

BRUCK SILK MILLS LIMITED



Financial Statement

31st October

1937



Mills at
COWANSVILLE, P.Q.

Sales Offices at

MONTREAL TORONTO WINNIPEG
PURVIS HALL VANCOUVER LONDON, ENG.
LIBRARIES MELBOURNE, AUSTRALIA

JAN 19 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.
MELBOURNE, AUSTRALIA

Officers

President and Treasurer

I. I. BRUCK, Montreal

Vice-President

L. S. LEE, Montreal

Secretary

H. STERN, Montreal

Directors

ISAAC I. BRUCK	.	.	.	.	.	.	.	Montreal
MORTON DARLING	.	.	.	.	.	.	.	Montreal
H. D. DWYER	.	.	.	.	.	.	.	Montreal
ARTHUR M. FLANDERS	.	.	.	.	.	.	.	Montreal
PAUL P. HUTCHISON	.	.	.	.	.	.	.	Montreal
L. S. LEE	.	.	.	.	.	.	.	Cowansville
HARTLAND DE M. MOLSON	.	.	.	.	.	.	.	Montreal
WALLACE B. PHILLIPS	.	.	.	.	.	.	.	London, Eng.
COL. G. ERIC REID	.	.	.	.	.	.	.	London, Ont.
H. STERN	.	.	.	.	.	.	.	Montreal

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.,

December 2nd, 1937.

TO THE SHAREHOLDERS,

BRUCK SILK MILLS, LIMITED.

GENTLEMEN:

In presenting to you the annual financial statement of your Company for the fiscal year ended October 31st, 1937, I would like at the outset to establish certain facts relating to the Company. The year under review has been the most trying experienced in the silk and rayon manufacturing industry in many years and your Company was not free from the adverse effects of this general condition. However, your management has been successful in building up the earning power of your business. In past years your Company has concentrated largely on the manufacture of fabrics used chiefly in the dress trades. Conditions in these trades have become increasingly difficult in recent years, with keenest of competition and consequently disturbed price conditions, rapidly shifting style ideas, and general instability.

DIVERSIFICATION:—Your management decided to place your Company in a position less dependent upon these trades. It was found both feasible and economical to greatly diversify the products of your mills and during the year your sales division was able to introduce successfully fabrics, many of which previously have been imported, suitable in the production of many things. These new fabrics include linings for

the garment trades, scarvings, materials for the corset and bathing suit trades, a range of footwear fabrics, special fabrics for use in manufacture of mattresses, pillow slips and bed spreads, Jacquard fabrics for the upholstering and drapery trades, and "Wolainæ" (Registered Name), a material used in the manufacture of men's and women's clothing.

SALES:—As a result your Company is opening up new sales avenues and establishing on your books the names of many important customers not heretofore served. From now forward, your management believes, your Company will become even less dependent upon any one line of activity, and will find increasing sales and earnings stability through this already successful program of diversification.

EARNINGS:—During the past fiscal year your Company's gross trading profit amounted to \$329,953, being an increase from \$301,894 in the year ended in 1936. Income for the year was sufficient to provide for all selling and incidental expenses, interest on your outstanding 6½% First Mortgage Bonds, and a write-off of \$93,876 to depreciation reserve, compared with \$90,314 in the previous year, to leave net profit of \$17,169 (13¾c per share on your stock), compared with \$2,475 (2c per share) in the previous year. Earned surplus at the end of the period amounted to \$467,603.

DIVIDENDS:—Owing to unsatisfactory operating conditions during the previous fiscal year and in the early part of the past year your Directors discontinued dividend payments on your capital stock. Two disbursements of 10c per share each were made, one on January 15th, and a final one on April 15th.

FINANCIAL POSITION:—As on October 31st, 1937, your Company continued to enjoy a comfortable liquid position. Total current assets amounted to \$866,260, and total current liabilities to \$134,805, placing net working capital at \$731,455 as compared with \$701,065 in the previous year.

INVENTORIES:—I would like to draw attention to the fact that your Company's inventory account was increased during the year to \$594,448.64, as compared with \$467,133.80 at the end of the preceding period. The increase in inventory was due in part to the wider diversification of your Company's lines of production, as already explained, and in part to a slowing-up in the demand for dress fabrics toward the end of your fiscal year. For your information the inventory position of your Company is analyzed as follows:

	1937	1936
Raw materials	\$125,906.24	\$ 59,443.29
Goods in process, supplies, etc.	90,429.28	90,606.00
Undyed goods	158,438.02	140,411.60
Dyed goods	219,675.10	176,612.91
Totals	\$594,448.64	\$467,133.80

PLANT:—After deduction of depreciation reserve of \$679,654.08 the investment in your Company's land, buildings, plant, machinery, etc., was taken in the balance sheet at \$855,178.69.

DEPRECIATION RESERVE:—Out of profits during the latest fiscal year an amount of \$93,876.33 was charged out to depreciation reserve. The item included \$82,050.90 on plant, machinery and equipment, \$9,983.86 on buildings and \$1,841.57 on furniture, fixtures, etc. Total reserve as shown at \$679,654.08 is the largest so far reported by your Company.

BOND REDEMPTION:—During the year your Company redeemed and cancelled an amount of \$8,900 par value of 6½% 1st mortgage bonds making total retired to date \$122,200, leaving a balance of \$427,800 outstanding as of October 31st, 1937.

CONCLUSION:—The Board of Directors and management of your Company are satisfied with the moves that have been made towards diversification of your Company's products and with the benefits already experienced therefrom. It should be remembered that the results of this diversification will be of a cumulative nature and should react increasingly in favour of your Company and yourselves from now forward.

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 M

Balance Sheet as at

ASSETS

CURRENT ASSETS:—

Cash on Hand and in Banks	\$ 45,217.93
Cash Surrender Values of \$475,000.00 Life Insurance	58,674.88
Deposit with Insurance Underwriters.....	10,913.33
Accounts Receivable	157,004.89

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	594,448.64
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866,259.67

INVESTMENTS:—

Company's Bonds (Market Value \$285.00)	303.00
Other Securities—Book Value	2,280.00

2,583.00

Cash in Sinking Fund

304.75

Prepaid Insurance, etc.,

3,304.38

PLANT INVESTMENT:—

Land, Buildings, Plant, Machinery, Furniture and Fixtures at value of \$377,046.61 as appraised on 1st November 1924 by Canadian Appraisal Co. Ltd. plus costs of subsequent additions	1,534,832.77
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LESS—Reserve for Depreciation	679,654.08
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855,178.69

Trademarks, Processes, etc.

105,176.15

\$1,832,806.64

Signed on behalf of the Board:

ISAAC I. BRUCK,	} DIRECTORS.
L. S. LEE,	

ILLS LIMITED

31 October, 1937

LIABILITIES

CURRENT LIABILITIES:—

Bank of Montreal—Loan Account	\$ 100,000.00	
Accounts Payable	30,075.93	
Reserve for Taxes	4,729.38	
		<u>134,805.31</u>

FUNDED DEBT:—

6½% FIRST MORTGAGE BONDS—		
Authorized	\$1,000,000.00	
Issued	550,000.00	
LESS—Redemed and Cancelled	122,200.00	
		<u>427,800.00</u>

CAPITAL:—

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

RESERVE FOR CONTINGENCIES	15,098.15
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EARNED SURPLUS AS AT

31st OCTOBER, 1937	467,603.18	
		<u>1,270,201.33</u>

\$1,832,806.64

CONTINGENT LIABILITY:—

Trade Paper under Discount with Bank \$85,314.10

MONTREAL — 26th NOVEMBER, 1937.

We have audited the Books and Accounts of Bruck Silk Mills, Limited, for the year ended 31st October, 1937. 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 & PATERSON,

Chartered Accountants.

BRUCK SILK M

Statement of Income and Expenditu

GROSS PROFIT FROM TRADING.....
Selling, Delivery, Administration and other Expenses (Includin
\$21,850.00)

Directors' Fees

Legal Fees and Expenses

Bond Interest

DEPRECIATION:—

Plant, Machinery and Equipment.....

Buildings

Furniture and Fixtures

Automobile

Reserve for Taxes.....

Dividend and Interest received on Investments.....

Statement of Earned Surplus

Balance at Credit, 31st October, 1936.....

DEDUCT:—

Additional Income Tax for Year to 31st October, 1936

Profit for Year to 31st October, 1937.....

Dividends paid during year.....

BALANCE AT CREDIT, 31ST OCTOBER, 1937

Montreal—26th November, 1937.

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

ILLS LIMITED

re for Year ended 31st October, 1937

		\$329,952.86
g Executive Officers' Salaries		
	\$184,130.54	
	1,200.00	
	930.94	
	28,385.50	214,646.98
		\$115,305.88
	82,050.90	
	9,983.86	
	1,756.41	
	85.16	
	93,876.33	
	4,729.38	98,605.71
		16,700.17
		469.00
		\$ 17,169.17

Account as at 31st October, 1937

	475,723.99
	289.98
	475,434.01
	17,169.17
	492,603.18
	25,000.00
	\$467,603.18

