

BULOVA WATCH COMPANY  
INCORPORATED

Report to Stockholders  
March 31, 1939

BULOVA WATCH COMPANY

INCORPORATED



*Board of Directors*

ARDE BULOVA                      JOHN H. BALLARD  
HARRY D. HENSHEL

*Officers*

ARDE BULOVA  
*Chairman of the Board and Treasurer*

JOHN H. BALLARD

*President*

HARRY D. HENSHEL

*Secretary*

Executive Offices, 630 Fifth Avenue, New York

TO THE STOCKHOLDERS OF  
BULOVA WATCH COMPANY, INC.

On behalf of the Board of Directors, I submit herewith the Consolidated Balance Sheet of Bulova Watch Company, Inc., and its subsidiary companies as of March 31, 1939, and Condensed Statements of Consolidated Income and Earned Surplus for the twelve months' period ended on that date, as well as the Accountants' Certificate pertinent to these statements.

As you probably know, business throughout the country during 1938 was not as good as 1937; nevertheless your company made a net profit of \$1,400,024.92, after deducting Federal and State taxes. For each share of common stock you owned, your Company earned \$4.31. During the year we paid \$2.00 in dividends leaving the balance to be applied to surplus, still further strengthening the Company's financial position.

In accordance with the suggestion of the New York Stock Exchange, I am pleased to advise you that your Company's commitments for future purchases are not out of proportion to what it may reasonably expect to use in the conduct of its business, and it is not anticipated that any loss will be sustained in connection therewith.

We also wish to advise at this time that your Company's executive and sales offices have been moved to 630 Fifth Avenue, Rockefeller Center, New York City. Our reason for making this change is that we were cramped in our old quarters, where we had been located for the past twelve years. Our new offices have been constructed along modern lines, including air conditioning, to insure improved working conditions and increase the efficiency of the employees and executives of this organization so that we may serve our customers to better advantage.

We also wish to advise that a number of improvements have been made and departments added to our factory in Woodside, Long Island. This factory, we believe, represents the most scientific, modern, watch manufacturing plant in the country. It might also interest you to know that we added another watch case manufacturing subsidiary in Sag Harbor, Long Island.

With these increased facilities, we feel we are equipped to handle a good volume of business and we are pleased to advise you that our business thus far this year shows a substantial increase over that of last year.

ARDE BULOVA

*Chairman of the Board.*

July 7, 1939.

## ACCOUNTANTS' CERTIFICATE

BULOVA WATCH COMPANY, INC.

We have made an examination of the consolidated balance sheet of Bulova Watch Company, Inc. and its wholly-owned subsidiary companies as at March 31, 1939, and of the related consolidated statements of income and earned surplus for the year ended that date. In connection therewith, we examined or tested the accounting and other corporate records of the companies in a manner and to the extent which we considered appropriate in view of the systems of internal accounting control maintained by them; we also made a general review of the accounting methods and of the operating and income accounts, and obtained information and explanations from officers and employees of the companies.

The cash, securities, and customers' notes were verified by inspection, confirmed, or otherwise satisfactorily accounted for. The customers' individual accounts were reviewed in detail, and ample provision has been made for possible losses on customers' notes and accounts. Customers were not requested to confirm the amounts owing by them.

The inventories, which are based on physical counts made by employees of the companies, were verified by us as to prices and computations, compared with the inventory records, and test-checked as to quantities. Certificates were obtained from responsible officials as to the quantities and valuations of the inventories. All inventories are priced at cost or less and appear to be conservatively stated.

The property accounts and the additions thereto are stated at cost values and are controlled by a conservative policy. Depreciation, considered to be adequate and amounting to \$71,855.53, has been provided for during the current year by charges to operations.

Provision has been made for the current year's taxes, and our examination indicated that all known liabilities appear in the consolidated balance sheet.

In our opinion, based upon such examination, the accompanying consolidated balance sheet and related consolidated statements of income and earned surplus, fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, the consolidated financial position at March 31, 1939, and the consolidated results of their operations for the year ended that date.

FREDERICK WM. GREENFIELD & Co.  
*Certified Public Accountants*

New York, N. Y.  
June 30, 1939.

**BULOVA WATCH COMPANY, INC.**  
(Incorporated in New York)  
**AND WHOLLY OWNED SUBSIDIARY COMPANIES**  
**CONSOLIDATED BALANCE SHEET, MARCH 31, 1939**

A S S E T S

CURRENT:	
Cash in banks and on hand .....	\$1,491,551.03
Notes and Accounts Receivable:	
Customers:	
Notes .....	\$3,676,925.60
Accounts .....	1,701,365.71
Total .....	<u>\$5,378,291.31</u>
Less—Reserve for Doubtful Notes and Accounts .....	626,343.49
Net .....	4,751,947.82
Others .....	45,062.91
Inventories—at cost or less .....	<u>2,343,438.75</u>
TOTAL CURRENT ASSETS .....	<u>\$8,632,000.51</u>

OTHER ASSETS:

4% Debentures of the New York World's Fair 1939 Incorporated—at cost .....	\$ 505,000.00
Notes Receivable maturing subsequent to March 31, 1940 .....	17,290.06
Cash Surrender value of Insurance on life of Officer .....	115,593.89
Due from Bulova Watch Company Limited .....	<u>157,018.75</u>
	794,902.70

PLANT PROPERTY:

Land and Buildings .....	\$ 89,840.96
Machinery and Equipment .....	1,011,016.16
Furniture and Fixtures .....	<u>42,993.48</u>

    Total .....

\$1,143,850.60

  Less—Reserves for Depreciation .....

907,149.86

    Net .....

236,700.74

PREPAID AND DEFERRED CHARGES

38,286.02

  TOTAL .....

\$9,701,889.97

L I A B I L I T I E S

CURRENT:

Bank Loans .....	\$ 400,443.88
Accounts Payable .....	376,718.72
Due to Salesmen .....	264,109.21
Accrued Salaries, Wages, and Expenses .....	104,969.37
Accrued Taxes .....	<u>394,755.12</u>

    TOTAL CURRENT LIABILITIES .....

\$1,540,996.30

REAL ESTATE MORTGAGES PAYABLE

(Swiss Francs 170,000.00) .....

38,118.25

    TOTAL LIABILITIES .....

\$1,579,114.55

C A P I T A L S T O C K A N D S U R P L U S

CAPITAL STOCK:

  Common, without par value:

    Authorized — 500,000 shares

    Outstanding — 324,881 shares

      —at declared values .....

\$2,521,132.50

CAPITAL SURPLUS .....

1,178,748.50

EARNED SURPLUS .....

4,422,894.42

    TOTAL CAPITAL STOCK AND SURPLUS .....

8,122,775.42

  TOTAL .....

\$9,701,889.97

NOTE A — The Capital Surplus arose out of the transfer from Capital Stock, as approved by the stockholders and in accordance with the Certificate filed July 29, 1937 in the office of the Secretary of State of the State of New York.

NOTE B — The current assets and all liabilities of subsidiaries operating in foreign countries have been converted into U. S. dollars at the March 31, 1939 prevailing rates of exchange, while the plant properties are stated at the U. S. dollar cost prevailing at dates of acquisition.

**BULOVA WATCH COMPANY, INC.**  
and Wholly Owned Subsidiary Companies

CONDENSED CONSOLIDATED STATEMENT OF  
INCOME FOR THE YEAR ENDED MARCH 31, 1939

GROSS PROFIT FROM SALES .....	\$4,564,976.07
SELLING EXPENSES .....	\$2,101,981.05
GENERAL AND ADMINISTRATIVE EXPENSES .....	463,993.97
	<u>2,565,975.02</u>
PROFIT FROM OPERATIONS (after deducting depreciation of \$71,855.53) .....	\$1,999,001.05
INCOME CREDITS:	
Discounts on Purchases .... \$	20,110.71
Interest Earned .....	56,781.77
	<u>76,892.48</u>
GROSS INCOME .....	\$2,075,893.53
INCOME CHARGES:	
Discounts allowed Customers .....	\$ 95,958.21
Interest on Loans, etc.....	31,422.20
Excess of premium over increase in cash surrender value of insurance on life of Officer .....	1,798.05
Federal Income Taxes ....	316,069.17
Social Security Taxes .....	64,017.71
Other Taxes—State, City, Capital Stock, etc. ....	166,603.27
	<u>675,868.61</u>
NET INCOME FOR THE YEAR ENDED MARCH 31, 1939 .....	<u><u>\$1,400,024.92</u></u>

NOTE—The results of subsidiaries operating in foreign countries have been converted into U. S. dollars at the March 31, 1939 prevailing rates of exchange, except that charges for depreciation of plant properties were computed at the U. S. dollar cost prevailing at dates of acquisition

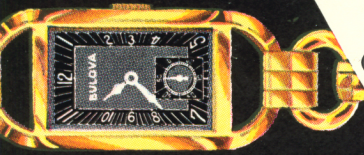
**BULOVA WATCH COMPANY, INC.**  
and Wholly Owned Subsidiary Companies

CONSOLIDATED STATEMENT OF EARNED  
SURPLUS FOR THE YEAR ENDED  
MARCH 31, 1939

BALANCE AT MARCH 31, 1938 .....	\$3,595,282.23
Add—Net Income for the year ended March 31, 1939 .....	\$1,400,024.92
Deduct—Dividends of \$2.00 per share, paid quarterly—each of 50 cents per share—on 324,881 shares .....	649,762.00
Transferred to Earned Surplus .....	750,262.92
	<u>\$4,345,545.15</u>
Add—Reduction in Reserve for Doubtful Notes and Accounts Receivable, provided for in prior years, less resultant income taxes .....	77,349.27
BALANCE AT MARCH 31, 1939 .....	<u><u>\$4,422,894.42</u></u>



21-JEWEL  
**BULOVA**  
 WATCHES



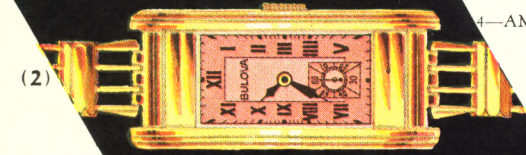
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1—AMERICAN EAGLE (D)  
 \$49.50

2—PRESIDENT  
 \$49.50

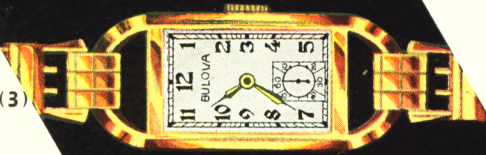
3—AMERICAN EAGLE (A)  
 \$49.50

4—AMBASSADOR (D)  
 \$45.00

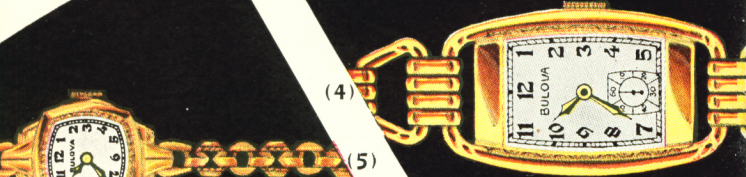


(2)

*The  
 Gift of  
 a Lifetime*



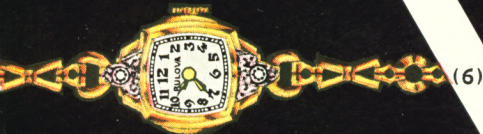
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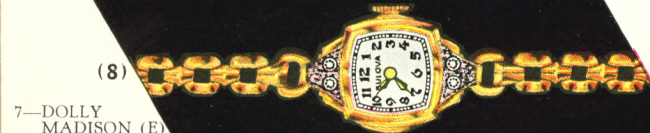
(6)

5—DOLLY  
 MADISON (C)  
 \$42.50

6—DOLLY  
 MADISON (K)  
 two diamonds  
 \$49.50



(7)



(8)

7—DOLLY  
 MADISON (E)  
 two diamonds  
 \$49.50

8—DOLLY  
 MADISON (J)  
 four diamonds  
 \$57.50

9—DOLLY MADISON (H)  
 six diamonds  
 \$65.00

(9)

