

BULOVA WATCH COMPANY  
INCORPORATED

Report to Stockholders  
March 31, 1934

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.:

I submit herewith your company's report covering the fiscal year ended March 31, 1934, under conditions in happy contrast with those that existed a year ago. This report contains the consolidated balance sheet of Bulova Watch Company, Inc., and its subsidiary companies as of March 31, 1934, together with the condensed statement of consolidated income and surplus for the year ended that date. It is gratifying to note the company's strong financial condition as reflected in the consolidated balance sheet herewith presented.

In making its year-end adjustments, the company was confronted with the problem of properly evaluating its foreign assets. This situation, brought about in part by the devaluation of the United States dollar, resulted in increasing the value, translated into terms of United States dollars, of your company's net assets used in the conduct of its business abroad.

Your Company also was faced during this fiscal year with the difficult problem of properly determining its selling prices. This was caused not only by wide fluctuations in foreign exchange, but also by reason of the rapid increase in the price of precious metals used in the manufacture of watches. Your Company, being a substantial user of gold in its operations, provided for its requirements by purchases for current needs and by contracts for future delivery. Permission to purchase, hold and fabricate gold was given to your Company under regulations promulgated by the Federal Government, providing for the needs of industries using gold in their business operations.

The operations of your company require it to have parts and materials in process of manufacture months in advance of the time they are to be assembled and conditioned for sale. It was felt by your officers that unless some satisfactory provision were made against possible violent changes in cost, because of abnormal conditions prevailing in the foreign exchange markets and in the cost of raw materials, your company might sustain a considerable loss on inventories. In the event of a decline in exchange, no effective or adequate safeguards could be undertaken excepting possibly that of fixing costs in a gold currency. This, fortunately, was possible, as practically all foreign transactions of this company are in Switzerland, one of the few countries remaining on the gold standard. This plan was consummated by carrying on deposit in our foreign banks such gold as was deemed necessary. Against these deposits advances were made from time to time by our foreign banks to provide local currency for the operations of the company.

During the first quarter of the fiscal year under review, sales continued to decline, and were considerably less than in the corresponding period of the previous year. However, as the beneficial effects of the efforts of the President and Congress to stimulate business began to be felt throughout the country, your company's sales and collections gradually improved. Nearly every succeeding month from July onward showed improvement over corresponding months of the previous year. While too early to judge with any degree of accuracy, indications at present point to continued increases in the business of your company.

During the year under review collections and the extension of credit, always a particularly important element in our business, have been carefully supervised. This department, for the fiscal year herewith reported, made a good record. In addition to collecting accounts with greater promptness, in many instances accounts that had formerly been considered of doubtful collectibility were revived.

Recognizing that changing conditions bring changing problems, your company has during the year increased its manufacturing facilities within the United States by establishing an assembly unit at Waltham, Massachusetts; and, by an enlargement of its plant at Woodside, Long Island, it has materially increased the capacity of that plant for the manufacture of watch movements.

Since the inauguration of the National Industrial Recovery Act, your company has been operating under NRA hours and wage provisions. We favor the purposes of the National Industrial Recovery Act. It must be said in all fairness that the Administration has succeeded in stemming the steady backward drift of business. We feel that these gains will continue and the cooperation of your company, as one of the leaders in its industry, is pledged to the support of the government.

The books and records of your company and its subsidiaries were audited at stated periods throughout the year by Messrs. Frederick Wm. Greenfield & Company, Certified Public Accountants, and an annual examination has been made by Messrs. Haskins & Sells, Certified Public Accountants.

It is with a great deal of pleasure that I submit the report of your company, reflecting not only the manner in which it has met its various problems of finance, manufacture and administration, but also reflecting more than ever the importance of the position your company occupies in its industry.

ARDE BULOVA,  
Chairman of the Board

ACCOUNTANT'S REPORT

BULOVA WATCH COMPANY, INC.:

We have made an examination of the consolidated balance sheet of Bulova Watch Company, Inc., and its subsidiary companies, American Standard Watch Case Company, American Standard Watch Company (including its branch at Bienne, Switzerland, and its subsidiary company, Fabrikgebaude Weissensteinstrasse, No. 9 A.G.), and Westfield Watch Company, Inc. (inactive) as of March 31, 1934, and of their condensed statement of consolidated income and surplus for the year ended that date. In connection therewith, we examined or tested accounting records of the companies and other supporting evidence and made a general review of the income and operating accounts for the year, but we did not make a detailed audit of the transactions for the year.

The entire outstanding capital stock of Bulova Watch Company, Limited (the Canadian subsidiary) was sold as of April 1, 1933, to the Manager of the Canadian Company. The activities of the Canadian Company are still dictated by the management of the Bulova Watch Company, Inc.

The customers' notes on hand were verified by inspection and notes out for collection were confirmed or otherwise satisfactorily accounted for. The notes and accounts receivable were reviewed by us as to collectibility and based thereon the reserve for doubtful notes and accounts appears to be adequate. Customers were not requested to confirm to us the amounts of their balances.

The inventories are based on physical counts made by employees of the companies. We made limited tests of the quantities of raw materials and parts at domestic locations. The inventories are priced at cost or less and appear to be conservatively stated.

The major transactions in gold are subject to Federal legislation, and to regulations issued thereunder, which became effective at various dates throughout the year, and as to such transactions we express no opinion and assume no responsibility. The amount of gold held by the companies was either inspected by us, confirmed by depositaries, or shown by the records as being in process of manufacture.

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

In our opinion, subject to the foregoing, the accompanying consolidated balance sheet and condensed statement of consolidated income and surplus, together with the notations thereon, set forth, respectively, the consolidated financial condition of the companies at March 31, 1934, and the consolidated results of their operations for the year ended that date.

New York, June 14, 1934.

HASKINS & SELLS.

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 American Standard Watch Company of Woodside, L. I. and Waltham, Mass., during the year ended March 31, 1934, and we hereby certify that, in our opinion, the books of the aforementioned companies reflect their operations.

FREDERICK WM. GREENFIELD & Co.  
New York, N. Y.  
June 15, 1934.

# BULOVA WATCH COMPANY, INC.

(Incorporated in New York)

## AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET, MARCH 31, 1934

ASSETS				LIABILITIES	
<b>CURRENT ASSETS:</b>					
Cash .....	\$ 574,547.89			<b>CURRENT LIABILITIES:</b>	
Gold bullion held abroad (pledged as collateral to loan from foreign bank, \$961,729.37).....	\$2,045,596.26			Accounts payable .....	\$ 177,129.58
Less reserve for excess of parity, converted into U. S. dollars at current rate of exchange, over cost .....	549,466.86	1,496,129.40		Loan payable to foreign bank (of the total gold bullion in foreign banks, there is pledged \$961,729.37 as col- lateral—See contra.) .....	916,914.18
Notes and accounts receivable:				Due to officer .....	77,663.45
Customers:				Due to salesmen .....	30,513.61
Notes .....	\$1,050,117.97			Accrued items .....	20,093.25
Accounts .....	754,504.72			<b>Total current liabilities</b> .....	<b>\$1,222,314.07</b>
Total .....	\$1,804,622.69				
Less reserve for doubtful notes and accounts .....	311,494.24			<b>REAL ESTATE MORTGAGES</b>	
Net .....	\$1,493,128.45			PAYABLE (Swiss Francs 212,597.20).....	68,598.95
Others (including due from officer and em- ployees, \$3,947.01).....	18,306.52	1,511,434.97		<b>CAPITAL STOCK:</b>	
Advance payment for purchase of gold Inventories—At cost or less (including gold on hand or in process of manu- facture, at cost, totaling \$555,215.90)		15,000.00		Convertible preferred, without par value; dividends cumulative at \$3.50 a share; authorized and out- standing, 50,000 shares—At liquidation value, \$55.00 a share .....	\$2,750,000.00
Total current assets.....	\$4,914,947.53			Common, without par value; authorized, 325,000 shares; re- served for conversion of preferred capital stock, 50,000 shares; outstanding, 275,000 shares — At declared value .....	900,000.00
<b>NOTES RECEIVABLE MATURING SUBSE- QUENT TO MARCH 31, 1935</b> .....		44,287.49		<b>Total capital stock</b> .....	<b>3,650,000.00</b>
<b>CASH SURRENDER VALUE OF INSURANCE POLICIES ON LIFE OF OFFICER</b> .....		77,064.22		<b>EARNED SURPLUS</b> .....	<b>667,957.30</b>
<b>DUE FROM BULOVA WATCH COMPANY, LIMITED, FORMER CANADIAN SUBSIDIARY</b>		134,478.31		<b>TOTAL</b> .....	<b>\$5,608,870.32</b>
<b>PLANT PROPERTY:</b>					
Land and buildings .....	\$ 71,638.44				
Machinery, equipment, etc. ....	866,982.72				
Furniture and fixtures.....	41,843.62				
Total .....	\$ 980,464.78				
Less reserves for de- preciation .....	592,986.09	387,478.69			
<b>DEFERRED CHARGES:</b>					
Unamortized portion of improvements to leased property .....	\$ 11,885.37				
Funds in closed bank .....	6,933.72				
Unexpired insurance premiums .....	6,489.14				
Conversion into U. S. dollars of liabilities and assets (other than gold bullion) of for- eign branch .....	25,305.85	50,614.08			
<b>TOTAL</b> .....	<b>\$5,608,870.32</b>				

**NOTATIONS:**

Dividends on the cumulative preferred stock of Bulova Watch Company, Inc., aggregating \$437,500.00 covering the period from October 1, 1931, to March 31, 1934, have not been declared or paid.

The Bulova Watch Company, Inc., has commitments for the sale of French francs at an aggregate selling price of \$565,350.00, on which commitments there would have been a loss of \$26,650.00, based on market quotations, if liquidated at March 31, 1934.

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

**CONDENSED STATEMENT OF CONSOLIDATED  
INCOME AND SURPLUS FOR THE YEAR ENDED  
MARCH 31, 1934**

GROSS PROFIT FROM SALES (after deducting Manufacturers' Excise Tax, \$153,876.88).....	\$529,076.12	
SELLING EXPENSES .....	433,094.49	
SELLING PROEIT .....	\$ 95,981.63	
ADMINISTRATIVE AND GENERAL EXPENSES .....	283,559.97	
LOSS FROM OPERATIONS (after deducting de- preciation, \$120,753.70) .....	\$187,578.34	
INCOME CHARGES:		
Discounts allowed customers \$ 48,685.41		
Provision for doubtful notes and accounts receivable, less recoveries .....	41,587.24	
Interest on loans .....	29,482.44	
Excess of premium over in- crease in cash surrender value of insurance on life of officer .....	636.51	
Capital stock and franchise taxes, etc. ....	7,952.19	
Investment written off .....	4,828.59	
Reduction of book value of gold located abroad to parity in foreign currency .....	21,633.95	
Loss from foreign exchange transactions .....	4,670.00	
Miscellaneous .....	1,126.71	160,603.04
GROSS LOSS .....	\$348,181.38	
INCOME CREDITS:		
Discounts on purchases .....	\$ 5,192.20	
Interest earned .....	31,889.01	37,081.21
NET LOSS FOR THE YEAR .....	\$311,100.17	
EARNED SURPLUS, APRIL 1, 1933 .....	\$878,711.39	
SURPLUS CREDITS:		
Return to surplus of amount previously included in ac- counts payable as provision for liability which no longer exists .....	50,000.00	
From sale of capital stock of Bulova Watch Com- pany, Limited, former Can- adian subsidiary .....	50,346.08	979,057.47
EARNED SURPLUS, MARCH 31, 1934.....	\$667,957.30	

**NOTATION:**

The Bulova Watch Company, Inc., has commitments for the sale of French francs at an aggregate selling price of \$565,350.00, on which commitments there would have been a loss of \$26,650.00, based on market quotations, if liquidated at March 31, 1934.

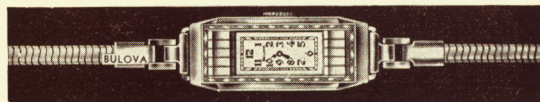
# BULOVA Watches

are as dependable as they are beautiful



**MISS AMERICA**

A slender baguette, beautifully engraved or plain;  
in white ..... \$24.75

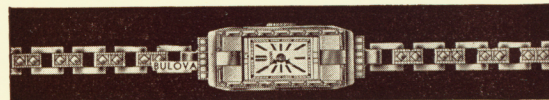


**JOAN**

Small, slender, engraved in a new, modern design;  
in white ..... \$29.75

**LITA**

Same as Joan, but in the charm and color of  
natural gold ..... \$33.75



**ALMA**

A tiny baguette, yet accurate and dependable; in  
white, with arabic numerals ..... \$37.50

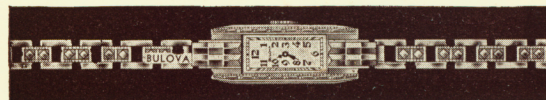
**BARBARA**

Same as Alma but in the charm and color of  
natural gold, with modernistic dial as illustrated .. \$37.50



**AMERICAN GIRL**

Dainty, plain or engraved; in white or in the  
charm and color of natural gold; 15 jewels..... \$42.50

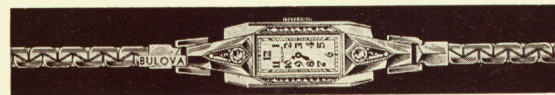


**NANCY**

17 jewels; beautifully engraved; in white ..... \$49.50

**ISABEL**

Same as Nancy, but in the charm and color of  
natural gold ..... \$49.50



**CORRINE**

15 jewels; engraved; set with two diamonds; in  
white ..... \$49.50



**MAY**

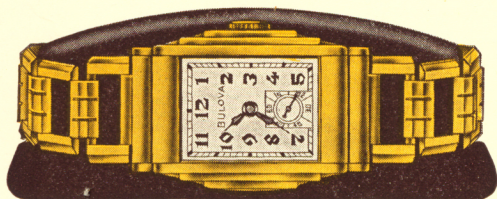
17 jewels; 14 karat white gold; set with twelve  
diamonds ..... \$125.00

*Every Home in America is within range of a  
radio station broadcasting Bulova Correct Time*

# BULOVA Watches

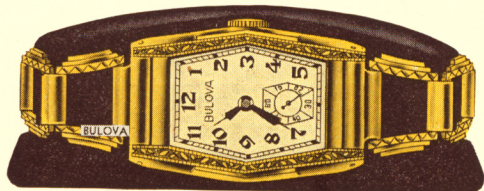
are sold by better jewelers everywhere

We will gladly send you the names of  
Authorized Bulova Distributors in your vicinity



SENATOR

15 jewels; in white ..... \$24.75  
In the charm and color of natural gold ..... \$33.75  
In combination white and natural ..... \$29.75



DUNCAN

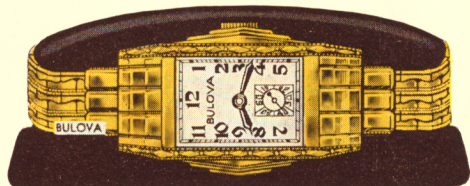
15 jewels; in white ..... \$29.75

LEGION

Same as Duncan, but in the charm and color of  
natural gold ..... \$37.50

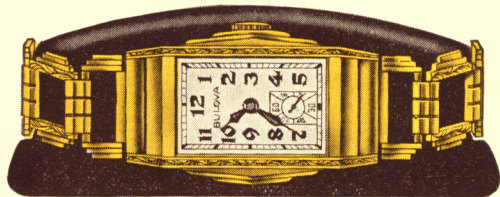
CAVALIER

Same as Duncan, but in combination white and  
natural ..... \$33.75



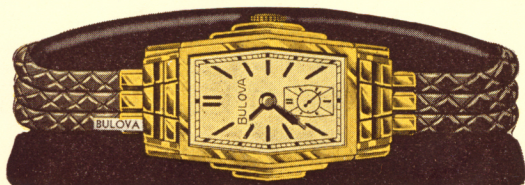
AMBASSADOR

15 jewels; in white ..... \$29.75  
In the charm and color of natural gold ..... \$37.50  
In combination white and natural ..... \$33.75



LONE EAGLE

17 jewels; in white ..... \$39.75  
In the charm and color of natural gold ..... \$42.50  
In combination white and natural ..... \$39.75



KIRKWOOD

21 jewels; in the charm and color of natural gold,  
with modernistic dial, as illustrated ..... \$49.50