

25th

BRUCK Silk Mills Limited

Anniversary

1921-1946

ANNUAL REPORT TO THE SHAREHOLDERS
FOR THE YEAR ENDED OCTOBER 31ST 1945

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Bruck
FABRICS

*Quilling Operation.
Preparing
Quills for Shuttle*



BRUCK Silk Mills Limited

Directors

ISAAC I. BRUCK	L. S. LEE
GERALD L. BRUCK	BENJAMIN LEIBEL
MORTON DARLING	RENE B. PERRAULT
H. D. DWYER	H. STERN
ARTHUR M. FLANDERS	ALLAN WATT
H. E. HERSCHORN	

Officers

President	I. I. BRUCK
Vice-President	L. S. LEE
Vice-President	A. M. FLANDERS
Secretary	H. STERN

General Offices

MONTREAL	460 St. Catherine Street West
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Sales Offices

TORONTO	332 Adelaide West
WINNIPEG	Canada Building
VANCOUVER (Representative)	3155 West 14th Ave.

United States Office

NEW YORK	120 West 42nd St.
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Overseas Offices

ENGLAND LONDON, N.W. 8	310 Grove End Gardens (Bruck Silk Mills (Eng.) Limited)
AUSTRALIA MELBOURNE	84 Flinders Lane
AUSTRALIA SYDNEY	181 Clarence Street

Mills at Cowansville, Quebec

Montreal, Quebec,
January 17th, 1946

Report of the President

TO THE SHAREHOLDERS,
BRUCK SILK MILLS LIMITED

Your company is presently commemorating its Twenty-Fifth Anniversary. During this quarter century, your company, the pioneer of the silk and rayon weaving industry in Canada, has developed consistently despite intervening periods of depression and war. Today, as an outstanding Canadian Textile mill, it is a completely integrated organization. Its products are well and favourably known throughout Canada and foreign markets for their high standards of quality and design.

With this Report, you will find a section devoted to the story of the development of your company and its products, illustrated with photographs and charts.

During the past year your company has advanced its planning for peacetime, as may be noted in the following remarks:—

Problems of Transition

While the labour supply position has improved in recent months, it is not possible to say the same in regard to raw materials. The problems of transition from war to peace are international. They are being slowly adjusted, but there remains, nevertheless, a serious world shortage of textile products. This will require a considerable time to correct. Shortage of supplies is paralleled by slowness in obtaining delivery of new equipment. Your management continues to do everything in its power to cope with these difficulties.

Profit and Loss

Operations of the past year, as reflected in the Profit and Loss statement for the year ended October 31, 1945, were satisfactory, with gross trading profit moderately higher at \$1,272,628. After charging selling and administration expenses of \$431,013; provision for depreciation of \$159,728; bond interest of \$24,655, tax reserve of \$579,882, and minor items, there remained a balance of \$87,075. The net profit available on the outstanding no par value common shares, was equal to 69.7c per share earned, as compared with 52.4c in the preceding year. Dividends absorbed \$62,500, which left a net addition of \$24,575 to earned surplus, that account standing at \$762,653, at the year-end, after adjustments as reflected in the Statement of Earned Surplus.

Dividends

During the year dividends were paid in four quarterly disbursements of 10c per share, plus an additional 10c per share in the final quarter—or 50c in all. For the first dividend of the current fiscal year, 20c per share has been declared and paid.

Funded Debt

An important development of the past year was the provision of funds for retirement of the balance of your company's funded debt, which matured November 1, 1945. Of the original amount of \$550,000 par value of the 6½% First Mortgage Bonds issued, a total of \$182,700 had been retired progressively through operation of the annual Sinking Fund. The remaining balance of \$367,300 was provided for by deposit with the bank of the necessary funds, together with the U.S. exchange premium. The retirement operation was duly completed on maturity date.

Federal Taxation

During the past year the determination of the company's standard profit by the Board of Referees under the Excess Profits Tax Act, together with minor adjustments increased the previously estimated provision for tax liability by \$188,902. In addition, it was decided to refund to the Commodity Prices Stabilization Corporation, subsidies received in prior years amounting to \$199,115. However, this was largely offset by an amount of \$197,051, a decrease in taxes, otherwise payable. The net result was a charge to surplus account amounting to \$190,967, which was provided for by transferring an equivalent amount from Reserve for Contingencies.

Out of the year's profits, the sum of \$579,882 was set aside as a reserve for federal income and excess profits taxes, which amount is equivalent to approximately \$4.64 per share. The accumulated refundable portion of excess profits tax now stands at \$253,725.

Net Working Capital

Reflecting the substantial outlays for retiring the bonds and adjustment of Federal tax, as outlined in the foregoing paragraphs, the net working capital of the company was reduced to \$823,474.

Inventory Position

As at the end of the fiscal year the inventory position of your company was satisfactory, standing at the amount of \$1,287,939, which compares with \$1,216,519, for the previous year. Inventory Reserve at the same time was reduced to \$117,546, from the amount of \$271,206, shown in last year's statement.

Plant

Through the past year, despite continued difficulties, your plant at Cowansville was maintained in excellent condition. Consistent with your management's policy to keep plant and equipment thoroughly modern and efficient, orders have been placed for new weaving, dyeing and finishing equipment, and this will be installed progressively as received. The balance sheet gives effect to the new appraisal of your company's fixed assets and new valuations as determined by the Canadian Appraisal Company Limited, as of April 29, 1944. The fixed asset investment, after giving effect to subsequent additions, retirements and depreciation, is now shown in the balance sheet at a net figure of \$2,439,788. Concurrently goodwill as

represented by Trademarks, Processes, etc., and previously carried at \$105,176, was written down to the nominal figure of \$1.00. Surplus arising from the appraisal, after write-offs against goodwill and disposal of equipment, left a net credit balance of \$1,661,860, which has been set up in the balance sheet as Capital Surplus.

New Plant Development

During recent years productive facilities of your company's plant in Cowansville were utilized to full capacity. There was a long felt need for additional space for expansion and to permit more efficient arrangement of manufacturing equipment. Upon the removal of restrictions on expansion, your directors devoted their attention to this important end, with the result that your company entered into a contract with the city of Sherbrooke, Quebec, for the construction of a new plant. Under these arrangements, the city is proceeding with the erection of a manufacturing building valued at approximately \$300,000, and located on a suitable industrial site in that city. The new plant has been leased to your company for a period of fifteen years with the company retaining the right to purchase land and building at any time. Satisfactory arrangements have been concluded regarding terms, taxation rates, etc. Construction work on the new unit is already in progress and it is expected that the building will be completed at an early date.

Outlook

During the war management coped with difficult problems realizing that many improvements and expansion had, of necessity, to be delayed. It is to be expected that new experiences, developments of new materials and processes, will in the not too distant future, enable your company to complete its plans for manufacturing diversification and enlargement of domestic and foreign markets. This, in turn, should reflect itself in increased employment and otherwise contribute constructively to Canada's national economy.

Export Markets

In accordance with past policy and realistic post war plans, your company continues to maintain and develop its connections in the export field. During the past year, despite shortages of materials, and government and other restrictions at home and abroad, shipments of Bruck Fabrics have been made to Australia, New Zealand, South Africa, the Caribbean and Latin American Countries. These export outlets can be expected to improve as supply factors and shipping conditions become normal, and government controls are relaxed. Mr. Arthur M. Flanders, vice-president in charge of exports, and a director of your company, is now in Australia. Conditions in that Commonwealth and in New Zealand are being studied by Mr. Flanders, and your company's future policy in those fields will be guided in line with his findings. In other export areas your company's agents and representatives continue active.

Advertising

During the past year your company, conscious of the enviable reputation it maintains in the trade and the importance of consumer acceptance of Bruck

Fabrics, has implemented its sales policy with a widespread campaign of advertising and a promotional programme on a nation-wide scale. Full-page, full-colour advertisements are appearing in national consumer and trade magazines and other publications throughout Canada.

Staff

Employee relations continue satisfactory. At the plant welfare, recreational, first aid, nursing and medical facilities have been maintained and have proved popular.

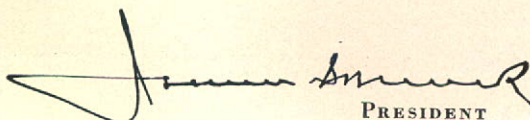
During recent months your company has welcomed the return of employees demobilized from the Armed Services. Your company's programme for the rehabilitation of Veterans has been highly commended by the Cowansville Branch of the Canadian Legion.

Your directors desire to record their appreciation of the loyal and efficient service rendered by all employees of the company during the past year.

Conclusion

In conclusion, I would say that your management faces the future with confidence and high purpose. As I have explained, the company's peacetime objectives are already well defined. The fulfillment of these plans may be influenced by matters of supply and distribution that cannot easily be calculated, at this time. They are characteristic of post-war transition. A competent management, a loyal and experienced staff and an accepted product of high quality seem, to me, to represent a combination that augurs well for your company's future.

Submitted on behalf of the Board,


PRESIDENT

Balance Sheet as at 31st October, 1945

Bruck Silk Mills Limited

ASSETS

Current Assets

Cash on Hand and in Banks	\$	52,637.13	
Cash Surrender Value of \$475,000. Life Insurance		145,848.18	
Deposit with Insurance Underwriters		20,365.45	
Accounts Receivable—Less Reserve		165,350.01	
Inventories—Manufacturing materials, either raw, in process or in finished state, valued at the lower of cost or market. Other manufacturing elements at cost		1,287,939.36	\$1,672,140.13

Excess Profits Tax

Refundable Portion			253,724.71
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Employees' Subscriptions to Eighth Victory Loan

Subscriptions receivable from Employees	20,419.77		
Less—Bank Loan against Employees' subscriptions ..	19,100.00		1,319.77
Note:—Bank holds as collateral \$19,100.00 Dominion of Canada Bonds, 3%, 1963			

Investments in Subsidiary Companies

Shares			4,231.31
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Employees' Housing Scheme

Second Mortgage			6,580.60
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Other Investments

Stocks—At Cost			2,280.00
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Prepaid Charges

Insurance, Employees' Annuities, etc.			78,372.29
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Plant Investment

Land, Buildings, Plant, Machinery, Furniture and Fixtures	3,500,512.14		
Deduct—Mortgages	6,149.56		
	3,494,362.58		
Less—Reserve for Depreciation	1,054,575.01		2,439,787.57
As per valuation by Canadian Appraisal Company Limited, dated 29th April, 1944, with subsequent additions at cost less retirements. (Amount of Appraisal write up over former value \$1,768,151.37).			
Trademarks, Processes, etc.			1.00

\$4,458,437.38

Signed on behalf of the Board

ISAAC I. BRUCK }
L. S. LEE } Directors

Balance Sheet as at 31st October, 1945

Bruck Silk Mills Limited

LIABILITIES

Current Liabilities

Bank of Montreal—Loan - secured	\$ 75,000.00	
Accounts Payable	451,806.64	
Bills Payable	170,065.65	\$ 696,932.29

Reserve for Taxes

Dominion Income and Excess Profits Tax	579,882.12	
Less—Paid on Account and due by Income Tax Department	428,148.68	151,733.44

Funded Debt

6½% First Mortgage Bonds		
Authorized	\$1,000,000.00	
Issued	550,000.00	
Less—Redeemed and Cancelled	182,700.00	
	367,300.00	
Deduct—Deposited with Royal Bank of Canada for Redemption of Bonds	367,300.00	

Capital

No Par Value Common Stock		
Authorized—150,000 Shares		
Issued —125,000 Shares	\$ 787,500.00	
Reserve for Contingencies	144,034.40	
Capital Surplus as at 31st October, 1945	1,661,859.58	
Earned Surplus as at 31st October, 1945	762,652.96	

Deferred Surplus

Refundable Portion of Excess Profits Tax as at 31st October, 1945	253,724.71	3,609,771.65
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\$4,458,437.38

Contingent Liability

Trade paper under Discount with Bank	\$243,316.21	
Estimated Excess Profits Tax on reserve for possible Inventory decline of \$117,546.13 ..	57,205.00	
Guarantee of Mortgages on Employees' Houses	10,299.12	

Statement of Income and Expenditure
for Year ended 31st October, 1945

Bruck Silk Mills Limited

Gross Profit from Trading.....			\$1,272,627.78
Selling, Delivery, Administrative and other expenses (Executive Officers' Salaries \$45,316.59).....	\$ 431,013.25		
Directors' Fees.....	1,320.00		
Legal Fees and Expenses.....	6,703.03		
Bond Interest.....	24,654.50	\$ 463,690.78	
Depreciation			
Plant, Machinery and Equipment.....	124,280.49		
Buildings, etc.....	26,123.64		
Furniture and Fixtures.....	6,548.09		
Transportation Equipment.....	2,775.37	159,727.59	623,418.37
Profit from Operations.....			649,209.41
ADD—Other Income			
Dividends and Interest Received.....	12,477.83		
Profit on Sale of Securities.....	2,721.25		
Bad Debts recovered and reduction in Reserve for Bad Debts.....	761.69		
Profit on Sale of Fixed Assets.....	415.00		
Profit on Sale of Truck.....	357.99		
Sundry Income.....	1,013.91		17,747.67
			666,957.08
DEDUCT—Provision for Income and Excess Profits Taxes.....			
			579,882.12
Profit for Year to 31st October, 1945....			\$ 87,074.96

Statement of Earned Surplus Account,
as at 31st October, 1945

Balance at Credit, 31st October, 1944.....		\$ 738,078.00
Deduct—Adjustments for prior years		
Subsidies refunded and refundable.....	\$ 199,114.72	
U.S. Exchange on Bonds redeemed.....	39,776.50	
	238,891.22	
Less—Income and Excess Profits Taxes		
Recoverable on subsidies refunded and refundable \$197,050.52; less additional provision in respect of determination of Standard Profits, etc., \$188,902.40....	8,148.12	
	230,743.10	
Transfer from Reserve for Contingencies.....	230,743.10	Nil
Profit for Year ended 31st October, 1945.....	87,074.96	
Dividends Paid.....	62,500.00	24,574.96
Balance at Credit, 31st October, 1945.....		\$ 762,652.96

Statement of Capital Surplus Account as at 31st October, 1945

Bruck Silk Mills Limited

Surplus arising from Appraisal		\$1,768,151.37
Deduct		
Trademarks, Processes, etc. written down to value of \$1.00	\$ 105,175.15	
Written off on disposal of Equipment	1,116.64	106,291.79
Balance at Credit, 31st October, 1945		<u><u>\$1,661,859.58</u></u>

Auditors' Report

MONTREAL, 10th January, 1946

We have audited the Books and Accounts of Bruck Silk Mills Limited, for the year ended 31st October, 1945. Neither the accumulated deficit of a Subsidiary Company, amounting to \$1,219.56 as at 31st December, 1944 nor the accumulated deficit of a second Subsidiary Company amounting to \$713.38 as at 31st October, 1945 is reflected in the Balance Sheet. Reserve against future depreciation in Inventory Values has been provided in accordance with Section 6, paragraph 2 (C) of the Excess Profits Tax Act. Having obtained all the information and explanations we have required, and subject to the above remarks, 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, the explanations given to us and as shown by the Books of the Company.

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

Bankers

BANK OF MONTREAL	Montreal
NATIONAL CITY BANK OF NEW YORK	New York

Auditors

MACINTOSH, ROBERTSON & PATERSON	Montreal
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Trustee

MONTREAL TRUST COMPANY	Montreal
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Transfer Agents

MONTREAL TRUST COMPANY	Montreal & Toronto
CITY BANK FARMERS TRUST COMPANY	New York

Registrars

THE CANADIAN TRUST COMPANY	Montreal
MONTREAL TRUST COMPANY	Toronto
NATIONAL CITY BANK OF NEW YORK	New York



ISAAC I. BRUCK, Founder and President

The Story of Bruck

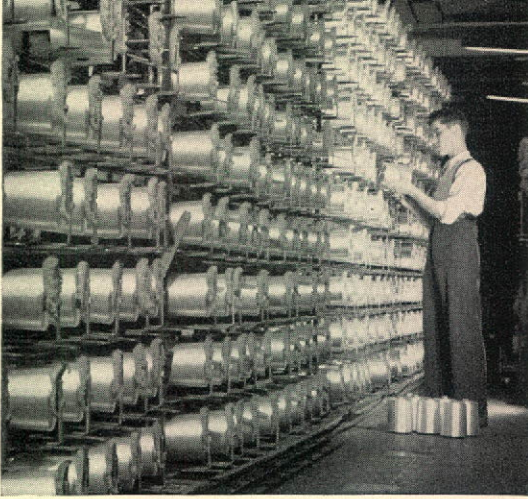
The natural impulse when writing the history of a quarter-century of growth—whether it be of an industry or an individual, is to surround the facts with an aura of greatness . . . unusual finance, or one of the many other standard trimmings that too often embellish a success story.

The story of Bruck Silk Mills Limited needs no such dressing up. Bruck fabrics tell their own story.

To start at the beginning; the year is 1921, just about the time businessmen the world over were commencing to have the discouraged feeling that the bottom was dropping out of things, and were hastening to convert their capital into bonds and non-speculative ventures. Investment in new business was considered too risky—especially in a business which was different to the then established industries in Canada. However, Isaac Bruck was an exception to the scepticism which prevailed during that period. In that year, Mr. Bruck, who was a distributor of textiles in the United States, came to Canada on a holiday. While here, Mr. Bruck—a man with keen business perception—arrived at a decision which founded an industry in Canada. Being absolutely confident that the country was ready to support a silk mill of its own, he wasted no time in putting his plan into effect.

Returning to the United States, he put his affairs there in order, and came back to Canada, this time to build a business that no one had ever dared to establish in this thinly populated country.

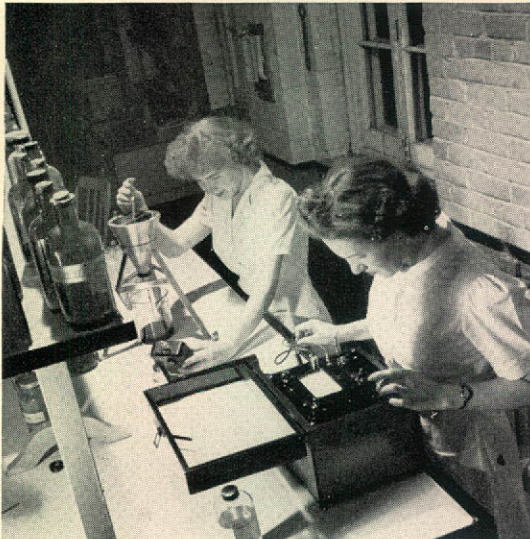
Choosing Cowansville for the site of his mill, he proceeded to convert a small munitions plant into a textile mill. He scurried around for enough looms to get into production. The next step was to employ a few key people who could train the inexperienced labour that was available in this country. And one day, after the usual trials and tribulations, the switch was thrown and 14 looms, the original installation, began to run off the first yards of Bruck Fabrics.



1



2



3

1

Loading a high-speed warper magazine.

2

Drawing warp threads through loom harness.

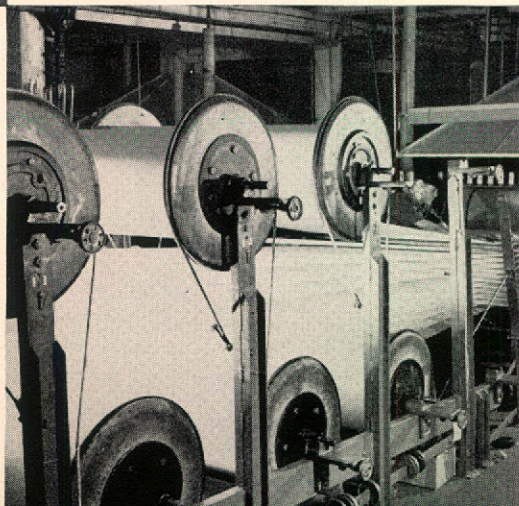
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Laboratory assistants check and re-check.

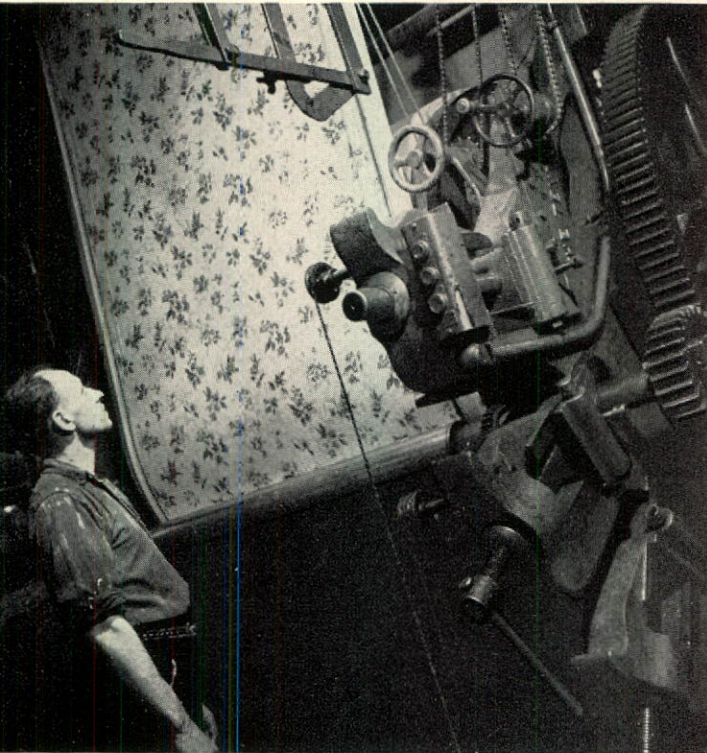
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Sectional warps being mounted on loom beams.

4



That was twenty-five years ago. Now, in 1946, the looms are still rolling off Bruck Fabrics. Not 14 looms, but hundreds of the most modern to be had, and even these cannot keep pace with the demand for their output. The original thirty employees have grown to well over a thousand, who are so skilled that the products of their craft are standards of comparison in the industry.



The roller printing machine applies a multi-colour pattern to a Bruck Fabric. Constant vigilance assures quality.



Transferring a print pattern from a flat drawing to a cylindrical copper print roller.

Naturally, at the beginning, the demand for the cloths that Bruck made came primarily from local sources. A few manufacturers in Montreal and Toronto decided to try some yardage from the new Canadian producer. Soon thereafter, they started to buy in ever-increasing quantities, because the product was as fine . . . and in some instances

Threads do break sometimes; there is an operator on duty to mend breaks at once.



finer than the materials they were importing. More and more manufacturers started to put Bruck Fabrics into their lines. Department stores began featuring certain ranges, until distribution became nation-wide. By now, Bruck Fabrics were well away.

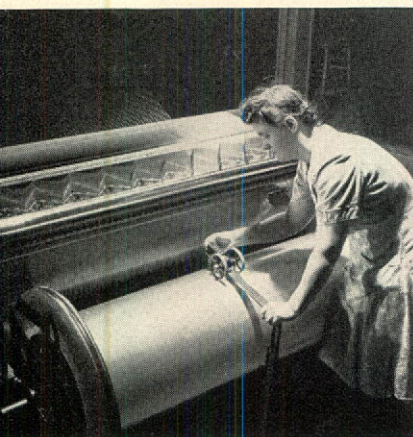
As time went on, ranges were expanded and with this expansion came the natural enlargement of sales horizons. Bruck Fabrics went to England, Australia, New Zealand, South Africa, Latin America, and other countries. A small plant had grown and come of age. Bruck had become an important factor in the Canadian economy.

Dye House scene. The dyeing completed, Bruck Fabric being removed from the vat.

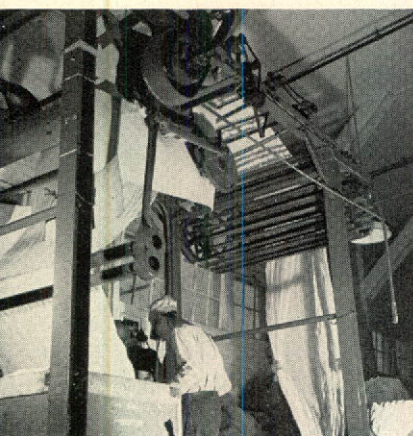




A Throwing Room operator tends a yarn plying machine.



Warped threads are wound onto a large beam.



Finishing Room. Wet cloth from the Dye House is spread open for drying.

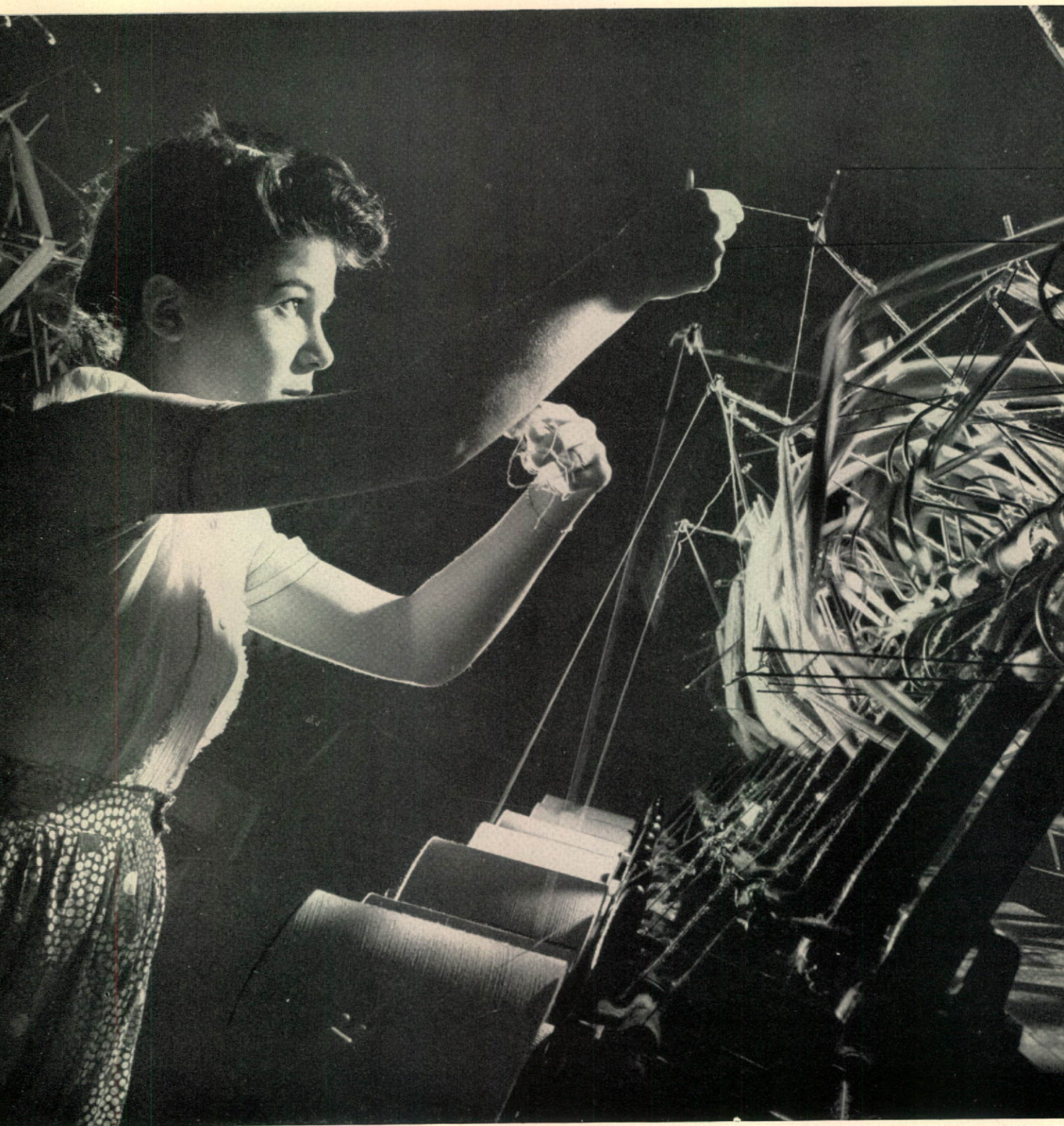
The first impression a visitor gets on entering the mills at Cowansville is one of great activity. Thousands of spools and cones of thread are whirling around at break-neck speed, being wound and rewound. Every colour of the rainbow is represented. Here indeed is action! Alert girls watch for thread breaks as the spools revolve continuously.

Here is the start of fine Bruck Fabrics! Here is the first of series of operations in one of the most complete textile mills. From the raw yarn to finished Bruck Fabrics every operation takes place in the one plant. It is here in this low slung building covering many acres of Cowansville land that some 6,000 miles of Bruck Fabrics are produced each year from millions of pounds of yarn. Cloths ranging from sheer dress crepes to rich, heavy jacquards for household furnishings roll out endlessly. Many kinds of yarns are used singly and in combination to produce the finest types of Bruck Fabrics required for dresses, sportswear, elastic foundation garments, draperies and upholstery coverings.

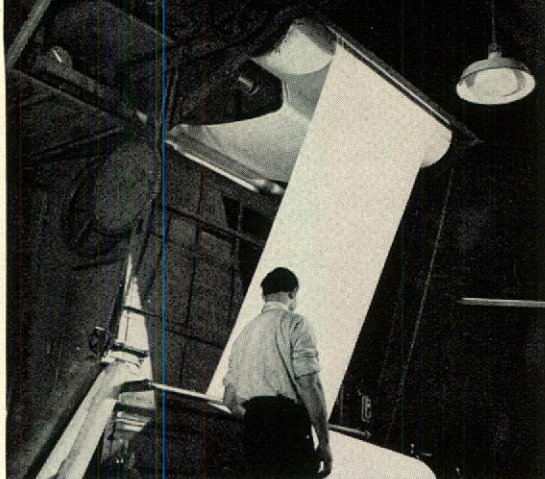
As long slender shuttles race across and through the warped threads on hundreds of looms, the fabric takes form. From the weaving department some of the fabric is taken to the dye house, some to the printing departments where two methods are employed to produce Bruck Prints. There is the roller, or machine printing, which somewhat resembles newspaper printing presses. From finely engraved copper rolls patterns are transferred to the fabric in any desired colour combination. There is then life and colour to the fabric. The screen process is another method. Here, through fine mesh screens, patterns are stencilled to the cloth by hand. Colour combinations through this type of printing are limitless. It is here that Bruck's popular "Hand-O-Craft" prints are created.

In the jacquard section intricate patterns are woven into the cloth from pattern cards which—to the uninitiated—look like player piano rolls.

Despite the fact that the textile industry is a highly mechanized one and amazingly intricate machinery has been introduced to improve the manufacture of cloth, employees' skill is essential to the successful



Winding yarn from hank to cone. A skilled operator and a modern precision machine combined, assure quality of Bruck Fabrics.



1



2



3

1

Outlet end of Cloth Drying Machine.

2

Artist sketching a design for printing.

3

Modern photography aids in engraving designs.

4

Printed fabric is set to final width in Finishing Dept.



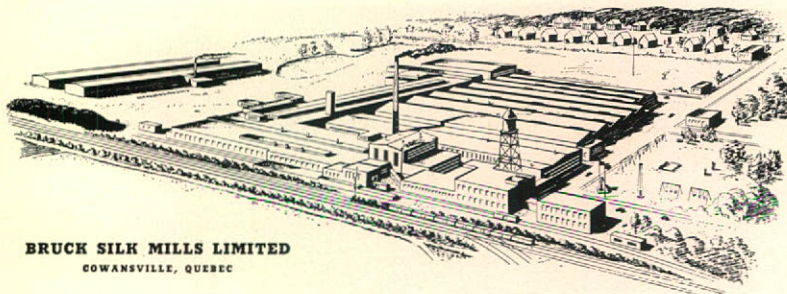
4

creation of fine fabrics. Mechanical equipment performing the complex functions required of them need direction. It is the effective co-ordination of men and machines that plays such an important role in the production of fine Bruck Fabrics.

Nimble fingers, keen eyes and the technical knowledge of fabric production are essential in order that these machines perform at the peak of efficiency. Experienced management and skilled Bruck craftsmen are ever on the alert for new processes and improvements to old ones in order to produce finer fabrics.

Working conditions at the mill are excellent. The health of the thousand employees is attended to by a medical staff maintained on the premises. The welfare of the employees and their families receives a great deal of attention from management. A complete recreational and social program is carried out under supervision of the employees themselves.

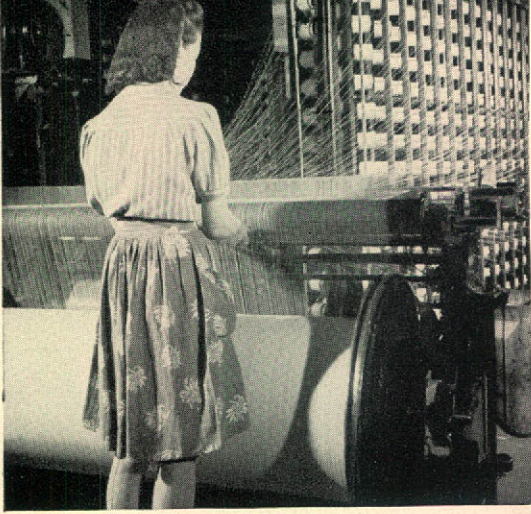
Close and constant co-ordination of management, men and machines has assured for Bruck a foremost position in the industry which it pioneered a quarter century ago.



BRUCK SILK MILLS LIMITED
COWANSVILLE, QUEBEC



Watchful eyes follow the threads from hank to spool. This is one of the primary operations in the manufacture of Bruck Fabrics.



1



2



3

1

Warp winding threads from spools to beam.

2

An experienced inspector scans the cloth.

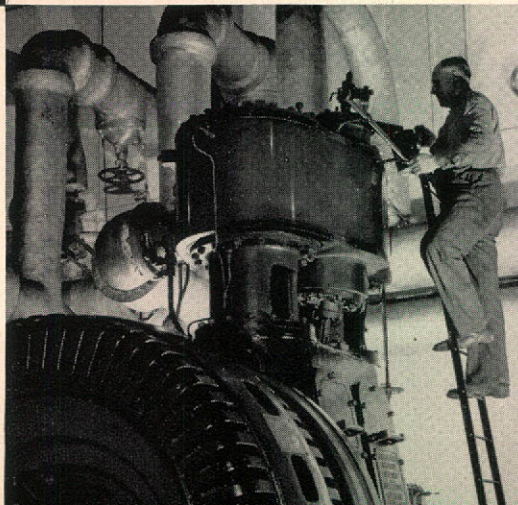
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Inspection against bright lights detects flaws.

4

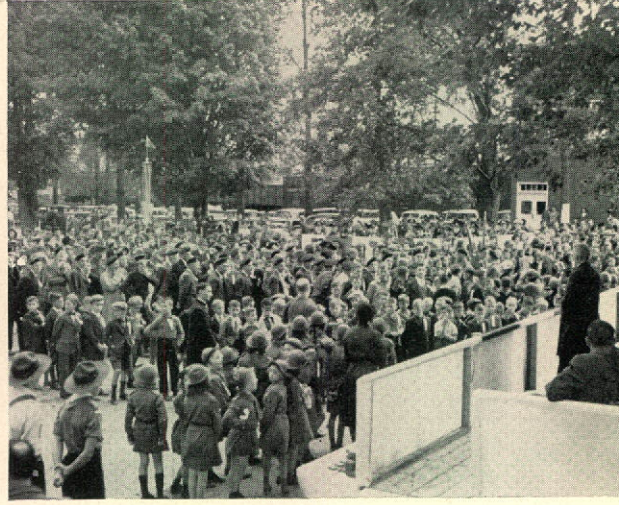
An engineer inspects a Power House installation.

4





*A Slasher Prepares
Warps for the Loom*



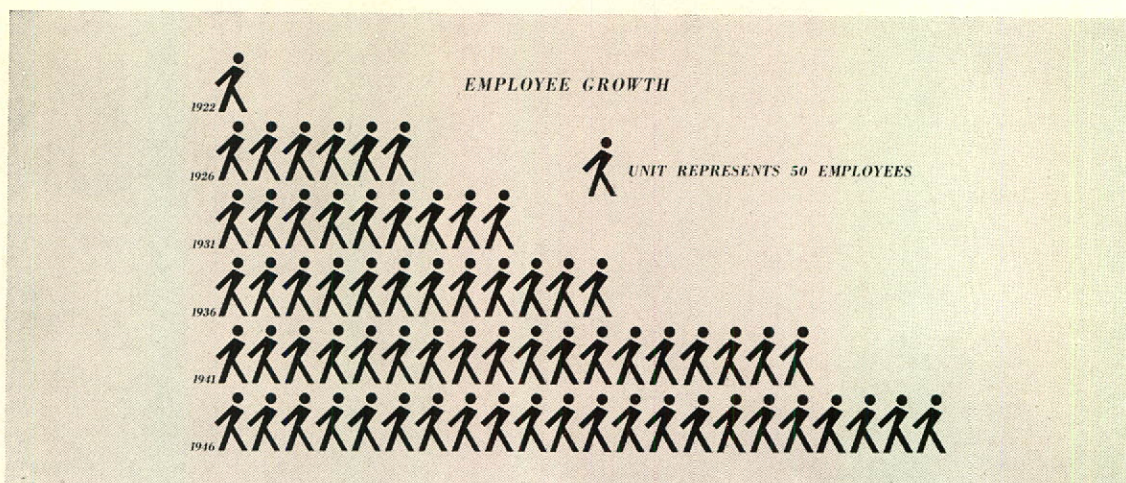
Lieut.-Col. Paul Triquet, V.C., unveils a monument on the Memorial Playground. Dedicated "to those who fought that children may play", this Playground was acclaimed as Canada's first "Living Memorial" of World War II. The land was provided by the town of Cowansville, and the equipment donated by the company. At the upper right we see another view of the dedication ceremony.

The press looks at the mill. Tours through the plant are a part of Bruck's programme for familiarizing the Canadian public with the romance and manufacture of fine fabrics.

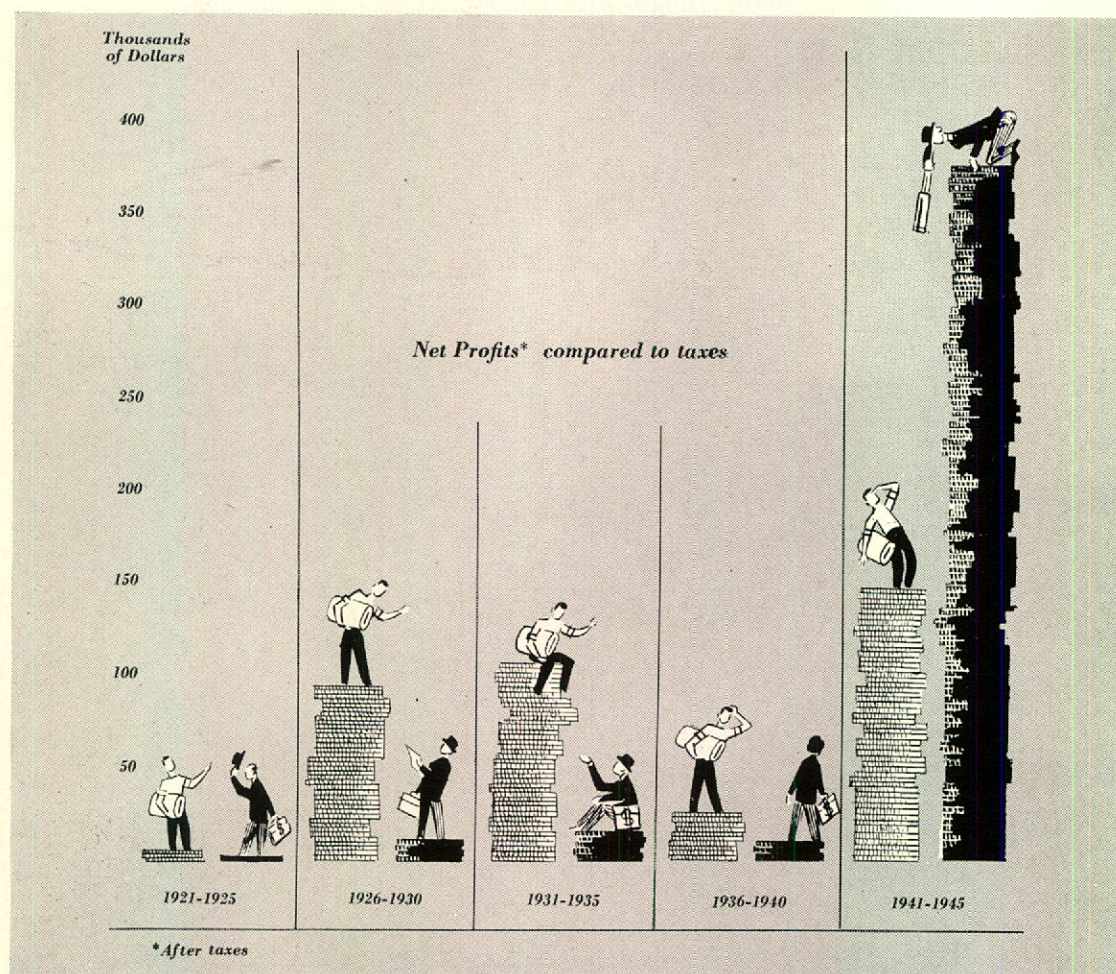


The Clubhouse—recreational centre where employees enjoy social functions. This Clubhouse is also used for communal work.

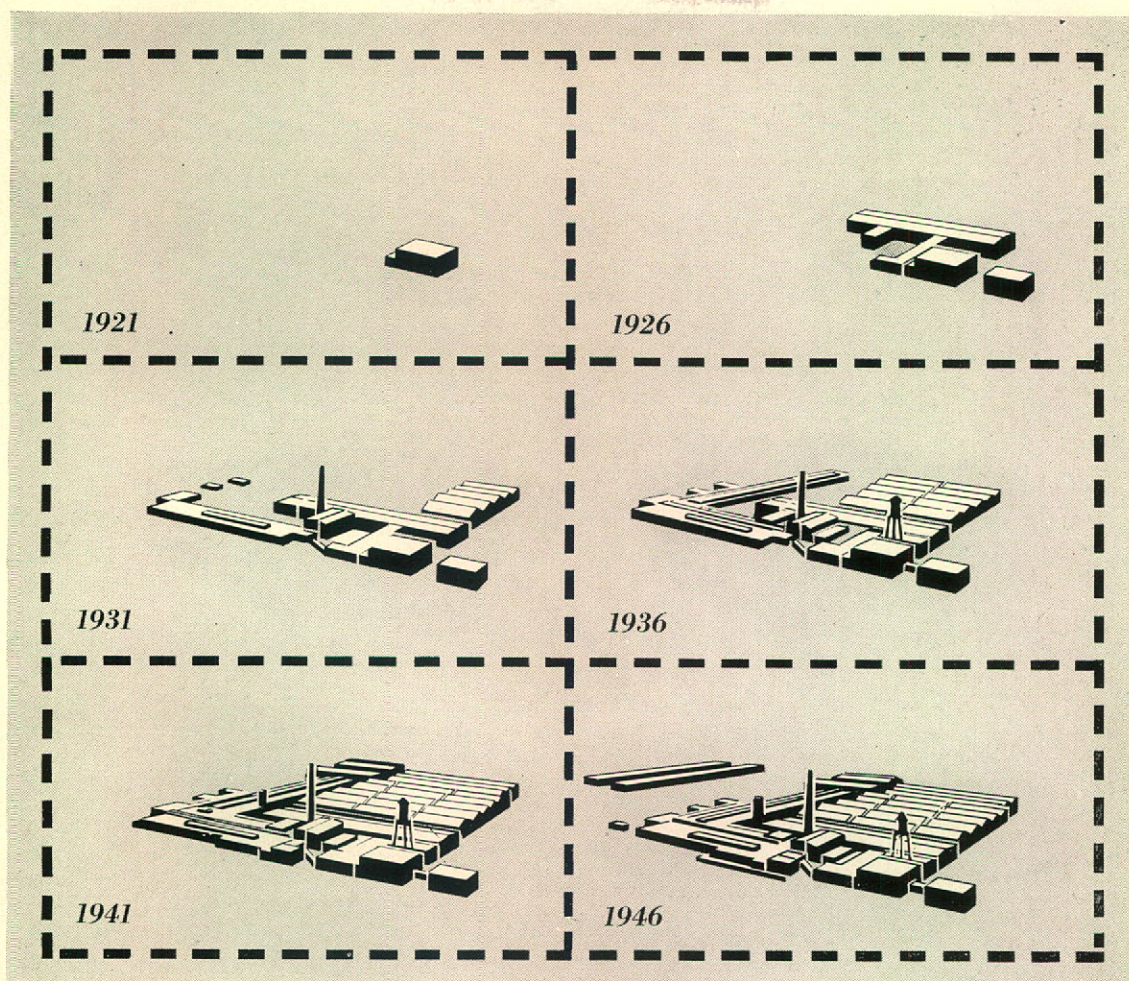




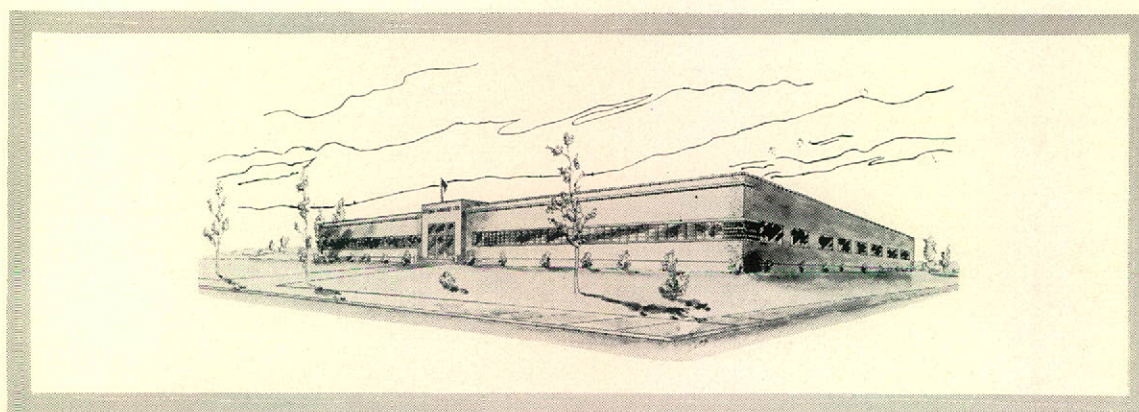
Bruck's Employee growth has been steady even through times of depression.



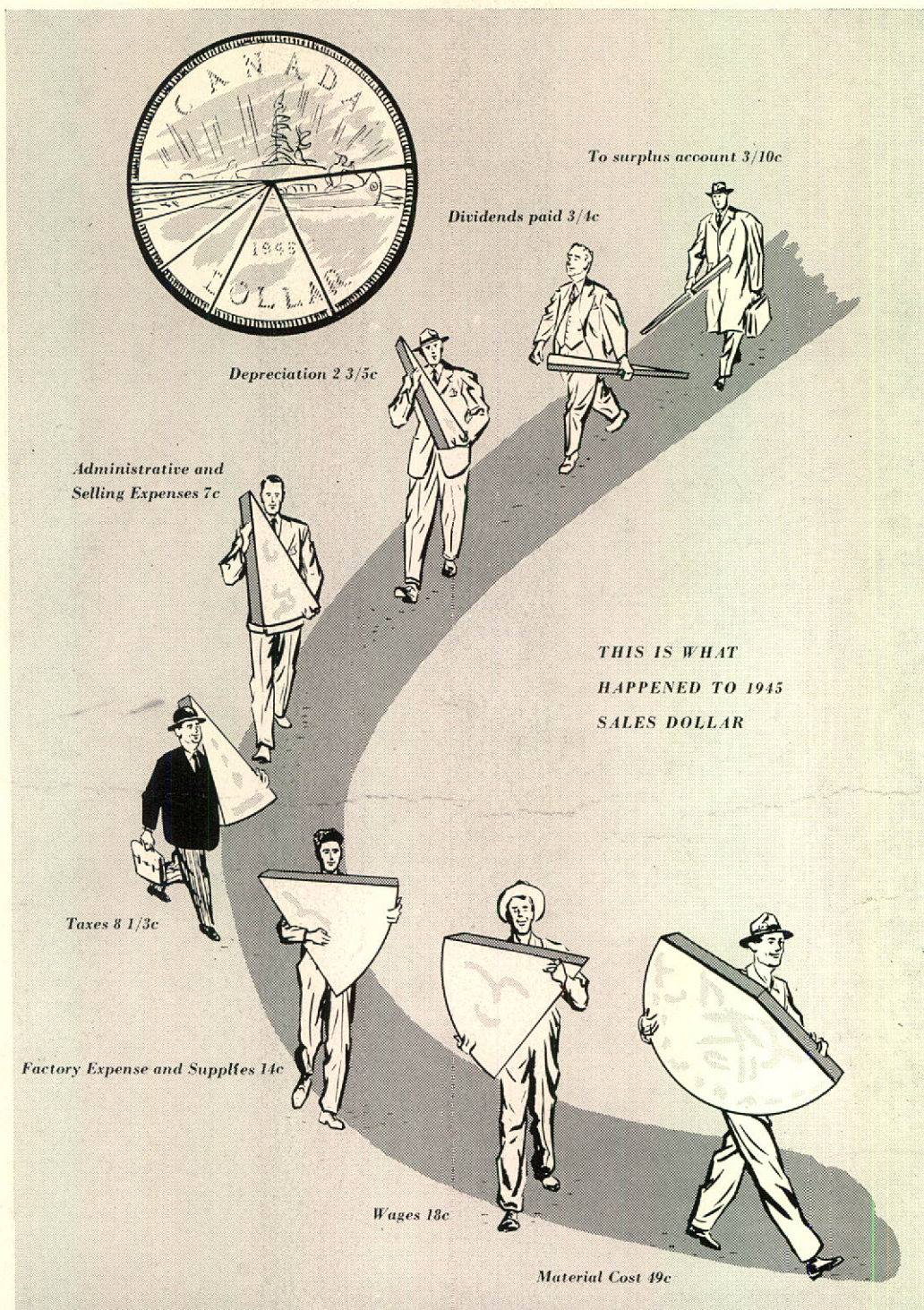
A comparison of what was retained and what was paid out in taxes from Bruck's earnings.



How the Bruck Plant Grew.



New Plant under construction at Sherbrooke, P.Q.



How the proceeds of the sale of Bruck Fabrics contributes to the Canadian economy.



Weaver at a Jacquard Loom

