement of Income and Expenditure For the Year Ended 31st October 1947

Gross Profit from Trading		\$2,109,507
Selling, Delivery, Administrative and other Expenses	\$798,811	
(Executive Officers' Remuneration \$75,584)		
Directors' Fees	3,520	
Legal Fees and Expenses	9,163	\$811,494
Depreciation	265,993	1,077,487
<i>Income from Operations</i>		\$1,032,020
Other Income		25,647
		<u>\$1,057,667</u>
Deduct —		
Provision for Dominion and Provincial Profits Taxes		525,117
<i>Net Income for the Year ended 31st October 1947</i>		<u><u>\$ 532,550</u></u>

Note:

The above reflects the Income and Expenditure of Dominion Spinners Limited for the ten month period ended 31st October, 1947.

MILLS LIMITED

Subsidiary Companies

Bruck Silk Mills (England) Limited

Consolidated Statement of Earned Surplus At 31st October 1947

Balance at Credit 31st October 1946.....		\$ 876,184
Tax adjustments and refund of subsidies, prior years—net...		1,081
		<hr/>
		\$ 875,103
Net Income for the year ended 31st October 1947.....	\$ 532,550	
Dividends paid.....	150,000	382,550
		<hr/>
		\$1,257,653
Transferred to Reserve for Contingencies.....		20,000
		<hr/>
<i>Balance at Credit 31st October 1947.....</i>		<u><u>\$1,237,653</u></u>

Consolidated Statement of Capital Surplus At 31st October 1947

Arising from Appraisal Appreciation

Balance at Credit 31st October 1946.....	\$1,541,697	
Arising from consolidation of Subsidiary companies.....	239,092	\$1,780,789
		<hr/>
Amount of trademarks, processes, etc. previously written off		105,175
		<hr/>
		\$1,885,964

Less:

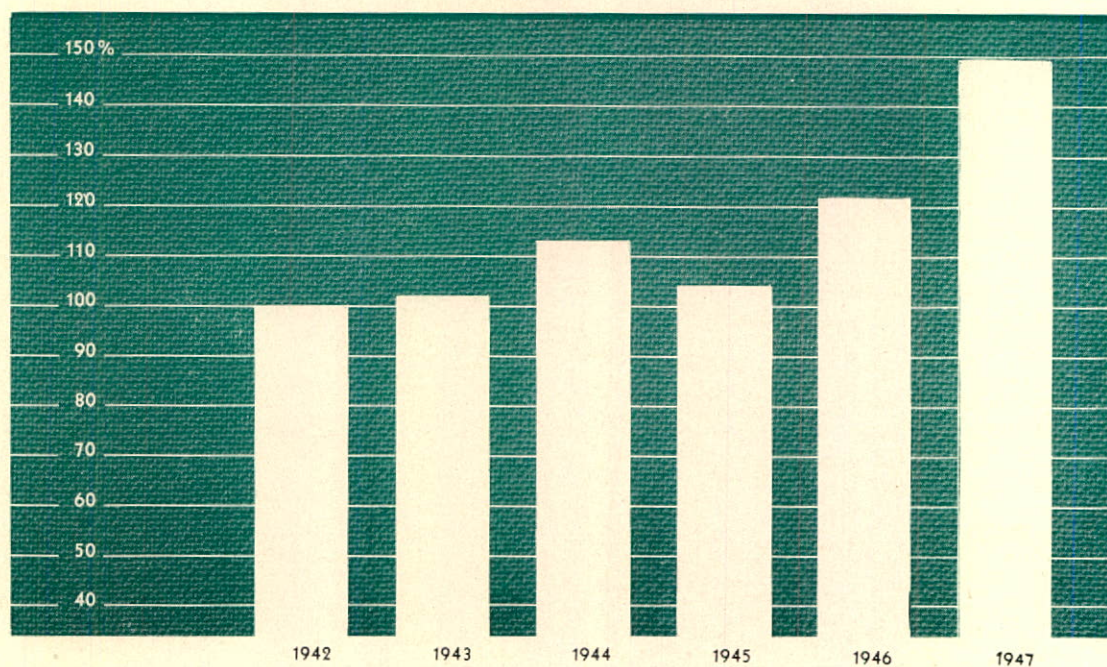
Proportion of Appraisal Appreciation applicable to disposals of fixed assets during the year.....	\$ 361,643	
Amortization of Appraisal Appreciation.....	117,903	479,546
		<hr/>
		\$1,406,418

Other

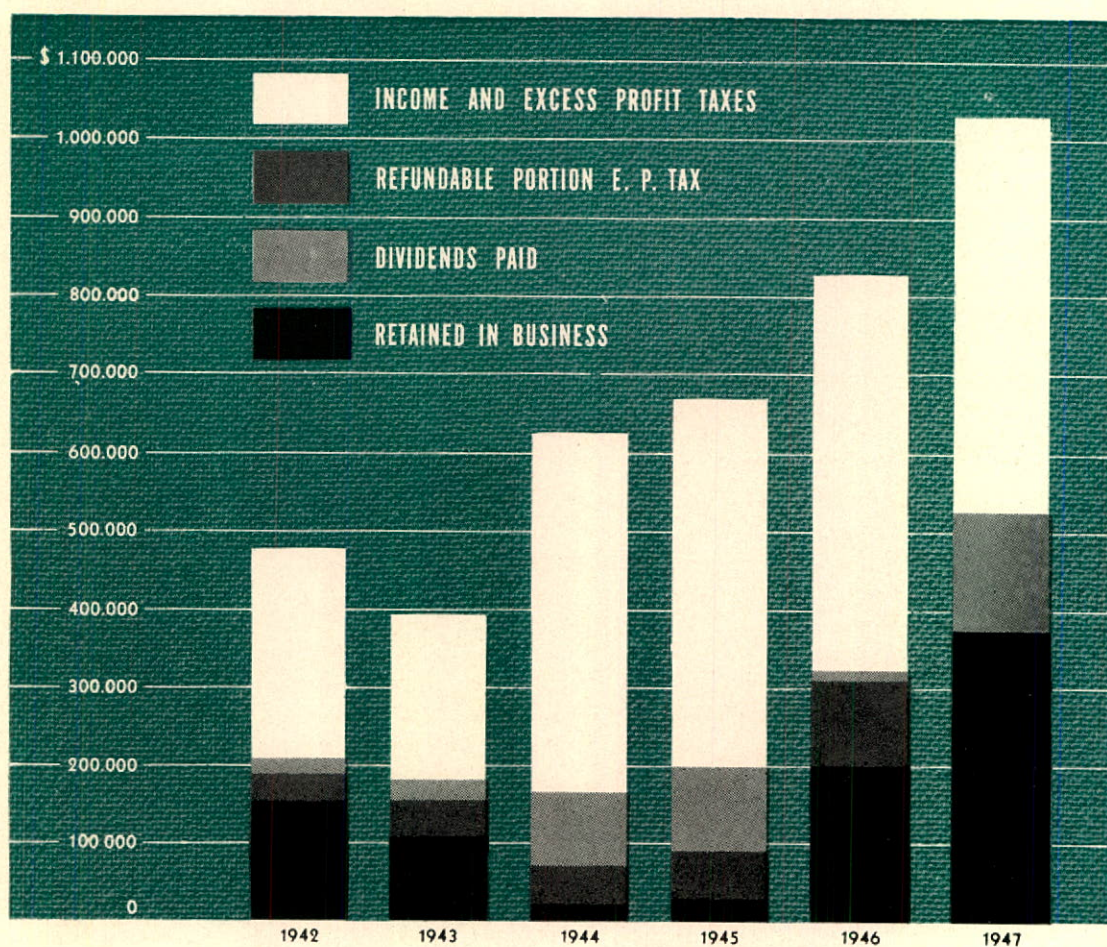
Profit on sale of fixed assets.....	\$ 362,830	
Profit on granting of use of name, trademarks and processes	63,305	426,135
		<hr/>
<i>Balance at Credit 31st October 1947.....</i>		<u><u>\$1,832,553</u></u>

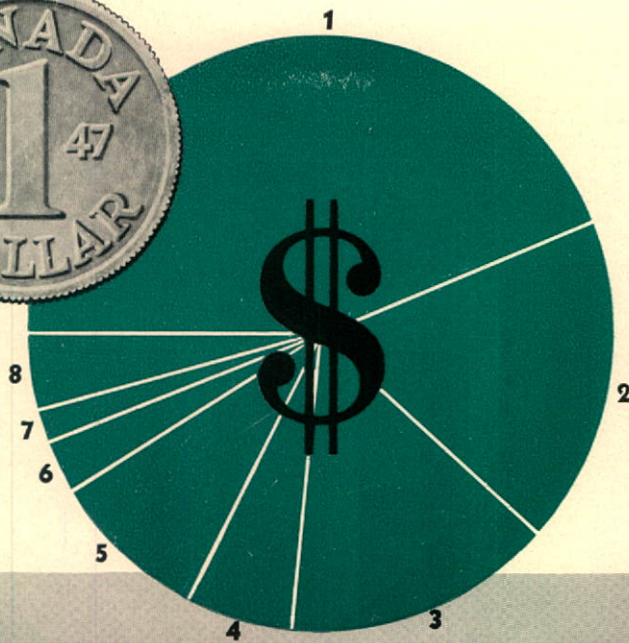
Net Sales Comparison

Expressed in percentages — 1942 equals 100 %



Distribution of Net Income





This is what happened to the 1947 Sales Dollar

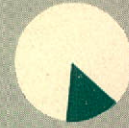
1 Material Cost **43.7 cents**



2 Wages **17.8 cents**



3 Factory Expense and Supplies **15.1 cents**



4 Taxes **5.8 cents**



5 Administrative and Selling Expenses **8.8 cents**



6 Depreciation **2.9 cents**



7 Dividends Paid **1.7 cents**

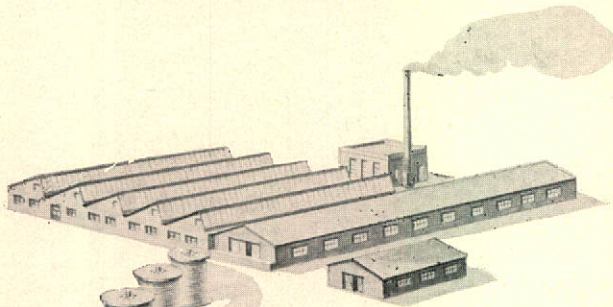


8 To Surplus Account **4.2 cents**



FROM PLANT

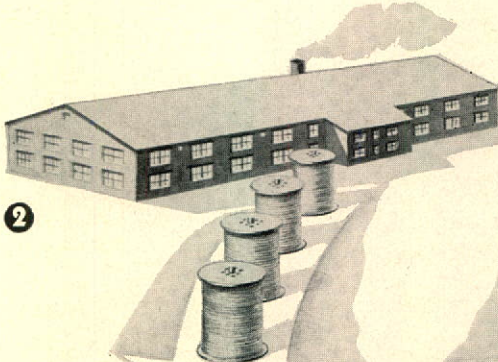
①



1. Dominion Spinners Limited

It is here that yarns are thrown for the Cowansville Division, and are also processed on commission for the hosiery industry.

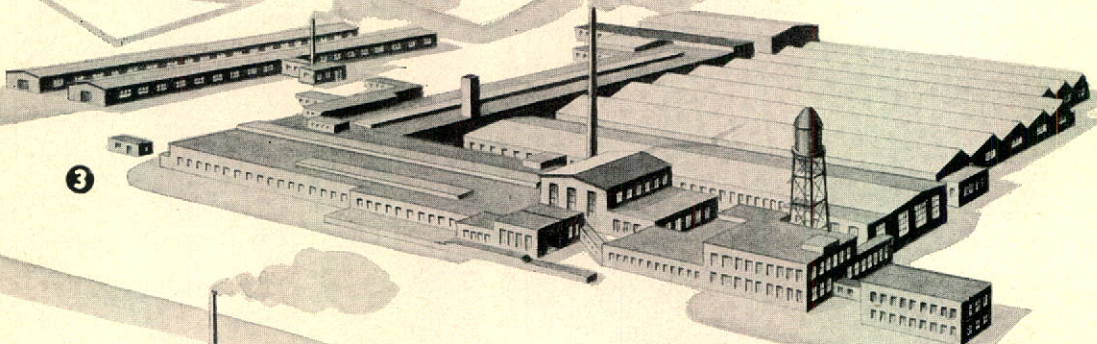
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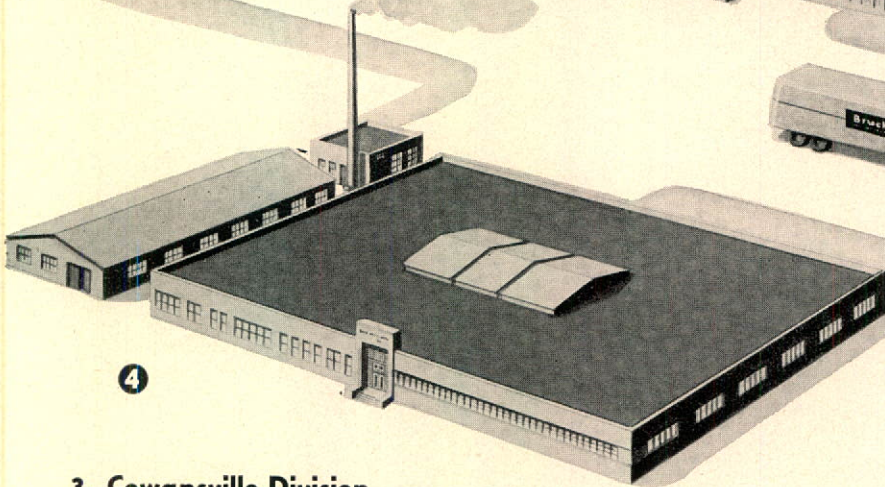
2. Farnham Division

This is another throwing plant. It processes yarns exclusively for the Cowansville Division.

③



④



3. Cowansville Division

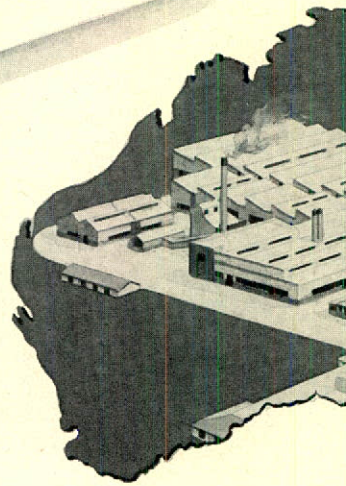
This plant weaves, prints, dyes and finishes fabrics for the dress and sportswear trades. The company's dyeing plant, screen and machine print works, are located here.

4. Sherbrooke Division

Fabrics for upholstery, drapery, sportswear, and garment linings are woven in this plant.



⑤



5. Bruck Mills (Australia) Limited

Operations in this overseas plant have recently commenced. Varied types of fabrics will be woven, dyed, and finished here.

TO PRODUCT

Bruck Fabrics

are fabrics for all occasions. Although rayon is the principal raw material, cotton, wool, and nylon yarns are also used.

Bruck Fabrics consist of many diversified types which are designed for use

in dresses,
sportswear,
rainwear,
bathing suits,
corsets,
and
home furnishings.



About Those Who Make Bruck Fabrics

Presented on this page is a pictorial record of the Aimé Snyder family, because they typify the relationship between the company and so many of its employees.

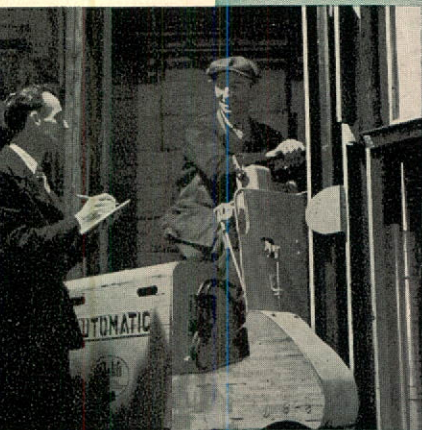
Aimé Snyder, age 43, has been with the company for almost 20 years. Both he and his wife, Irene, take an active part in community activities.

Aimé is particularly keen about athletics and is a leader in team organization.

His son, Guy, now 18, a high school graduate, is following in his father's footsteps at the plant, while his eldest daughter, Thérèse, now finished school, is also a member of the Bruck staff.



The Aimé Snyder family gather at dinner in their comfortable home



Aimé, foreman of the Yarn Stores Division, issues instructions to one of his staff.



Son, Guy, is now working in the Quilling Department.



Thérèse finds her work in the Engraving Department interesting.



At home, Aimé works at a hobby, as the Entre-Nous reporter takes his picture.

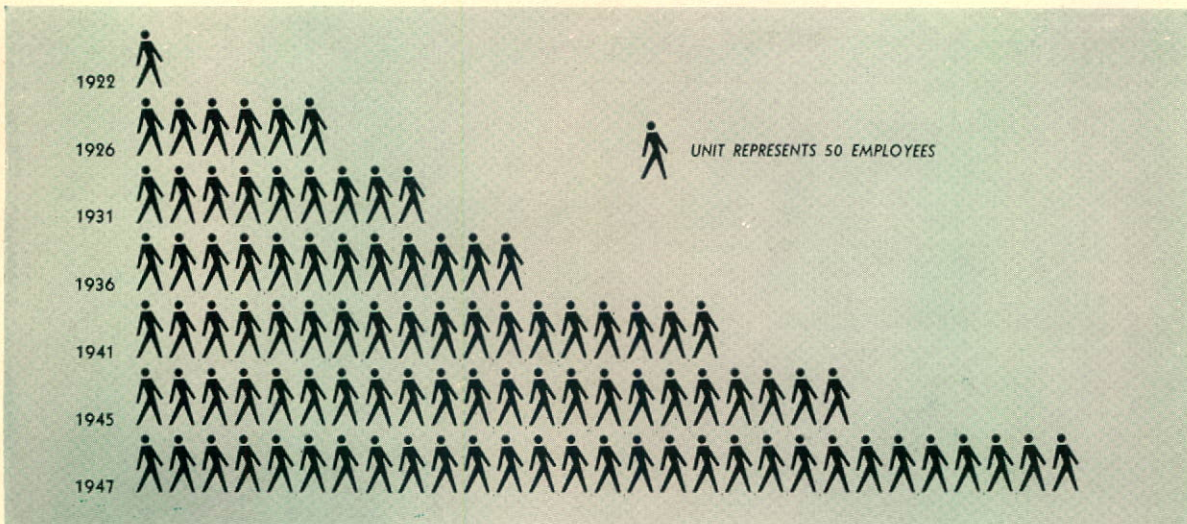


The youngest daughter, Denise, is in bed with a cold. The company welfare nurse visits her.

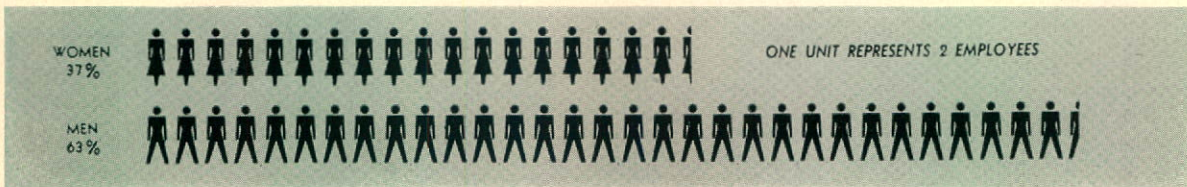


The Snyder family is talented, and music is one of their favourite pastimes.

Employee Growth



Out of every Hundred, 37 are Women



Employees read about themselves and their company in the monthly house organ.



Employee athletic participation is fostered and encouraged.



The clubhouse library is but one of many facilities available to employees.



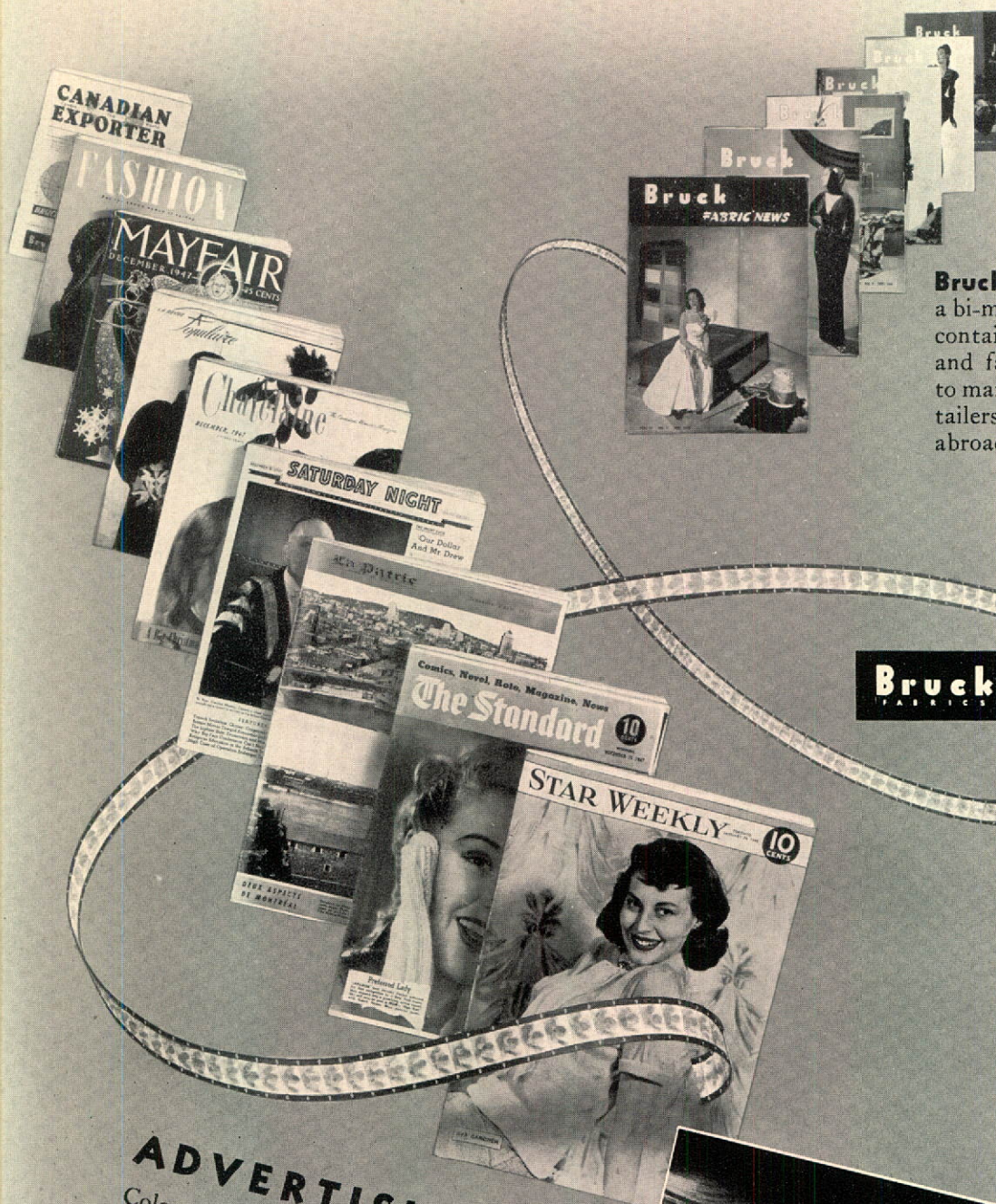
Competent medical care and first aid is always available. Happily, industrial mishaps are few.



Among its several duties, the snowmobile helps the welfare nurse in getting about.



Company food packages for communal welfare are assembled by the clubhouse staff.



Bruck Fabric News — a bi-monthly publication containing news of fabric and fashion, distributed to manufacturers and retailers in Canada and abroad.

ADVERTISING...

Colour advertisements appearing in leading national magazines and rotogravure sections of weekly papers, bring the name of **Bruck Fabrics** before millions of Canadians from coast to coast.

The company's educational sound and colour film is being shown to many thousands, covering such groups as sales personnel, women's clubs, schools, and fashion assemblies.

These activities, together with a sound product, maintain the enviable reputation of **Canada's distinguished fabric.**



Bruck
F A B R I C S

• Canada's Distinguished Fabric

