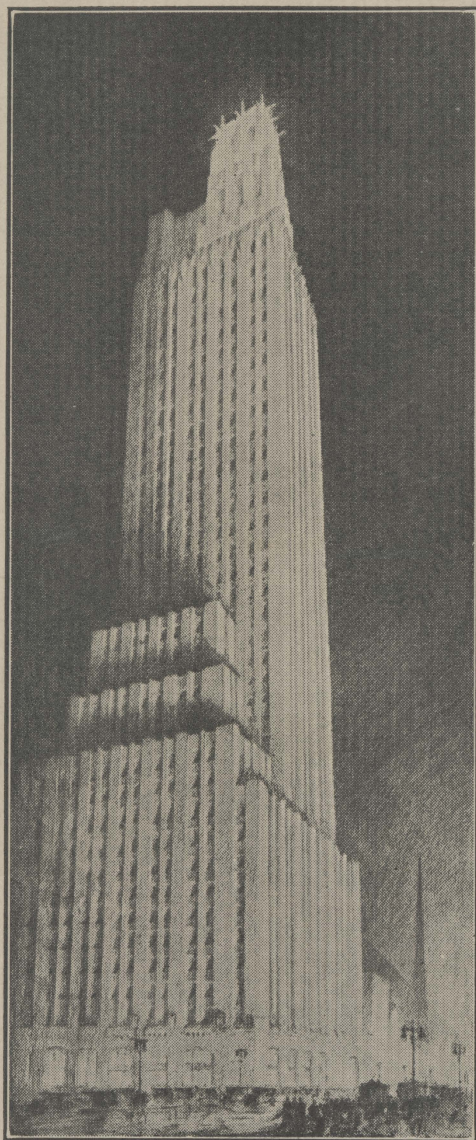


BULOVA WATCH COMPANY, INC.



Report to Stockholders

MARCH 31st, 1931

BULOVA WATCH COMPANY, INC.

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Board of Directors

JOHN H. BALLARD

JOSEPH BULOVA

ARDE BULOVA

A. FOX

IRA GULDEN

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Officers

ARDE BULOVA

Chairman of the Board and Treasurer

JOSEPH BULOVA

President

JOHN H. BALLARD

Vice-President

IRA GULDEN

Vice-President

A. FOX

Secretary

FOREWORD

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DURING the last twenty-five years, only one name—**B-U-L-O-V-A**—has achieved national recognition in the watch industry.

During that time, the motion picture industry has grown to its great position in American business, the automobile industry has taken its relative place, great power companies have taken front rank in industrial leadership.

Bulova leadership, then, is an achievement in modern merchandising—a leadership of permanence. This leadership has brought about requests for information dealing with the history of the Bulova Watch Company. A brief outline follows the financial statements herein.

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To the Stockholders of

BULOVA WATCH COMPANY, INC.

I am pleased to submit, on behalf of your Board of Directors, the Consolidated Balance Sheet of your Company and subsidiaries at March 31st, 1931, and the accompanying Consolidated Income Account and Consolidated Surplus Account for the twelve months ended at that date.

As summarized in the accompanying surplus account, the regular quarterly dividends have been paid on the \$3.50 Convertible Preferred Stock since the date it was issued. The Common Stock, which was placed on a quarterly dividend basis of \$.75 per share, on December 1st, 1929, was changed to a basis of \$.37½ per share, effective with the dividend of March 1st, 1931. This change in dividend policy was in keeping with the general tendency of large corporations to conserve resources at this time, plus the fact that your Company, on January 1st of this year, added a complete line of Electric Clocks, thus using a larger share of its earnings for expansion and development.

Sales for the year ending March 31st, 1931, were slightly less than 1930. We believe that in view of the fact that 1929 was the peak year in all industries, the performance for the year 1930 is a fine example of the acceptance of the Products of your Company among consumers and the high regard in which it is held by Jewelers throughout the country.

Your Company is always making stronger the bonds of relationship existing between it and its Jewelers. During the year just closed, not only has it intensified its position with Jewelers of long standing, but a large number of new outlets have been established in both the United States and Canada.

Realizing the power of advertising, your Company has gone steadily forward in its advertising effort. We believe that B-U-L-O-V-A is mentioned "on the air" more times per day than any trade mark in America. Bulova Jewelers nation-wide

are taking advantage of Bulova advertising by featuring the name "Bulova" dominantly over their own names, both in their local newspapers and "on the air" in their local broadcasting campaigns.

The quarter just closing for the year 1931 shows that your Company is maintaining its volume and there is every indication that it should continue to do so.

The books of your Company are certified by Haskins & Sells, Certified Public Accountants, in addition to which the books and records of the Bulova Watch Company and its subsidiaries are audited at stated periods by Frederick Wm. Greenfield & Company, Certified Public Accountants.

From point of leadership in the industry Bulova today is further in the lead than ever before. The soundness of its manufacturing, sales and advertising policies has well been proven during this period.

Respectfully submitted,

ARDE BULOVA,
Chairman of the Board

June 3, 1931.

BULOVA WATCH COMPANY, Inc.

(Incorporated in New York)

and Subsidiary Companies

CONSOLIDATED BALANCE SHEET, MARCH 31, 1931

ASSETS

Current Assets:		
Cash	\$ 586,981.55	
Notes and accounts receivable:		
Customers:		
Notes receivable	\$3,441,518.16	
Accounts receivable	1,649,576.89	
Total	\$5,091,095.05	
Less reserves for doubtful notes and accounts	305,567.97	
Net	\$4,785,527.08	
Advances to salesmen, etc.	26,519.49	4,812,046.57
Inventories (based on physical inventories at cost or less; not audited as to quantities)	2,345,163.91	
Total current assets	\$7,744,192.03	
Notes Receivable Maturing After One Year	79,155.11	
Cash Surrender Value of Officer's Life Insurance Policies	47,501.73	
Advance on Account of Purchases	12,886.80	
Plant Property—At Book Value:		
Land and buildings	\$ 71,585.18	
Machinery and equipment	650,820.12	
Furniture and fixtures	43,332.54	
Advance on account of purchase of land	1,987.90	
Total plant property	\$ 767,725.74	
Less reserves for depreciation	309,938.50	
Net plant property	457,787.24	
Unamortized Improvements to Leasehold Property	21,486.87	
Unexpired Insurance Premiums, Prepaid Advertising, Etc.	14,150.48	
Total	\$8,377,160.26	

CERTIFICATE

BULOVA WATCH COMPANY, Inc.:

We have examined the accounts of Bulova Watch Company, Inc., including its branch at Bienne, Switzerland, and those of its subsidiary companies, Westfield Watch Company, Inc., including its branch at Bienne, Switzerland, American Standard Watch Case Company, Bulova Watch Company, Limited, and Fabrikgebaude Weissensteinstrasse No. 9. A. G., for the year ended March 31, 1931.

Customers' notes on hand were inspected by us and those out for collection were confirmed to us or properly accounted for otherwise. Trial balances of amounts due from customers were checked in detail to ledger accounts. The accounts were aged and the notes and accounts reviewed by us in detail as to collectibility. In our opinion the reserve for doubtful notes and accounts is adequate.

The inventories at March 31, 1931, were based on physical inventories taken by the company as of that date, except at Bienne, Switzerland, where physical inventories taken by the company as of December

LIABILITIES

Current Liabilities:		
Loans—Banks	\$ 475,684.04	
Notes payable—Trade	11,967.46	
Accounts payable:		
Trade creditors:		
Foreign	\$ 50,363.10	
Domestic	210,628.57	
Officers	193,801.23	
Federal and Canadian income taxes, year ended March 31, 1931	103,967.52	
Other	93,779.73	652,540.15
Due to salesmen	49,058.15	
Accrued liabilities	20,962.64	
Special loan account—Officer	1,000,000.00	
Total current liabilities	\$2,210,212.44	
Real Estate Mortgages Payable	44,794.76	
Capital Stock:		
Convertible preferred, without par value; cumulative dividends, \$3.50; authorized and outstanding, 50,000 shares—At liquidation value, \$55.00 a share.....	\$2,750,000.00	
Common, without par value; authorized, 325,000 shares; reserved for conversion of preferred capital stock, 50,000 shares; outstanding, 275,000 shares—At declared value	900,000.00	
Total capital stock	3,650,000.00	
Surplus	2,472,153.06	
Total	\$8,377,160.26	

31, 1930, were adjusted to give effect to purchases and shipments between that date and March 31, 1931. We verified the prices and computations of all inventories and made test counts of the quantities of materials and parts at New York and Woodside. In addition to the foregoing we compared quantities of movements and cases at New York with perpetual inventory records and found them to be in substantial agreement. Based on the foregoing it is our opinion that the inventories, which are priced at cost or below cost, are conservatively stated.

The charges to property accounts appear to have been controlled by a conservative policy. In our opinion adequate reserves have been provided for depreciation of property, and for income taxes, and full provision has been made for all known liabilities.

WE HEREBY CERTIFY that in our opinion the accompanying consolidated balance sheet sets forth the consolidated financial condition of the companies at March 31, 1931.

New York,
May 20, 1931.

HASKINS & SELLS

BULOVA WATCH COMPANY, Inc.
and Subsidiary Companies

**CONDENSED STATEMENT OF CONSOLIDATED INCOME AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 1931**

Gross Profit from Sales	\$3,698,456.05	
Selling Expenses	1,635,233.20	
Selling Profit	\$2,063,222.85	
Administrative and General Expenses	552,761.56	
Profit from Operations	\$1,510,461.29	
Income Credits:		
Discounts on purchases	\$ 65,364.58	
Interest earned	40,746.57	
Increase in cash surrender value of officer's life insurance policies	7,106.74	
Sales of sweeps	14,087.81	127,305.70
Gross Income	\$1,637,766.99	
Income Charges:		
Discounts allowed customers	\$110,028.84	
Provisions for doubtful notes and accounts	460,183.58	
Interest on loans	111,309.07	
Insurance on officer's life	10,081.31	
Bonuses	22,500.00	
New York State franchise tax	44,615.61	
Federal and Canadian income taxes	87,527.39	846,245.80
Net Income for the Year	\$ 791,521.19	
Surplus, March 31, 1930	2,577,506.87	
Gross Surplus	\$3,369,028.06	
Dividends:		
On preferred capital stock	\$175,000.00	
On common capital stock	721,875.00	896,875.00
Surplus, March 31, 1931	\$2,472,153.06	

C E R T I F I C A T E

Bulova Watch Company, Inc.:

We have examined the accounts of Bulova Watch Company, Inc., including its branch at Bienne, Switzerland, and those of its subsidiary companies, Westfield Watch Company, Inc., including its branch at Bienne, Switzerland, American Standard Watch Case Company, Bulova Watch Company, Limited, and Fabrikgebäude Weissensteinstrasse No. 9. A. G., for the year ended March 31, 1931.

Adequate provision appears to have been made for doubtful notes and accounts, depreciation, and for Federal income and other taxes.

WE HEREBY CERTIFY that in our opinion the accompanying condensed statement of consolidated income and surplus sets forth the consolidated results of operations of the companies for the year ended March 31, 1931.

New York, N. Y.
May 20, 1931.

HASKINS & SELLS.

We have made our customary periodical audits of the books and records of the Bulova Watch Company, Inc., and Westfield Watch Company, Inc., of New York City, American Standard Watch Case Company of Providence, R. I., and Bulova Watch Company, Ltd., of Toronto during the year ended March 31, 1931, and we hereby certify that the books of the aforementioned companies truly reflect their respective operations.

FREDERICK WM. GREENFIELD & COMPANY

HISTORY OF THE BULOVA BUSINESS

THE business dates back to 1875, when Joseph Bulova, who is today its President, established a business for the manufacturing of fine jewelry in the City of New York. In 1911, the business was incorporated under the laws of New York State, as the J. Bulova Company, with a capital of \$50,000. Thereafter, the business of the Company became almost exclusively the manufacture and sale of fine watches. The capital was increased to \$1,000,000 in 1923, and the present name of the Company was adopted, at which time the Company's sales became exclusively that of fine jeweled watches.

In February, 1929, the present capital was authorized and the existing Common Stock was issued in exchange for the stock previously outstanding. Preferred Stock was issued for cash and paid into the treasury of the Company.

PLANT FACILITIES

Today the Bulova Watch Company and its subsidiaries constitute one of the largest manufacturers of fine jeweled wrist watches, with manufacturing facilities on both sides of the Atlantic.

Three complete units are now in operation in the United States, in addition to the plant at Bienne, Switzerland, which was reconstructed in 1928 by the Company and subsequently enlarged.

1—PROVIDENCE, R. I. Practically all of the watch cases used by the Company are manufactured from the raw materials by a wholly-owned subsidiary in Providence, R. I. It is one of the most complete watch case-manufacturing plants in the United States.

2—WOODSIDE, L. I. On January 31st, 1931, the Bulova Watch Company opened its plant at Woodside, L. I., where machinery identical with that which is operating in Bienne, Switzerland, is making parts for Bulova Watches. In this plant, important parts of Bulova Watches are manufactured and Bulova movements assembled.

3—FIFTH AVENUE, New York. In close proximity to the executive and sales offices, the manufacturing process is completed and the final timing, testing and regulating of Bulova Watches are carried on under the supervision of senior executives.

OBSERVATORY

On top of 580 Fifth Avenue, New York City, the Bulova Watch Company maintains an Observatory for the taking of sidereal time. This Observatory is under the direction of a mathematician, whose duty it is to record his readings for the guidance of the watch-makers in the Setting and Timing Unit of the Company.

PRODUCT

Bulova Watches are standardized. By the word "standardized", the Bulova Watch Company means that every Bulova Watch is made to definite specifications and that every

part has been standardized to the ten-thousandth part of an inch. To such a high degree has this perfection been attained that every part of every Bulova model is absolutely interchangeable.

The Bulova Patented Dust-Tight Protector is an improvement of outstanding importance in watch construction. It prevents dirt and dust from coming in contact with the movement and prevents tinkering with the movement by unskilled hands.

As important as the perfection of the movement itself is the designing of Bulova Watches. Since the advent of the metal bracelet and band, considerable thought is given to the designing of the complete ensemble.

ADVERTISING POLICY

Radio broadcasting is playing the major part in Bulova advertising today. We know of no other trade name mentioned on the air as many times per day as Bulova. We believe "B-U-L-O-V-A" to be the most extensively broadcast name today in America.

An important part of the Bulova advertising policy is the cooperation the Company gives to Jewelers, so that they may efficiently localize the Bulova advertising budget. We believe it to be a conservative statement that more money is invested by Jewelers in advertising Bulova Watches in their local daily newspapers than any other product sold in the Jewelry Store.

In addition to their newspaper advertising, a large number of Jewelers conduct broadcasting campaigns over their local Stations, in which they feature Bulova Time Signals and Bulova Watches, thus linking up with the company's national advertising.

MERCHANDISING POLICY

The entire production of the Bulova Watch Company is sold through its authorized distributors over the Company's own trade name. The established retail price is indicated by a price ticket on each watch. The maintenance of this price policy on the part of Jewelers assures them of profit to which they are entitled on their invested capital. It permits rendering the type of service which the public has learned to expect from Bulova Watches.

Each Bulova distributor is in possession of a cabinet containing Bulova replacement parts. He is able to give service whenever required, promptly and efficiently.

The Company's sales organization is highly trained. The men are students of watch merchandising, and are schooled to assist the Jeweler in selling Bulova Watches. They coordinate advertising with selling to the point where Bulova Jewelers look to Bulova representatives for advertising counsel.

BULOVA ELECTRIC CLOCKS

On January 1st, 1931, Bulova Electric Clocks made their debut. Their rapid acceptance by Jewelers is an evidence of their understanding of the value of the name "BULOVA" to a timepiece.

The line consists of Mantel Clocks, with models in every important price range, Store Clocks for use in Stores, Windows, Office Buildings, Terminals, and the like. The regular advertising campaign features Bulova Electric Clocks, the product requiring no advertising budget of its own.

Every day the following broadcasting stations send B-U-L-O-V-A Time Signals—Bulova merchandising messages—into the air. Every home in America is within range of a station broadcasting Bulova Time—a fitting service to a nation of busy people to whom time counts.

Atlanta, Ga.	WSB	Memphis, Tenn.	WMC
Baltimore, Md.	WCAO	Miami Beach, Fla.	WIOD
Birmingham, Ala.	WBRC	Milwaukee, Wis.	WTMJ
Boston, Mass.	WBZA	Minneapolis, Minn.	WCCO
Boston	WNAC	Montreal, Que.	CKAC
Buffalo, N. Y.	WKBW	Nashville, Tenn.	WSM
Buffalo	WGR	New Orleans, La.	WSMB
Buffalo	WBEN	New Orleans	WDSU
Calgary, Alberta	CKLC	New York, N. Y.	WABC
Charlotte, N. C.	WBT	New York	WOR
Charlottetown, P. E. I.	CFCY	North Bay, Ont.	CFCH
Chattanooga, Tenn.	WDOD	Oklahoma City, Okla.	WKY
Chicago, Ill.	WBBM	Omaha, Nebr.	WOW
Chicago	WGN	Philadelphia, Pa.	WCAU
Chicago	WIBO	Pittsburgh, Pa.	KDKA
Chicago	WLS	Portland, Oregon	KGW
Cincinnati, Ohio	WLW	Providence, R. I.	WEAN
Cleveland, Ohio	WTAM	Providence	WLSI
Columbus, Ohio	WAIU	Regina, Sask.	CKCK
Covington, Ky.	WCKY	Richmond, Va.	WRVA
Dallas, Texas	KRLD	Rochester, N. Y.	WHAM
Dallas	WFAA	Salt Lake City, Utah	KSL
Denver, Colo.	KLZ	San Antonio, Texas	KTSA
Detroit, Mich.	WWJ	San Francisco, Calif.	KFRC
Detroit	WJR	Schenectady, N. Y.	WGY
Detroit	WXYZ	Seattle, Wash.	KOMO
El Paso, Texas	WDAH	Seattle	KOL
Fort Wayne, Ind.	WOWO	Spokane, Wash.	KHQ
Fort Worth, Texas	WBAP	Springfield, Mass.	WBZ
Hot Springs, Ark.	KTHS	St. John, N. B.	CFBO
Houston, Texas	KPRC	St. Joseph, Mo.	KGBX
Houston	KTLC	St. Louis, Mo.	KSD
Jacksonville, Fla.	WJAX	St. Louis	KWK
Kansas City, Mo.	WDAF	Syracuse, N. Y.	WFBL
Los Angeles, Calif.	KFWB	Toronto, Ont.	CFRB
Los Angeles	KHJ	Washington, D. C.	WRC
Los Angeles	KFI	Wichita, Kansas	KFH
Louisville, Ky.	WHAS		

To this list may be added a large number of stations that carry Bulova Time Signals over the names of individual Bulova Jewelers as a part of the Jeweler's own local advertising campaign.

