

BULOVA WATCH COMPANY
INCORPORATED

Report to Stockholders
March 31, 1932

BULOVA WATCH COMPANY
INCORPORATED



BOARD OF DIRECTORS

JOSEPH BULOVA JOHN H. BALLARD
ARDE BULOVA IRA GULDEN
HARRY D. HENSHEL



OFFICERS

ARDE BULOVA
Chairman of the Board and Treasurer

JOSEPH BULOVA
President

JOHN H. BALLARD
Vice-President

IRA GULDEN
Vice-President

HARRY D. HENSHEL
Secretary

To the Stockholders of
BULOVA WATCH COMPANY, INC.:

On behalf of your Board of Directors, I respectfully submit the Consolidated Balance Sheet of the Bulova Watch Company, Inc., and its Subsidiary Companies, as of March 31, 1932. It is accompanied by a Condensed Statement of Consolidated Income and Surplus for the twelve months ended that date.

An analysis of the report will reveal that in spite of the economic readjustment through which the whole business world is passing, your Company has succeeded in attaining the strongest financial position in its history.

Sales for the year ended March 31, 1932 were less than for the previous year. While the operations of your Company in the first three quarters resulted in a profit, the Company experienced reduced earnings in the third quarter (usually the best quarter, since it includes the Christmas season), due to the unusual drop in retail sales throughout the country during November and December of 1931. The earnings for the first three quarters were not sufficient to offset the loss sustained in the fourth quarter, the necessary annual write-offs, and the large reserves set up at the end of the fiscal year.

As a means of conserving your Company's assets and strengthening its cash position, the Board of Directors omitted dividends on the Common shares as of December 1, 1931, and deferred dividends on the Cumulative Preferred shares as of March 1, 1932.

I call your attention to several comparisons of the finances of your Company between this report and the one for the year ended March 31, 1931:

1. You will note that the ratio of current assets to current liabilities in the statement for the fiscal year ended March 31, 1931 was $3\frac{1}{2}$ to 1; whereas the balance sheet for the fiscal year ended March 31, 1932, shows a ratio of current assets to current liabilities of $7\frac{1}{2}$ to 1.
2. You will also note a substantial reduction in inventory; whereas the statement of March 31, 1931 showed a merchandise inventory of \$2,345,163.91, this report shows a total inventory of but \$1,777,749.69.
3. The current liabilities of your Company for the year ended March 31, 1931, including bank loans, were \$2,210,212.44, while the present statement shows liabilities of only \$782,096.83, and no bank loans.

Against total notes and accounts receivable from customers at March 31, 1932 of \$3,799,461.35, a reserve of \$371,153.11 has been established.

Appreciating the power of advertising, your Company has maintained its advertising efforts. We believe the name B-U-L-O-V-A is mentioned "on the air" more times a day

than any trade name in America. Not only has this contributed to BULOVA'S consumer leadership, but it has inspired jewelers to feature BULOVA dominantly in their own advertising, over their own names in their local newspapers, and "on the air" as a part of their local broadcasting campaigns.

The accompanying statements of your Company and its subsidiaries are certified by Haskins & Sells, Certified Public Accountants, in addition to which the books and records of the Bulova Watch Company, Inc., and its subsidiaries are audited periodically by Frederick Wm. Greenfield & Co., Certified Public Accountants.

I am pleased to submit the report that follows, not only because it reflects the strong financial position of your Company, but because I do so at a time when your Company's leadership in the industry is more marked than at any time in its more than fifty years of activity.

ARDE BULOVA,
Chairman of the Board.

June 2, 1932.

BULOVA WATCH COMPANY, INC.

(Incorporated in New York)

AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET,

MARCH 31, 1932

ASSETS

CURRENT ASSETS:

Cash	\$ 609,629.61	
Notes and accounts receivable:		
Customers:		
Notes receivable	\$2,448,334.75	
Accounts receivable	1,351,126.60	
Total	\$3,799,461.35	
Less reserves for doubtful notes and accounts	371,153.11	
Net	\$3,428,308.24	
Advances to salesmen, etc.	42,461.61	
Other	14,654.04	3,485,423.89
Inventories (based on physical inventories at cost or less; not audited as to quantities)	1,777,749.69	
Total current assets	\$5,872,803.19	
NOTES RECEIVABLE MATURING SUBSEQUENTLY TO MARCH 31, 1933	68,703.09	
CASH SURRENDER VALUE OF OFFICER'S LIFE INSURANCE POLICIES	55,513.65	
INVESTMENT—AT COST	4,825.00	
PLANT PROPERTY—AT BOOK VALUE:		
Land and buildings	\$ 71,585.18	
Machinery, equipment, etc.	679,574.92	
Furniture and fixtures	45,368.64	
Advance on account of purchase of land	1,987.90	
Total plant property	\$ 798,516.64	
Less reserves for depreciation	383,544.10	
Net plant property	414,972.54	
IMPROVEMENTS TO LEASEHOLD PROPERTY—UNAMORTIZED PORTION	18,891.87	
UNEXPIRED INSURANCE PREMIUMS, ETC.	8,536.19	
TOTAL	\$6,444,245.53	

LIABILITIES

CURRENT LIABILITIES:

Accounts payable:		
Trade creditors, Domestic	\$16,605.50	
Officer	698,512.87	
Other	11,398.49	\$ 726,516.86
Due to salesmen	41,457.34	
Accrued items	14,122.63	
Total current liabilities	\$ 782,096.83	
REAL ESTATE MORTGAGES PAYABLE	44,505.26	
CAPITAL STOCK:		
Convertible preferred, without par value; cumulative dividends, \$3.50; authorized and outstanding, 50,000 shares—At liquidation value, \$55 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	1,967,643.44	
TOTAL	\$6,444,245.53	

NOTE: The dividend on the preferred stock due March 1, 1932, for the quarter ended December 31, 1931, amounting to \$43,750.00, was not declared or paid.

**BULOVA WATCH COMPANY, INC.
AND SUBSIDIARY COMPANIES**

CONDENSED STATEMENT OF CONSOLIDATED INCOME AND SURPLUS FOR THE YEAR ENDED MARCH 31, 1932

GROSS PROFIT FROM SALES.....		\$2,226,396.33	
SELLING EXPENSES.....		1,232,411.83	
SELLING PROFIT.....	\$	993,984.50	
ADMINISTRATIVE AND GENERAL EXPENSES.....		443,571.70	
PROFIT FROM OPERATIONS.....	\$	550,412.80	
INCOME CREDITS:			
Discounts on purchases....	\$	28,746.64	
Interest earned.....		45,551.81	
Increase in cash surrender value of officer's life insurance policies.....		8,011.92	
Sales of sweeps.....		12,476.36	
Miscellaneous.....		2,607.60	97,394.33
GROSS INCOME.....	\$	647,807.13	
INCOME CHARGES:			
Discounts allowed customers.....	\$	94,344.01	
Provision for doubtful notes and accounts..		578,623.61	
Interest on loans.....		104,420.63	
Insurance on officer's life..		11,299.28	
Bonuses.....		25,850.00	
Taxes.....		26,510.68	
Provision for writing down the net current assets of the Canadian subsidiary to the rate of exchange at March 31, 1932.....		21,893.54	862,941.75
NET LOSS FOR THE YEAR.....	\$	215,134.62	
SURPLUS, MARCH 31, 1931.....		2,472,153.06	
GROSS SURPLUS.....	\$	2,257,018.44	
DIVIDENDS:			
Preferred stock.....	\$	131,250.00	
Common stock.....		158,125.00	289,375.00
SURPLUS, MARCH 31, 1932.....	\$	1,967,643.44	

CERTIFICATE

BULOVA WATCH COMPANY, INC.:

We have examined your accounts and those of your branch at Bienne, Switzerland, and your subsidiary companies, American Standard Watch Case Company, Bulova Watch Company, Ltd., Westfield Watch Company, Inc. (inactive), and Fabrikgebaude Weissensteinstrasse No. 9 A. G., for the year ended March 31, 1932.

Customers' notes on hand were verified by inspection and those out for collection by confirmation or were otherwise properly accounted for. Trial balances of amounts due from customers were checked in detail to ledger accounts. The notes and accounts were reviewed by us as to collectibility and based thereon the reserve for doubtful notes and accounts is adequate.

The inventories were based on physical counts made by the companies. We verified the prices and computations of all inventories and made limited test counts of the quantities of materials and parts at New York and Woodside. In addition thereto, we compared quantities of movements and cases at New York with perpetual inventory records and found them to be in substantial agreement. The inventories, which are priced at cost or less, appear to be conservatively stated.

The charges to property accounts are controlled by a conservative policy, and adequate reserves for depreciation have been provided.

Provision has been made for all known liabilities.

Based on the foregoing, in our opinion the accompanying consolidated balance sheet and condensed statement of consolidated income and surplus set forth, respectively, the financial condition of the companies at March 31, 1932, and the results of their operations for the year ended that date.

(Signed) HASKINS & SELLS.

New York,
May 13, 1932.

CERTIFICATE

BULOVA WATCH COMPANY, INC.:

We have made our customary periodical audits of the books and records of the Bulova Watch Company, Inc., and Westfield Watch Company, Inc. (inactive) of New York City, American Standard Watch Case Company of Providence, R. I., and Bulova Watch Company, Ltd., of Toronto, Canada, during the year ended March 31, 1932, and we hereby certify that the books of the aforementioned companies truly reflect their respective operations.

(Signed) FREDERICK WM. GREENFIELD & CO.
New York, N. Y.
May 18, 1932.