

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**
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FILER

CENTRAL COAL & COKE CORP

CIK: **18605** | IRS No.: **440195290** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-01392** | Film No.: **95536067**
SIC: **6792** Oil royalty traders

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127 W 10TH STREET,
SUITE 666
KANSAS CITY MO 64105

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127 W 10TH ST STE 666
KANSAS CITY MO 64105
8168422430

Form 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Quarterly Report Under Section 13 or
15(d) of the
Securities Exchange Act of 1934

For the Quarter Ended March 31, 1995

Commission File No. 0-1392

Central Coal & Coke Corporation and Subsidiaries
Incorporated in State of Delaware IRS Number: 44-0195290
127 West 10th Street, Room 666
Kansas City, Missouri 64105

Phone: 816-842-2430

Common stock outstanding as of March 31, 1995
\$1 par value; 373,830 shares

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 twelve months, and (2) has been subject to such filing requirements for the past ninety days.

Yes [] No []

CENTRAL COAL & COKE CORPORATION

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CENTRAL COAL & COKE CORPORATION

Consolidated Balance Sheets

March 31, 1995 and December 31, 1994
(Unaudited)

(amounts in unit dollars)

<CAPTION>

ASSETS	1995	1994
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Current assets:		
Cash and cash equivalents	\$ 2,531,941	1,588,952
Accounts receivable	0	22,500
Securities maturing within one year, at amortized cost (note 3):		
Municipal bonds	40,000	40,000
U. S. government securities	5,803,935	6,172,887
	<u>5,843,935</u>	<u>6,212,887</u>
Accrued interest receivable	26,892	49,283
Other	43,696	34,131
Total current assets	<u>8,446,464</u>	<u>7,907,753</u>
Securities maturing beyond one year, at amortized cost (note 3):		
U. S. government and government agency securities	999,775	999,751
Equity securities, at fair value (note 3)	699,238	606,969
Coal deposits, real estate, equipment and leasehold improvements:		
Coal deposits	1,602,882	1,602,882
Mineral rights	39,988	39,988
Surface land	29,894	29,894
Equipment and leasehold improvements	144,327	144,327
	<u>1,817,091</u>	<u>1,817,091</u>
Less accumulated depletion and depreciation	596,726	591,048
Net coal deposits, real estate,	<u></u>	<u></u>

equipment and leasehold improvements	1,220,365	1,226,043
Deferred income taxes	0	1,164
	<u>\$ 11,365,842</u>	<u>10,741,680</u>

</TABLE>

<TABLE>

<CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY

<S>	<C>	<C>
Current liabilities:		
Deferred oil lease bonus	\$ 233,657	0
Accounts payable and accrued expenses	18,105	17,321
Dividends payable	93,458	0
Federal and state income taxes	165,864	39,715
Total current liabilities	<u>511,084</u>	<u>57,036</u>
Deferred income taxes	30,816	0
Stockholders' equity:		
Common stock of \$1 par value; authorized 500,000 shares; issued 376,688 shares	376,688	376,688
Additional capital	1,631,200	1,631,200
Retained earnings	8,870,024	8,771,546
	<u>10,877,912</u>	<u>10,779,434</u>
Less cost of 2,858 shares in treasury	(74,058)	(74,058)
Net unrealized appreciation (depreciation) of investments available for sale, net of deferred taxes of \$10,816 and \$(11,164) at March 31, 1995 and December 31, 1994	20,088	(20,732)
Total stockholders' equity	<u>10,823,942</u>	<u>10,684,644</u>
	<u>\$ 11,365,842</u>	<u>10,741,680</u>

<FN>

See accompanying notes to consolidated financial statements.

</TABLE>

<TABLE>

CENTRAL COAL & COKE CORPORATION

Consolidated Statements of Earnings and Retained Earnings

Three months ended March 31, 1995 and 1994
(Unaudited)

(amounts in unit dollars)

<CAPTION>

	1995	1994
<S>	<C>	<C>
Operating revenue:		
Coal royalties	\$ 3,754	900
Oil and gas royalties	100,032	81,024
Oil and other mineral lease rentals and bonuses	193,502	4,170
Food sales	205,929	94,942
Total operating revenue	<u>503,217</u>	<u>181,036</u>
Operating expenses:		
Cost of food sales	83,422	36,379
Food operations	107,594	48,001
General and administrative expenses	150,205	96,465
Total operating expenses	<u>341,221</u>	<u>180,845</u>
Operating income	161,996	191
Nonoperating income:		
Investment income	142,181	124,074
Gain on sale of real estate	0	13,500
Other	2,580	44
Total nonoperating income	<u>144,761</u>	<u>137,618</u>
Earnings before income taxes	306,757	137,809
Income taxes (note 2)	114,821	54,575
Net earnings	<u>191,936</u>	<u>83,234</u>
Retained earnings at beginning of period	8,771,546	8,675,962
Deduct cash dividends declared of \$.25 per share in 1995 and \$.50 per share in 1994	(93,458)	(186,915)
Retained earnings at end of period	<u>\$ 8,870,024</u>	<u>8,572,281</u>
Earnings per share	\$.51	.22
Weighted average number of shares of common stock outstanding	373,830	373,830

<FN>

See accompanying notes to consolidated financial statements.

</TABLE>

<TABLE>

CENTRAL COAL & COKE CORPORATION

Consolidated Statements of Cash Flows

Three months ended March 31, 1995 and 1994
(Unaudited)

(amounts in unit dollars)

<CAPTION>

	1995	1994
	<u><C></u>	<u><C></u>
<S>		
Cash flows from operating activities:		
Net earnings	\$ 191,936	83,234
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depletion and depreciation	6,156	3,105
Amortization of premiums and discounts of securities, net	(83,634)	(29,044)
Deferred income taxes	10,000	10,000
Gain on sale of real estate	0	(13,500)
Gain on sales of equity securities	(5,457)	(3,852)
Changes in assets and liabilities:		
Accounts receivable	22,500	22,508
Accrued interest receivable and other assets	12,348	(31,729)
Deferred oil lease bonus	233,657	0
Accounts payable and accrued expenses	784	4,829
Federal and state income taxes	126,149	(18,242)
Total adjustments	<u>322,503</u>	<u>(55,925)</u>
Net cash provided by operating activities	514,439	27,309
Cash flows from investing activities:		
Proceeds from matured/called investment debt securities	6,250,000	2,000,000
Purchases of investment debt securities	(5,797,438)	(1,962,100)
Proceeds from sale of real estate	0	13,500
Purchases of equity securities	(37,262)	(329,511)
Proceeds from sales of equity securities	13,250	19,752
Net cash provided by (used in)		

investing activities	428,550	(258,359)
Net increase (decrease) in cash and cash equivalents	942,989	(231,050)
Cash and cash equivalents, beginning of period	1,588,952	1,729,515
Cash and cash equivalents, end of period	\$ 2,531,941	1,498,465

<FN>

See accompanying notes to consolidated financial statements.

</TABLE>

CENTRAL COAL & COKE CORPORATION

Notes to Consolidated Financial Statements

March 31, 1995

Note (1) Basis of Presentation:

In the opinion of the Central Coal & Coke Corporation (the Company), the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of March 31, 1995, and the results of operations and cash flows for the three months ended March 31, 1995 and 1994.

Oil Lease Bonuses

Oil lease bonuses which relate to future periods are deferred and recognized as income over the related future periods (generally one year).

Note (2) Income Taxes:

The Company's Missouri corporation income tax returns for the years 1985, 1986, 1987, 1989, 1990 and 1991 were examined by the Missouri Department of Revenue, and additional taxes and interest thereon were assessed. The Company made certain payments under protest in 1993 and 1994 in connection with the examination adjustments.

On February 3, 1995, the Company entered into a settlement agreement with the Missouri Director of Revenue which settled all issues relating to the examinations. The Company had adequately provided for its tax obligations with respect to this matter.

Note (3) Securities, Common Stocks and Options:

The Company adopted the provisions of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (Statement 115) on January 1, 1994. This statement requires that investments in debt and certain equity securities be classified in one of three categories: (1) held-to-maturity securities, which are carried at amortized cost; (2) trading securities, which are carried at fair market value, with unrealized gains and losses included in earnings; and (3) available-for-sale securities, which are carried at fair value, with unrealized gains and losses excluded from earnings and reported in a separate component of stockholders' equity, net of related income taxes. The effect on the Company's consolidated financial statements at January 1, 1994 of initially adopting Statement 115 was immaterial.

(Continued)

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CENTRAL COAL & COKE CORPORATION

Notes to Consolidated Financial Statements

The amortized cost, gross unrealized holding gains, gross unrealized holding losses and fair value for held-to-maturity and available-for-sale securities by major security type at March 31, 1995 and December 31, 1994 are as follows:

<TABLE>

<CAPTION>

March 31, 1995	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
<S>	<C>	<C>	<C>	<C>
Held-to-maturity:				
U. S. government securities	\$ 6,803,710	15,226	(2,706)	6,816,230
Municipal bonds	40,000	400	0	40,400
	<u>\$ 6,843,710</u>	<u>15,626</u>	<u>(2,706)</u>	<u>6,856,630</u>
Available-for-sale:				
Equity securities	\$ 668,334	55,913	(25,009)	699,238

</TABLE>

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<CAPTION>

December 31, 1994

<S>	<C>	<C>	<C>	<C>
Held-to-maturity:				
U. S. government securities	\$ 7,172,638	3,309	(900)	7,175,047
Municipal bonds	40,000	400	0	40,400
	<u>\$ 7,212,638</u>	<u>3,709</u>	<u>(900)</u>	<u>7,215,447</u>
Available-for-sale:				
Equity securities	\$ 638,865	21,526	(53,422)	606,969

</TABLE>

Note (4) Dividends:

During the quarter ended March 31, 1995, the Company's Board of Directors declared a \$.25 dividend per share which is payable May 1, 1995.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

There was no significant change in the financial condition of the Registrant during the first quarter of 1995 from the end of the last fiscal year, and it continues very strong. The liquidity of the Registrant continues to be high.

Revenue from oil and gas royalties increased approximately 23% in the first quarter of 1995 over the first quarter of 1994 due to increased production and somewhat higher oil prices. Revenue from oil and other mineral lease rentals and bonuses increased significantly in the first quarter of 1995 over the first quarter of 1994. This was due primarily to three new leases entered into in the first quarter of 1995 generating substantial bonus income in that quarter, including one fairly sizable lease on a portion of the Registrant's Texas property. Also included in revenue from this source for the first quarter of 1995 was a substantial rental payment for a lease extension entered into with respect to certain of the Registrant's property in Vernon Parish, Louisiana.

Revenue from food sales shows a substantial increase in the first quarter of 1995 over the first quarter of 1994 which results from the operation of Beekman's Deli Systems, Limited Liability Company, a

limited liability company in which the Registrant is a majority member (hereafter "Beekman's") which is the successor by statutory merger to a wholly-owned subsidiary of the Registrant which carried on this business activity in 1994. Only one fast food bagel and delicatessen facility was in operation in early 1994 (that being the one in Athens, Ohio), and the second facility located in Columbus, Ohio was not opened until the third quarter of 1994, thus accounting for the increased revenue reflected in the first quarter of 1995 when both facilities were fully operational.

Revenue from investment income was higher in the first quarter of 1995 over the first quarter of 1994 due to the overall rate of return on investments being higher in the current period and a somewhat greater amount of funds being invested in the current period than in the first quarter of 1994. In the first quarter of 1994, there was revenue from gain on occasional nonrecurring sales of real estate, while there were no such sales during the first quarter of 1995.

Included in operating expenses for the first quarter of 1995 and the first quarter of 1994 are cost of food sales and food operations. Both occur in connection with the fast food bagel and delicatessen business now being conducted by Beekman's as discussed above. The primary reason for the increased amount of expenditures in these categories in the first quarter of 1995 over the first quarter of 1994 is the same as explained above in connection with revenue from this operations, that during the 1994 period there was only one facility in operation while two facilities were in operation in the current period. Also contributing to the increased operating expenses in the current period were increased payments to outside service providers in connection with the bagel and delicatessen business.

Income taxes were materially higher for the first quarter of 1995 over the first quarter of 1994 as a result of increased earnings before income taxes.

The Registrant adopted the provisions of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities," (Statement 115) on January 1, 1994. The effect on the Registrant's consolidated financial statements at January 1, 1994 of initially adopting Statement 115 was immaterial. See note 3 to the accompanying consolidated financial statements for a more detailed explanation of this accounting change.

Net cash provided by operating activities was up substantially in the first quarter of 1995 over the first quarter of 1994. A contributing factor to this increase was the receipt of certain deferred oil lease bonuses and rentals in the first quarter of 1995 but which were deferred and recognized as income over the related future periods for income

purposes.

Regarding capital commitments, in addition to the two locations of the fast food bagel and delicatessen business currently being operated by Beekman's, negotiations are currently underway for a third facility to be located in State College, Pennsylvania. The capital commitment of the Registrant in connection with the first two facilities was approximately \$220,000 in the aggregate through the end of 1994. The capital commitment in connection with the proposed facility at State College, Pennsylvania could be approximately \$200,000. Other than these capital expenditures, the Registrant has no specific commitments for material capital expenditures at the present time. However, the Registrant continues to actively review other business opportunities which would result in a more productive deployment of its assets and ultimately increase earnings. As reflected in the accompanying consolidated financial statements and discussed above, aggressive pursuit of the development of increased royalty and rental and bonus income from oil and gas properties has already resulted in increased revenue in 1995. Management plans to continue to aggressively pursue development of such income from its real property and mineral interests.

PART II - OTHER INFORMATION

- Item 1. Legal Proceedings - None
- Item 2. Changes in Securities - None
- Item 3. Defaults Upon Senior Securities - None
- Item 4. Submission of Matters to a Vote of Security Holders - Attached
- Item 5. Other Information - None
- Item 6. Exhibits and Reports on Form 8-K - None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Information regarding matters submitted to a vote of security holders subsequent to the first quarter of 1995, but prior to the date of this report, is submitted as follows:

(a) The annual meeting of stockholders of the Registrant was held April 19, 1995.

(b) Directors were elected at that meeting and the five nominees named in the Proxy Statement previously filed with the Securities and Exchange Commission pursuant to Regulation 14A and elected at the meeting were as follows:

Leonard Noah
S. M. Riddle
Beekman Winthrop
Phelps M. Wood
Ernest N. Yarnevich, Jr.

There were no other directors whose term of office as a Director continued after that meeting.

(c) The following matters were voted on by the stockholders at that meeting:

(i) A resolution to appoint the firm of KPMG Peat Marwick LLP as independent public accountant to examine the financial statements of the Registrant for the year ending December 31, 1995 and to perform other appropriate accounting services was approved. The holders of 338,355 shares cast their votes in favor of the resolution, the votes of 29 shares were cast against it and the holders of 130 shares abstained.

(ii) A resolution was voted on by the stockholders approving the "Directors' Non-Qualified Stock Option Plan" in the form previously approved by the Board of Directors and described in the Proxy Statement sent to stockholders and filed with the Securities and Exchange Commission under Regulation 14A. The holders of 241,363 shares cast their votes in favor of such proposal, the votes of 81,282 shares were cast against it and the holders of 15,869 abstained. Thus, the resolution was approved.

(iii) Tabulation of votes with respect to nominees for Directors is as follows:

	Votes for	Withhold authority
Leonard Noah	281,821	56,693
S. M. Riddle	281,822	56,692
Beekman Winthrop	278,755	59,759
Phelps M. Wood	278,756	59,758
Ernest N. Yarnevich, Jr.	281,655	56,859

(d) There were no solicitations subject to Rule 14a-11 and thus

there were no settlements or terms of settlements thereof.

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.

CENTRAL COAL & COKE CORPORATION
(Registrant)

Date: May 10, 1995

By: Gary J. Pennington
(Signature)

Gary J. Pennington,
Assistant Secretary-
General Manager, Principal
Financial and Accounting Officer

Date: May 10, 1995

By: Leonard L. Noah
(Signature)

Leonard L. Noah,
Vice President, Treasurer

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