

RADIO -
SPLITDORF

1930

Splitdorf-Bethlehem Electrical Company

392 HIGH STREET
NEWARK, NEW JERSEY

REPORT
TO
STOCKHOLDERS



1930

392 High Street,
Newark, N. J.
April 15, 1931.

*To the Stockholders of the
Splitdorf-Bethlehem Electrical Company*

The year 1930 will go down in the history of nearly all industries as a year of hopeful optimism, numerous perplexities, much discouragement, and disastrous results. There is scarcely a business among the survivors that has not been seriously affected by the world-wide depression. Your business is no exception.

For years, the chief demand for our major product—magnetos—has come from manufacturers of agricultural implements. The chief demand for our second major product—spark plugs—has come, of course, from motor car owners. The chief demand for another of our major products—electric motors—obviously has come from manufacturing concerns, in connection with expansion programs. Radio, in recent years, furnished a highly fluctuating and unprofitable market.

That the sales of agricultural machinery have suffered more acutely than the sales of most industries is due to the country-wide drought of last summer and the deplorable conditions in which it left so many American farmers.

The motor-car industry has suffered to an extent which necessarily reduced the sales of all automotive supplies.

American industry, generally, has been practically at a stand-still for several months. Sales of factory equipment have seriously suffered as a result, and expansion programs are few and far between, which naturally is reflected in lower motor sales.

The staggering misfortunes that have overwhelmed the radio industry during the past year, is a business epic.

Our four major products were hard hit during 1930, and your management has not felt that these are times when one may embark upon new ventures, and upon the exploitation of new products, with safety.

It is not surprising in view of the conditions which existed all through 1930, that the total sales of your company should have shown a decrease to about one-half of the banner year of 1929. Many a business would not have survived such a decrease, and we were able to do so only through the most cautious and conservative management, and as a result of thorough inventory liquidation, strict credit extension, and the conservation and intelligent disbursement of the cash made available thereby.

The net worth of your company decreased during the year by \$304,706.32—the inevitable result of the substantial decrease in sales volume. It should be

pointed out, however, that included in the figure representing the diminution of net worth are depreciation charges amounting to \$187,415.31, and debenture bond interest amounting to \$87,500.00, so that the reduction in net worth, before deducting depreciation and bond interest, is only \$29,791.01.

The reduction in net worth had the effect of decreasing the book value of the common stock of the company from \$6.70 to \$5.39 per share, but some consolation may be found in the fact that as a result of the constructive moves effected and the conservative management practiced during the year, our ratio of Current Assets to Current Liabilities increased from 2.53 to 1 at December 31, 1929, to 3.66 to 1 at the end of 1930.

During the year, our bank loans were reduced from \$225,000 to \$105,000, or by \$120,000, and at December 31, 1930, we had a cash balance of \$385,089.68 as against a cash balance of \$177,619.70 at December 31, 1929—a net increase of \$207,469.98.

The debenture bonds, which were issued in 1927 by a previous management, fall due on September 1, 1932, and while all interest payments have been met, some plan must be put in motion for their redemption at maturity.

A five year bond extension agreement was proposed in January, 1931, to the debenture bond holders, but it is too early to state whether or not the plan will be successful. The redemption of these bonds is the most serious financial problem now facing the company.

In December of 1930, your management was called upon to decide whether its radio license from the Radio Corporation of America should be renewed at a minimum royalty of \$100,000 per year.

In view of the chaotic condition of the radio industry generally, and because of the belief by Thomas A. Edison, Inc., that the radio industry was likely to remain unstable and unprofitable for a considerable period of time, your management did not feel justified in committing itself to an expenditure, by the Splitdorf Radio Corporation, of \$100,000 per year for a term of years. Nor did Thomas A. Edison, Inc., care to commit itself—even if the transfer of license could have been arranged with Radio Corporation of America and others. In addition to the R.C.A. license there was, of course, the question of the Hazeltine license with its minimum of \$30,000 per year.

Following the decision of Thomas A. Edison, Inc., to retire from the radio business, the Splitdorf Radio Corporation ceased operations on December 31st, 1930. Thomas A. Edison, Inc., holding 49% of the voting trust certificates of Splitdorf Radio Corporation, purchased the remaining 51% from Splitdorf-Bethlehem Electrical Company, thereby relieving your company of \$149,000 net deficit existing at that time.

In the opinion of your directors, this was by far the wisest course to pursue, and the final adjustments with Thomas A. Edison, Inc., were made on a basis highly favorable to your company.

In common with practically all other businesses, we can scarcely expect that any material improvements will be noticeable until general conditions change for the better. While the temptation has been strong to curtail selling expense, and while sales effort is not nearly so productive in these days as in normal times, there has been no relaxation of sales activities, and it is the feeling of your management that it should continue with this policy, notwithstanding that it has the effect of increasing the unit selling cost when sales are in reduced volume.

It is difficult to predict just when recovery will come in the agricultural and other fields affecting our business. We are not particularly hopeful over the outlook for 1931, but are of the firm belief that your company is on a sound basis, organized and well-equipped to "weather the storm" with the minimum possibility of loss.

I wish at this time to express my appreciation for your confidence in the Edison management which was again evidenced by the large vote of those present, or represented by proxy, at the stockholders' meetings on April 7th.

At the special meetings approval was given to the merger between the Splitdorf-Bethlehem Electrical Company and the Splitdorf Electrical Company. This move is further evidence of the anxiety of your management to simplify the corporate structure of your company and to effect further economies which will be the natural outcome of such simplification.

It seems appropriate to point out that this merger was contemplated when the Splitdorf-Bethlehem Electrical Company was formed, and took over the Bethlehem Spark Plug Company and the Splitdorf Electrical Company. The Splitdorf-Bethlehem Electrical Company absorbed the Bethlehem Spark Plug Company, but the legal details of bringing the Splitdorf Electrical Company into the merger, were never completed. This merger of the two corporations makes our structure complete. The name of the consolidated corporation is Splitdorf Electrical Company.

There is included with this report a certified consolidated balance sheet of the Company and its subsidiaries as at December 31, 1930. I would call particular attention to the information included with this report concerning the products of the Company.

The confidence you have imposed in the Edison management of your company has been very helpful in getting over the problems which have confronted us during the last two years, and with its continuance I feel that (gloomy as the picture has appeared to us at times), we may look into the future with hope and optimism.

Faithfully,

CHARLES EDISON,

President.

Officers

President.....	Charles Edison
Vice President and General Manager.....	L. W. McChesney
Vice-President and Financial Executive.....	Ralph H. Allen
Treasurer.....	H. F. Miller
Secretary.....	H. H. Eckert
General Counsel.....	Henry Lanahan
Assistant Vice President.....	E. C. Reed
Assistant Treasurer.....	J. V. Miller
Assistant Treasurer.....	E. H. Philips
Assistant Secretary.....	W. H. Balentine
Assistant Secretary.....	Frederick C. Erwin

Directors

Charles Edison	William M. Lybrand
Ralph H. Allen	H. F. Miller
George deK. Gilder	John V. Miller
Ernest J. Howe	William W. Nichols
Henry Lanahan	Eugene C. Reed
C. S. Williams, Jr.	

Transfer Agent

Guaranty Trust Company of New York
New York

Registrar

The Chase National Bank of the City of New York
New York

Corporate Office

392 High Street, Newark, N. J.

Sylvester, Ross, Brad & Montgomery
ACCOUNTANTS AND AUDITORS

NEW YORK	DEPOIT	LOS ANGELES
PHILADELPHIA	CLEVELAND	PORTLAND
CHICAGO	INDIANAPOLIS	SEATTLE
BOSTON	HOUSTON	
NEWARK	ST. LOUIS	
BALTIMORE	ATLANTA	
WASHINGTON	DALLAS	
MEMPHIS	INDIANAPOLIS	

SPLITDORF-B

CONSOLIDATED BAL
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A S S E T S:

Current assets:			
Cash in banks and on hand		\$	385,089.68
Accounts receivable:			
Customers	\$	115,985.32	
Others		3,236.87	
		<u>119,222.19</u>	
Less, Provision for doubtful accounts		<u>16,625.75</u>	102,596.44
Inventories, at the lower of cost or market			165,232.61
Prepaid insurance, interest, etc.			<u>25,301.81</u>
Total current assets			678,220.54
Investments			2,502.00
Plant and properties, see note:			
Land		228,743.31	
Buildings, machinery and equipment	\$	3,481,340.76	
Less, Allowance for depreciation		<u>1,775,394.14</u>	<u>1,705,946.62</u>
			1,934,689.93
Good will and patents			<u>50,001.00</u>
			<u>\$2,665,413.47</u>

Note: Land of the Splitdorf Electrical Company is its buildings, machinery and equipment at appraisals and additions at cost.

The total of net current assets in relation to the amount required in the indenture under which the

We have examined the accounts of SPLITDORF-B December 31, 1930 and we certify that, in our opinion, the financial position of the companies as shown

New York, January 28, 1931.

BETHLEHEM ELECTRICAL COMPANY
and Subsidiaries

Balance Sheet as of December 31, 1930
adjusted to the sale on January 14, 1931
(as if in Splitdorf Radio Corporation)

LIABILITIES:

Current liabilities:	
Notes payable to banks	\$ 105,000.00
Accounts payable	34,156.30
Accrued pay roll, interest, etc.	<u>45,882.43</u>
Total current liabilities	185,038.73
Five year 7 pct. convertible debentures, due September 1, 1932	1,250,000.00
Reserve for contingencies	60,000.00
Minority interest in subsidiary company	27,631.47

C A P I T A L:

Capital stock:	
Authorized 300,000 shares, outstanding 212,004 shares, no par value	\$3,015,703.12
Capital surplus, including surplus arising from appraisal	<u>4,938,870.40</u>
	<u>7,954,573.52</u>
Deduct, Deficit	<u>6,811,830.25</u> 1,142,743.27
	<u><u>\$2,665,413.47</u></u>

is stated at appraised value as at December 31, 1926, and
used values revised to June 30, 1925, with subsequent

to the outstanding debenture bonds is less than the
by were issued.

BETHLEHEM ELECTRICAL COMPANY and its Subsidiaries as of
tion, the above consolidated balance sheet correctly sets
of that date.

Hybrand, Ross, Brown & Montgomery,
Accountants and Auditors.

Help Your Company Succeed!

Every stockholder of Splitdorf Electrical Company, must necessarily feel a real interest in Splitdorf products, for it is only through interest in, demand for, and sales of Splitdorf products that the Splitdorf Company can make the success we all hope for it. But it is strange, though true, that this interest rarely takes the form of any definite action tending to improve the position of our Company, or of its products.

Splitdorf Spark Plugs are comparable with the very best. They are made in a variety of sizes and types to be adaptable to any motor car, and they sell at 50c each—25c less than other spark plugs.

If you, as a Splitdorf stockholder are not now using Splitdorf Spark Plugs, you owe it to yourself to do so, to prevail upon your friends to do likewise, and to urge upon automotive supply dealers, service stations and garages of which you have knowledge, to carry them in stock.

Many of you are associated with or know of companies operating motor trucks, which use both magnetos and spark plugs. Such of you can help us by urging the use of Splitdorf Magnetos and Spark Plugs in such cases.

More of you are probably associated with or know of concerns using A.C. motors. The American Electric Motor Company, a Splitdorf subsidiary, manufactures alternating current motors of outstanding merit and sells them at strictly competitive prices.

Help the game along by sending your orders for Splitdorf Spark Plugs, Splitdorf Magnetos and American Electric Motors, or inquiries for information about them, to L. W. McChesney, General Manager, 392 High Street, Newark, N. J.

Principal Products
of
Splittorf Electrical Company
and Its Subsidiary
American Electric Motor Company



MAGNETOS
SPARK PLUGS
MOTORS
STARTERS
GENERATORS
SOCKET WRENCHES
ELECTRICAL EQUIPMENT
IGNITION CABLE
CONDENSERS

