

BULOVA WATCH COMPANY
INCORPORATED

Report to Stockholders
March 31, 1936

BULOVA WATCH COMPANY
INCORPORATED



Board of Directors

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

Officers

ARDE BULOVA
Chairman of the Board and Treasurer

JOHN H. BALLARD
President

IRA GULDEN
Vice-President

HARRY D. HENSHEL
Secretary

Executive Offices, 580 Fifth Avenue, New York

TO THE STOCKHOLDERS OF
BULOVA WATCH COMPANY, INC.

I take pleasure in submitting herewith Consolidated Balance Sheet of the Bulova Watch Company and its subsidiary companies as of March 31, 1936 and Condensed Statement of Consolidated Income and Surplus for the twelve months' period ended on that date as well as Accountants' Certificate attached to same.

No doubt you will be pleased to learn that the operations of your Company for the twelve months ended March 31, 1936 have resulted in a net profit of \$1,317,268.59 as compared with a net profit of \$387,989.48 for the twelve months ended March 31, 1935.

After deducting Federal and State taxes, and after making provision for reserves which are believed adequate for normal contingencies, your Company finds itself in a strong financial position. The Directors are of the opinion that the conservative policies formulated in the past, and to which the management has steadily adhered, have aided the Company in reaching its present strong position.

Some comment is appropriate at this time regarding the accumulation of dividends unpaid on the \$3.50 preferred stock amounting to a total of \$787,500. as of March 31, 1936. With the earnings of the Company maintaining their present rate, it is the intention of the Directors to make suitable arrangements, as soon as feasible, for the payment of the total accumulated dividends on the Company's preferred stock.

The directors wish at this time to pay a tribute to our late president, Joseph Bulova, who pioneered and founded this business. They herewith pledge themselves to carry on the high principles and ideals he inculcated in this business and trust that their efforts will always be a credit to his memory.

At the present time, your Company is experiencing an increased volume of sales over that of last year, so that the operations of your Company for the current year should show a material increase in profits over the year just closed.

ARDE BULOVA,
Chairman of the Board.

July 15, 1936

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, American Standard Watch Case Company, American Standard Watch Company (including its branches at Bienne, Switzerland, and Lac-ou-Villers, France), Fabrikgebaude, Weissensteinstrasse, No. 9 A. G., and Westfield Watch Company, Inc. (inactive) as at March 31, 1936, and of their related condensed statement of consolidated income and surplus for the year ended that date. In connection therewith, we examined or tested the accounting records of the companies and other supporting evidence in a manner and to the extent which we considered appropriate in view of the system of internal accounting control; 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, gold bullion, 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 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 are stated at cost values and the valuations of the additions thereto appear to be controlled by a conservative policy. Depreciation, considered to be adequate and amounting to \$72,619.52, has been provided for during the current year by charges to operations.

The current assets and liabilities of subsidiaries operating in foreign countries have been converted into United States dollars at the March 31, 1936 prevailing rates of exchange.

The federal income tax returns, filed by the company and its domestic subsidiaries, for the years ended March 31, 1934 and 1935, have been audited during the year by the Bureau of Internal Revenue and additional tax liabilities for those years have been paid or set up in the accompanying statements. 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, subject to the foregoing, the accompanying consolidated balance sheet and related condensed statement of consolidated income and surplus, together with the notations thereon, fairly present, in accordance with accepted accounting principles consistently maintained by the companies during the year under review, the consolidated financial position of the companies at March 31, 1936, and the consolidated results of their operations for the year ended that date.

FREDERICK W. M. GREENFIELD & CO.

New York, N. Y.
July 9, 1936.

BULOVA WATCH COMPANY, INC.
(Incorporated in New York)
AND WHOLLY OWNED SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET, MARCH 31, 1936

ASSETS	LIABILITIES
CURRENT:	CURRENT:
Cash in banks, in transit, and on hand \$ 808,925.64	Loans Payable to foreign bank (gold bullion pledged as collateral) \$ 805,575.65
New York City bonds—at cost (market value \$151,687.50) 147,138.75	Accounts Payable 271,731.29
Other Securities—at the lower of cost or market 12,307.89	Due to Salesmen 147,232.77
Gold bullion held abroad—converted into U. S. dollars at current rate of exchange \$1,648,315.01	Accrued Salaries, Wages, Taxes, and other items 297,834.92
Less—Reserve for excess of conversion into U. S. dollars at current rate of exchange, over cost 454,616.55	<hr/>
1,193,698.46	TOTAL CURRENT LIABILITIES \$1,522,374.63
Notes and Accounts Receivable:	
Customers:	
Notes \$2,108,580.64	
Accounts 1,362,967.05	
Total \$3,471,547.69	
Less—Reserve for doubtful Notes and Accounts 426,563.90	
Net 3,044,983.79	
Others (including Accrued Interest on bonds, and amounts due from Officers and Employees \$35,402.05) 48,298.98	
Inventories—at cost or less 1,928,276.77	
TOTAL CURRENT ASSETS \$7,183,630.28	
NOTES RECEIVABLE MATURING SUBSEQUENT TO MARCH 31, 1937 19,818.13	
CASH SURRENDER VALUE OF INSURANCE POLICIES ON LIFE OF OFFICER 87,872.86	
DUE FROM BULOVA WATCH COMPANY LIMITED 231,334.22	
PLANT PROPERTY:	
Land and Buildings \$ 71,638.44	
Machinery and Equipment 908,152.36	
Furniture and Fixtures 42,993.48	
Total \$1,022,784.28	
Less—Reserves for Depreciation 711,301.69	
Net Plant Property 311,482.59	
DEFERRED CHARGES:	
Unamortized portion of improvements to leasehold property, unexpired insurance premiums, and prepaid expenses \$ 16,433.22	
Funds in closed bank 3,329.05	
Conversion into U. S. dollars of liabilities and assets of foreign branches and subsidiary 30,174.51	
Total Deferred Charges 49,936.78	
TOTAL \$7,884,074.86	
	REAL ESTATE MORTGAGES PAYABLE (Swiss Francs 191,000.00) 62,145.86
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	TOTAL LIABILITIES \$1,584,520.49
	CAPITAL STOCK:
	Convertible preferred, without par value; dividends cumulative at \$3.50 a share; 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
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	TOTAL CAPITAL STOCK 3,650,000.00
	EARNED SURPLUS 2,649,554.37
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	TOTAL \$7,884,074.86
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NOTATIONS:

Dividends on the cumulative preferred stock of Bulova Watch Company Inc. aggregating \$787,500.00, covering the period from October 1, 1931 to March 31, 1936, have not been declared or paid.
The Bulova Watch Company, Inc. has commitments for the sale of foreign exchange at an aggregate selling price of \$326,750.00, on which commitments there would have been a loss of \$2,620.00, based on market quotations, if liquidated on March 31, 1936.

BULOVA WATCH COMPANY, INC.
and Wholly Owned Subsidiary Companies

CONDENSED STATEMENT OF CONSOLIDATED
INCOME AND SURPLUS FOR THE YEAR ENDED
MARCH 31, 1936

GROSS PROFIT FROM SALES.....	\$3,263,981.51
SELLING EXPENSES	\$1,132,283.08
GENERAL AND ADMINIS- TRATIVE EXPENSES	348,366.68
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	1,480,649.76

PROFIT FROM OPERATIONS (after deduct- ing depreciation \$72,619.52)	\$1,783,331.75
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INCOME CREDITS:

Discounts on purchases..	\$ 11,806.72
Interest earned	31,640.34
Profit on sale of securi- ties	19,893.75
Profit on conversion of gold bullion	114,626.66
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	177,967.47

GROSS INCOME	\$1,961,299.22
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INCOME CHARGES:

Discounts allowed cus- tomers	\$ 58,037.11
Provision for doubtful notes and accounts.....	169,023.53
Interest on loans	84,099.16
Excess of premium over increase in cash sur- render value of insur- ance on life of officer	2,733.72
Loss from foreign ex- change transactions ...	98,461.25
Federal, State, and City taxes	231,675.86
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	644,030.63

NET INCOME FOR THE YEAR.....	\$1,317,268.59
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EARNED SURPLUS—APRIL 1, 1935.....	1,350,631.25
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\$2,667,899.84

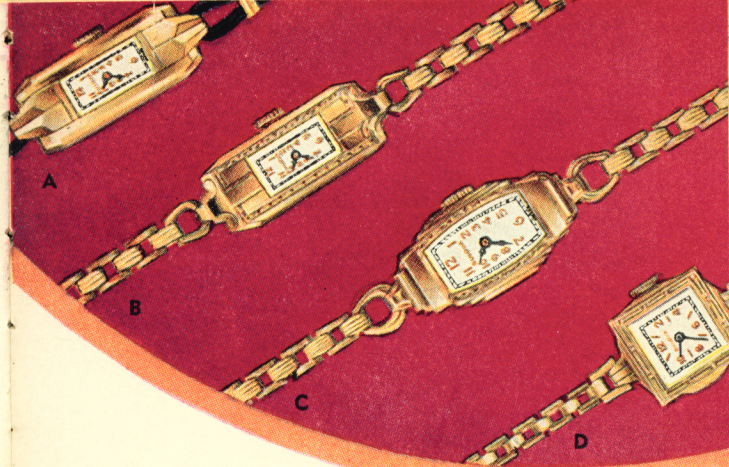
DEDUCTION:

Additional Federal Income taxes for the years ended March 31, 1934 and 1935	18,345.47
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EARNED SURPLUS—MARCH 31, 1936.....	\$2,649,554.37
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NOTATION:

The Bulova Watch Company, Inc. has commitments for the sale of foreign exchange at an aggregate selling price of \$326,750.00, on which commitments there would have been a loss of \$2,620.00, based on market quotations, if liquidated on March 31, 1936.



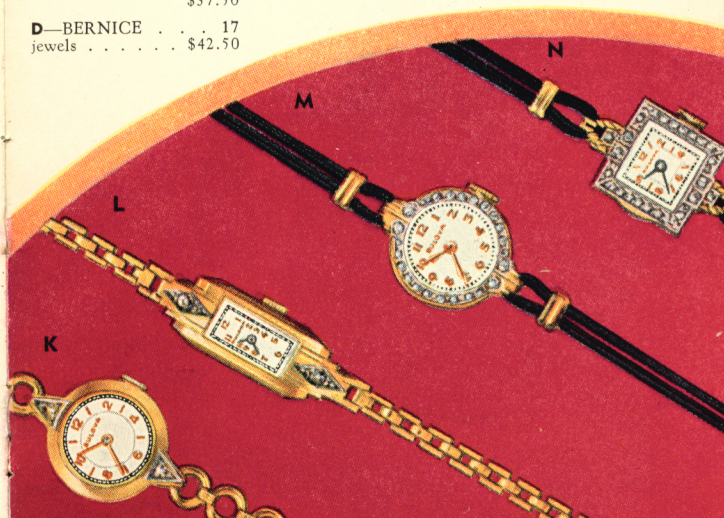
As serviceable as they are beautiful!



*Bulova
Lady
Maxim*
\$29.75

white rolled gold
plate . . . \$24.75

A—NANETTE . . . \$24.75	K—AMERICAN GIRL . . . two diamonds . . . \$39.75	M—JULIETTE . . . 17 jewels; 20 diamonds; 14 karat solid gold . . \$75.00
B—GENEVIEVE . . . 17 jewels \$37.50	L—ADRIENNE . . . 17 jewels; 2 diamonds \$49.50	N—PRINCESS PAT . . . 17 jewels; 24 diamonds; 14 karat solid gold \$100.00
C—VIVIAN . . . 17 jewels \$37.50		
D—BERNICE 17 jewels \$42.50		





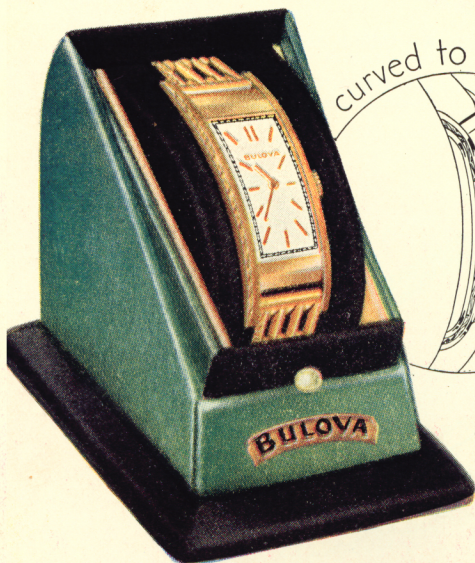
F—RANGER . 15 jewels
\$24.75

G—AMBASSADOR . 17
jewels; yellow . . \$37.50
white; 15 jewels . \$29.75

H—CRAFTSMAN . . 15
jewels \$29.75

I—BANKER . 17 jewels
\$37.50

J—PHANTOM . . . 17
jewels; gold filled . \$39.75
14 karat solid gold; with
leather strap . . . \$57.50



curved to fit the wrist

President

21 jewels
\$49.50