

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1996-11-14** | Period of Report: **1996-09-30**  
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FILER

**BURGER KING LTD PARTNERSHIP III**

CIK: **733667** | IRS No.: **133178415** | State of Incorporation: **NY** | Fiscal Year End: **1231**  
Type: **10-Q** | Act: **34** | File No.: **000-21189** | Film No.: **96665530**  
SIC: **6519** Lessors of real property, nec

Mailing Address	Business Address
3 WORLD FINANCIAL CENTER NEW YORK NY 10285	3 WORLD FINANCIAL CENTER NEW YORK NY 10285 2125263237

United States Securities and Exchange Commission  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

X Quarterly Report Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

For the Quarterly Period Ended September 30, 1996

or

Transition Report Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

For the Transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 2-88051

BURGER KING LIMITED PARTNERSHIP III  
Exact Name of Registrant as Specified in its Charter

New York  
State or Other Jurisdiction  
of Incorporation or Organization

13-3178415  
I.R.S. Employer  
Identification No.

3 World Financial Center, 29th Floor,  
New York, NY Attn: Andre Anderson  
Address of Principal Executive Offices

10285-2900  
Zip Code

(212) 526-3237

Registrant's Telephone Number, Including Area Code

Indicate by check mark whether the Registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports), and (2) has been subject to such  
filing requirements for the past 90 days. Yes X No \_\_\_\_\_

Balance Sheets	At September 30, 1996	At December 31, 1995
Assets		
Real estate, at cost:		
Land	\$ 2,981,088	\$ 2,981,088
Buildings	5,552,773	5,552,773
Fixtures and equipment	2,744,188	2,744,188
	11,278,049	11,278,049
Less accumulated depreciation	(5,911,047)	(5,702,818)
	5,367,002	5,575,231
Cash and cash equivalents	436,015	502,341
Rent receivable	180,965	50,447
Due from affiliates	10,342	13,054
Due from Burger King Corporation	---	50,977
Total Assets	\$ 5,994,324	\$ 6,192,050
Liabilities and Partners' Capital		
Liabilities:		
Accounts payable and accrued expenses	\$ 31,132	\$ 40,838
Distributions payable	430,858	404,096
Total Liabilities	461,990	444,934
Partners' Capital (Deficit):		
General Partner	(22,957)	(22,629)
Limited Partners (15,000 interests outstanding)	5,555,291	5,769,745
Total Partners' Capital	5,532,334	5,747,116
Total Liabilities and Partners' Capital	\$ 5,994,324	\$ 6,192,050

Statement of Partners' Capital (Deficit)  
For the nine months ended September 30, 1996

	General Partner	Limited Partners	Total
Balance at December 31, 1995	\$ (22,629)	\$ 5,769,745	\$ 5,747,116
Net income	64,018	1,008,121	1,072,139
Distributions to partners	(64,346)	(1,222,575)	(1,286,921)
Balance at September 30, 1996	\$ (22,957)	\$ 5,555,291	\$ 5,532,334

Statements of Operations

	Three months ended September 30,		Nine months ended September 30,	
	1996	1995	1996	1995
Income				
Rental income	\$ 572,218	\$ 565,175	\$1,716,981	\$1,632,611
Interest income	7,292	8,256	17,560	19,753
Other income	480	580	1,795	1,600
Total Income	579,990	574,011	1,736,336	1,653,964

Expenses				
Depreciation	69,410	69,410	208,229	208,229
Ground lease rent	73,544	70,365	219,230	209,181
Management fee	59,449	58,678	178,694	163,831
General and administrative	19,564	17,817	58,044	70,040
Total Expenses	221,967	216,270	664,197	651,281
Net Income	\$ 358,023	\$ 357,741	\$1,072,139	\$1,002,683

Net Income Allocated:

To the General Partner	\$ 21,371	\$ 21,358	\$ 64,018	\$ 60,546
To the Limited Partners	336,652	336,383	1,008,121	942,137
	\$ 358,023	\$ 357,741	\$1,072,139	\$1,002,683

Per limited partnership interest

(15,000 outstanding)	\$22.44	\$22.43	\$67.21	\$62.81
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Statements of Cash Flows

For the nine months ended September 30,	1996	1995
Cash Flows From Operating Activities		
Net income	\$1,072,139	\$1,002,683
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	208,229	208,229
Increase (decrease) in cash arising from changes in operating assets and liabilities:		
Rent receivable	(130,518)	(19,640)
Due from affiliates	2,712	300
Due from Burger King Corporation	50,977	128,924
Accounts payable and accrued expenses	(9,706)	(9,154)
Net cash provided by operating activities	1,193,833	1,311,342

Cash Flows From Financing Activities

Cash distributions to partners	(1,260,159)	(1,292,179)
Net cash used for financing activities	(1,260,159)	(1,292,179)
Net increase (decrease) in cash and cash equivalents	(66,326)	19,163
Cash and cash equivalents, beginning of period	502,341	500,420
Cash and cash equivalents, end of period	\$ 436,015	\$ 519,583

Notes to the Financial Statements

These unaudited financial statements should be read in conjunction with Burger King Limited Partnership III's (the "Partnership") 1995 annual audited financial statements within Form 10-K.

These unaudited financial statements include all adjustments which are, in the opinion of management, necessary to present a fair statement of financial position as of September 30, 1996, the results of operations for the three- and nine-month periods ended September 30, 1996 and 1995, the statement of

partners' capital (deficit) for the nine-month period ended September 30, 1996 and the statements of cash flows for the nine-month periods ended September 30, 1996 and 1995. Results of operations for the three- and nine-month periods ended September 30, 1996 are not necessarily indicative of the results to be expected for the full year.

No significant events have occurred subsequent to fiscal year 1995, which require disclosure in this interim report per Regulation S-X, Rule 10-01, Paragraph (a) (5).

## Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Liquidity and Capital Resources

The Partnership's cash and cash equivalents balance consists of working capital and undistributed cash flow from operations. At September 30, 1996, the Partnership's cash and cash equivalents balance was \$436,015, compared to \$502,341 at December 31, 1995. The decrease is primarily attributable to the payment of cash distributions in excess of cash flow generated from operations. At September 30, 1996, the Partnership had distributions payable of \$430,858, which were subsequently distributed to the partners on October 30, 1996.

Rent receivable totaled \$180,965 at September 30, 1996, compared to \$50,447 at December 31, 1995. The increase is primarily attributable to rental income earned by the Partnership during the third quarter of 1996 which had not been paid by Burger King Corporation ("BKC") as of September 30, 1996.

Due from BKC decreased from \$50,977 at December 31, 1995 to \$0 at September 30, 1996. The decrease is attributable to a refund of a portion of BKC's management fees paid by the Partnership during 1995 which was received during the first quarter of 1996. In accordance with the terms of the property management agreement between BKC and the Partnership, BKC is required to refund all or a portion of the annual management fee paid by the Partnership if rents from the properties (individually, a "Property" and, collectively, the "Properties") do not provide an annual return of 15.5% on the Partnership's initial investment, as defined in the property management agreement.

Accounts payable and accrued expenses decreased from \$40,838 at December 31, 1995 to \$31,132 at September 30, 1996. The decrease is primarily attributable to the payment of the Partnership's 1995 audit and tax fees.

After a careful evaluation of existing market conditions, BK III Restaurants Inc., the general partner of the Partnership (the "General Partner"), has decided to market the Partnership's remaining 24 Properties for sale. The General Partner currently plans to commence its marketing efforts in the fourth quarter of 1996. Until all of the Properties are sold, the Partnership intends to continue operating the Properties and distributing cash flow from operations to the partners in accordance with the terms of the Partnership Agreement.

## Results of Operations

The Partnership generated net income for the three-month and nine-month periods ended September 30, 1996 of \$358,023 and \$1,072,139, respectively, compared to \$357,741 and \$1,002,683, respectively, for the corresponding periods in 1995. The increase in net income for the nine-month period is primarily attributable to an increase in rental income and, to a lesser extent, a decrease in general and administrative expenses, which were partially offset by increases in ground lease rents and management fees paid to BKC.

Rental income for the three-month and nine-month periods ended September 30, 1996 was \$572,218 and \$1,716,981, respectively, compared to \$565,175 and \$1,632,611, respectively, for the corresponding periods in 1995. The increases in rental income are primarily attributable to an increase in food and beverage sales at the Properties which resulted in an increase in percentage rental income and, to a lesser extent, scheduled escalations in ground lease rents at the leasehold Properties. Ground lease rent escalations received from the franchisees are offset by a corresponding increase in the ground lease rents paid by the Partnership to BKC. Management fees, which are based on the amount of rental income received by the Partnership, were higher for the three-month and nine-month periods ended September 30, 1996 due to the increase in percentage rental income.

General and administrative expenses for the three-month and nine-month periods ended September 30, 1996 totalled \$19,564 and \$58,044, respectively, compared to \$17,817 and \$70,040, respectively, for the corresponding periods in 1995. The decrease for the nine-month period ended September 30, 1996 is primarily attributable to a decrease in environmental consulting fees incurred by the Partnership during the first nine months of 1996.

Part II            Other Information

Items 1-5        Not applicable.

Item 6           Exhibits and reports on Form 8-K.

(a) Exhibits -

(27) Financial Data Schedule

(b) Reports on Form 8-K - No reports on 8-K were filed during the quarter ended September 30, 1996.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BURGER KING LIMITED PARTNERSHIP III

BY: BK III Restaurants Inc.  
General Partner

Date: November 13, 1996

BY: /s/ Rocco F. Andriola  
Rocco F. Andriola  
President, Director and  
Chief Financial Officer

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