



Bulova Watch Company

REPORT TO STOCKHOLDERS

March 31, 1941



BULOVA WATCH COMPANY, INC.

Board of Directors

ARDE BULOVA JOHN H. BALLARD
HARRY D. HENSHEL

Officers

ARDE BULOVA
Chairman of the Board and Treasurer

JOHN H. BALLARD
President

SAMUEL P. EPSTEIN
Vice-President

HARRY D. HENSHEL
Secretary

A. CARNOW
Assistant Treasurer

RAYMOND F. WARREN
Assistant Secretary

Executive Offices, 630 Fifth Avenue, New York

TO THE STOCKHOLDERS OF
BULOVA WATCH COMPANY, INC.:

As part of my annual report, I take pleasure in submitting herewith the Consolidated Balance Sheet of Bulova Watch Company, Inc., and its subsidiary companies as of March 31, 1941, and a related Consolidated Statement of Income and Earned Surplus for the twelve months' period ended on that date, as well as the Accountants' Certificate thereon. A glance at the figures discloses a most gratifying result.

Your company has earned \$3,622,394.76, of which about one-third, viz., \$1,259,158.89 is for Federal, State, Social Security and other taxes, leaving a net profit of \$2,363,235.87, or \$7.27 per share. Dividends paid during the current year amounted to \$1,137,083.50, and the balance was added to working capital.

The Bulova Watch Company is an American company with factories here and in Switzerland for the manufacture of complete watch movements and watch cases. The following factories are wholly owned subsidiaries of the Bulova Watch Company:

The AMERICAN STANDARD WATCH CASE COMPANY in Providence, Rhode Island, with a branch factory at Sag Harbor, Long Island. These are complete plants for the manufacture of watch cases—from the raw metal to the finished product.

The AMERICAN STANDARD WATCH COMPANY in New York City where complete watch movements are made, with subsidiary plants in Bienne, Switzerland, and Waltham, Massachusetts.

These factories are equipped with the most modern and most scientific machinery for the manufacture of watches and watch cases.

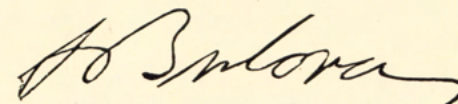
The Company has experienced no serious difficulty in getting movements from Switzerland. In the event that production or shipments from

abroad are curtailed, the Company is prepared to increase its production in our various plants in this country so as to meet the ever-increasing demand for Bulova Watches.

You will no doubt be pleased to learn that your Company is manufacturing products for National Defense at actual cost pursuant to a resolution adopted by your Board of Directors.

Under the able leadership of your President, John H. Ballard, the Company has done an outstanding job in sales and merchandising, and has maintained its leadership in the industry.

I wish to avail myself of this opportunity to thank our employees and distributors for their loyalty and wholehearted co-operation.



Chairman of the Board

June 30, 1941.

BULOVA WATCH COMPANY, INC. AND WHOLLY-OWNED SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET MARCH 31, 1941

ASSETS

CURRENT:	
Cash in banks and on hand	\$ 2,332,974.84
Notes and Accounts Receivable:	
Customers:	
Notes	\$4,883,804.37
Accounts	2,904,314.61
Total	\$7,788,118.98
Less — Reserve for doubtful Notes and Accounts	719,291.53
Net	7,068,827.45
Others	111,218.87
Inventories — at cost or less	3,740,602.31
TOTAL CURRENT ASSETS	\$13,253,623.47
OTHER ASSETS:	
Cash Surrender Value of Insurance on life of Officer	\$ 134,507.77
Notes Receivable maturing subsequent to March 31, 1942	11,776.48
Due from Bulova Watch Company Limited	593,610.60
Funds in Canadian Bank	15,598.85
TOTAL OTHER ASSETS	755,493.70
PLANT PROPERTY — At Cost:	
Land and Buildings	\$ 134,324.37
Machinery and Equipment	1,097,145.17
Furniture, Fixtures, and Leasehold Improvements	126,894.99
TOTAL	\$1,358,364.53
Less — Reserves for Depreciation and Contingencies	1,075,598.42
Net	282,766.11
PREPAID AND DEFERRED CHARGES	48,557.62
TOTAL	\$14,340,440.90

NOTE — The consolidated balance sheet includes assets, located in Switzerland, of \$625,669.41 and liabilities of \$923,882.28.

LIABILITIES

CURRENT:	
Foreign Bank Loans	\$ 459,877.06
Accounts Payable	1,264,268.81
Due to Salesmen	479,995.40
Accrued Salaries, Wages, and Expenses	255,821.32
Accrued Taxes	1,188,283.73
TOTAL CURRENT LIABILITIES	\$ 3,648,246.32
REAL ESTATE MORTGAGES PAYABLE	
(Swiss Francs 157,000.00)	36,438.44
TOTAL LIABILITIES	\$ 3,684,684.76
RESERVE FOR CONTINGENCIES	150,000.00

CAPITAL STOCK AND SURPLUS

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	6,805,875.14
TOTAL CAPITAL STOCK AND SURPLUS	10,505,756.14
TOTAL	\$14,340,440.90

NOTE — The current assets and all liabilities of branches operating in Switzerland have been converted into U. S. dollars at the March 31, 1941 prevailing rate 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 AND EARNED SURPLUS FOR THE YEAR ENDED MARCH 31, 1941

GROSS PROFIT FROM SALES		\$7,767,357.54
SELLING EXPENSES	\$3,112,831.06	
GENERAL AND ADMINISTRATIVE EXPENSES	558,259.47	
		<u>3,671,090.53</u>
PROFIT FROM OPERATIONS (after deducting depreciation of \$75,221.52)		\$4,096,267.01
INCOME CREDITS:		
Discounts on Purchases	\$ 29,354.01	
Interest Earned	30,032.34	
		<u>59,386.35</u>
GROSS INCOME		\$4,155,653.36
INCOME CHARGES:		
Discounts allowed Customers	\$ 146,342.48	
Provision for doubtful Notes and Accounts	155,199.77	
Interest on Loans, etc.	34,915.78	
Net Cost of Insurance on life of Officer.....	1,592.07	
Federal Income Taxes	818,222.86	
Federal Excess Profits Tax	191,775.56	
Social Security Taxes	110,717.79	
Other Taxes	138,442.68	
Loss resulting from Sale of New York World's Fair Debentures	\$ 354,811.37	
Less—Amount reserved in prior year	<u>309,602.87</u>	
		<u>45,208.50</u>
Provision for Contingencies	150,000.00	
		<u>1,792,417.49</u>
NET INCOME FOR THE YEAR ENDED MARCH 31, 1941		\$2,363,235.87
Deduct — Dividends Paid:		
July 1, 1940—50¢ per share	\$ 162,440.50	
Oct. 1, 1940—50¢ " "	162,440.50	
Dec. 14, 1940—\$1.50 " "	487,321.50	
Mar. 27, 1941—\$1.00 " "	<u>324,881.00</u>	
		<u>1,137,083.50</u>
Transferred to Earned Surplus		\$1,226,152.37
EARNED SURPLUS — April 1, 1940		5,463,422.23
Add — Adjustments by the Bureau of In- ternal Revenue of prior years' reports, less resultant taxes thereon		<u>116,300.54</u>
EARNED SURPLUS — March 31, 1941.....		<u>\$6,805,875.14</u>

NOTE — The results of branches operating in Switzerland have been converted into U. S. dollars at the March 31, 1941 prevailing rate of exchange, except that charges for depreciation of plant properties were computed at the U. S. dollar cost prevailing at dates of acquisition.

ACCOUNTANTS' CERTIFICATE

BULOVA WATCH COMPANY, INC.

We have examined the consolidated balance sheet of Bulova Watch Company, Inc. and subsidiary companies as at March 31, 1941, and the related consolidated statement of income and earned surplus for the year then ended. In connection therewith, we have reviewed the systems of internal control and accounting procedures, and have examined or tested the accounting and other corporate records of the companies (excepting the Swiss branches) by methods and to the extent we deemed appropriate.

While we have been furnished regularly with monthly reports of the Swiss branches, these accounts have been audited — as at March 31, 1941 — by other independent accountants. After reviewing their statements, we have accepted the figures shown therein and have incorporated them in the consolidated statements.

Cash and Notes were verified by inspection or otherwise satisfactorily accounted for. Customers' accounts were reviewed in detail, and ample provision has been made for possible losses. Confirmations were received from 98% of the customers, selected by us, whose indebtedness represented a substantial portion of the total sum outstanding.

Inventories were verified by us as to prices and computations, compared with the inventory records, and test-checked as to quantities. On the basis of such tests, and the review of the corporate records, we satisfied ourselves that the inventories, priced at cost or less, are conservatively stated.

Our examination indicated that all known liabilities appear in the consolidated balance sheet.

The Federal income tax returns for the years ended March 31, 1938 and 1939 have been examined during the year by the Bureau of Internal Revenue and additional tax liabilities for those years have been set up in the accompanying statements.

In our opinion, the accompanying balance sheet and related statement of income and earned surplus fairly present the consolidated financial position of Bulova Watch Company, Inc. and its subsidiary companies at March 31, 1941, and the consolidated results of their operations for the year ended that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

FREDERICK W. M. GREENFIELD & Co.
Certified Public Accountants

New York, N. Y.
June 24, 1941.

1941

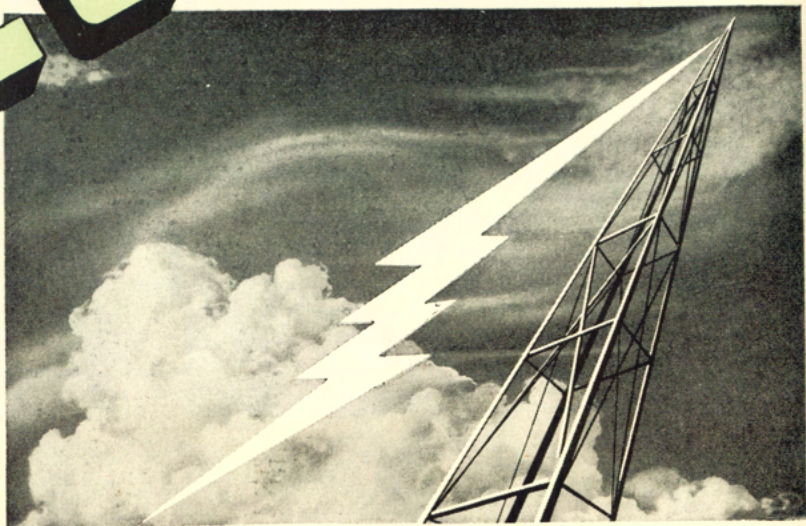
Creations by Bulova ***

★
More Americans tell
time by Bulova than
by any other watch in
the world!
★



203

powerful radio stations



roadcast **B★U★L★O★V★A** Watch Time
very hour, every day, 365 days a year!

*H*our after hour, day after day, year after year, you hear these famous Bulova Time Signals. It is a service America has come to expect.

But a far greater service is that rendered to America by Bulova Watches, themselves. These smartly beautiful timepieces with their precision-built movements — their supreme dependability — have won unchallenged leadership as America's favorite watches. On your wrist . . . as on the air . . . you can depend on Bulova Watch Time!