FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-17** | Period of Report: **1994-04-02**
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FILER

BURLINGTON COAT FACTORY WAREHOUSE CORP

CIK:**718916**| IRS No.: **221970303** | State of Incorp.:**DE** | Fiscal Year End: **0630**
Type: **10-Q** | Act: **34** | File No.: **001-08739** | Film No.: **94529005**
SIC: **5651** Family clothing stores

Business Address
1830 RTE 130
BURLINGTON NJ 08016
6093877800

FORM 10-Q
SECURITIES & EXCHANGE COMMISSION
Washington, D.C. 20549

(MARK ONE)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended April 2, 1994

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 No. 1-8739

Burlington Coat Factory Warehouse Corporation
(Exact name of registrant as specified in its charter)

Delaware	22-1970303
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
1830 Route 130 North Burlington, New Jersey	08016
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (609) 387-7800

Indicate by check mark whether the Registrant (1) has filed all reports required 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 _______________

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 11, 1994
Common stock, par value $1	41,119,463

BURLINGTON COAT FACTORY WAREHOUSE CORPORATION
AND SUBSIDIARIES

I N D E X

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BURLINGTON COAT FACTORY WAREHOUSE CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(All amounts in thousands)

<TABLE>

<S>	<C> April 02, 1994	<C> July 03, 1993	<C> March 27, 1993
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 62,752	$ 34,881	$ 89,547
Short-Term Investments	28,194	16,421	31,509
Accounts Receivable	15,393	10,057	11,095
Merchandise Inventories	424,070	352,919	312,306
Deferred Tax Asset	5,133	4,441	4,278
Prepaid and Other Current Assets	2,592	16,641	5,889

Total Current Assets	538,134	435,360	454,624
Property and Equipment Net of Accumulated Depreciation and Amortization	173,829	142,582	133,854
Other Assets	11,293	7,539	6,421
Total Assets	$ 723,256	$ 585,481	$ 594,899
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Accounts Payable	$ 164,976	$ 116,207	$ 115,555
Income Taxes Payable	13,010	5,758	11,271
Other Current Liabilities	61,097	38,169	44,337
Current Maturities of Long Term Debt	58	113	127
Total Current Liabilities	239,141	160,247	171,290
Long Term Debt	91,379	91,428	91,437
Other Liabilities	6,763	5,379	5,424
Deferred Tax Liability	6,321	5,316	4,930
Stockholders' Equity:			
Unrealized Loss-Marketable Securities	(11)	(11)	--
Equity Adjustment for Foreign Currency Translation	46	--	--
Common Stock	41,117	41,028	41,006
Capital in Excess of Par Value	24,010	23,598	22,929
Retained Earnings	316,340	260,346	259,733
Less Treasury Stock at Cost	(1,850)	(1,850)	(1,850)
Total Stockholders' Equity	379,652	323,111	321,818
Total Liabilities and Stockholders' Equity	$ 723,256	$ 585,481	$ 594,899

See Notes to the condensed consolidated financial statements.

</TABLE>

BURLINGTON COAT FACTORY WAREHOUSE CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

(All amounts in thousands except per share data)

<TABLE>

	Nine Months Ended		Three Months Ended	
	April 02, 1994	March 27, 1993	April 02, 1994	March 27, 1993
<S>	<C>	<C>	<C>	<C>
REVENUES:				

Net Sales	$1,194,048	$ 947,408	$ 327,413	$ 257,323
Other Income	7,771	11,794	2,314	4,515
	1,201,819	959,202	329,727	261,838
COSTS AND EXPENSES:				
Cost of Sales (Exclusive of Depreciation and Amortization)	775,226	618,916	212,960	168,492
Selling and Administrative Expenses	312,171	253,911	104,253	83,650
Depreciation and Amortization	16,761	13,013	5,544	4,364
Interest Expenses	7,378	7,193	2,415	2,306
	1,111,536	893,033	325,172	258,812
Income Before Provision for Income Taxes and Cumulative Effect on Prior Years of Change in Accounting Principle	90,283	66,169	4,555	3,026
Provision for Income Taxes	34,289	24,480	1,727	1,125
Income Before Cumulative Effect on Prior Years of Change in Accounting Principle	55,994	41,689	2,828	1,901
Cumulative Effect on Prior Years of Change in Accounting Principle (See Note 4)	--	601	--	--
Net Income	$ 55,994	$ 42,290	$ 2,828	$ 1,901
Earnings Per Share:				
Income Per Share Before Cumulative Effect on Prior Years of Change in Accounting Principle	$1.38	$1.03	$0.07	$0.05
Income Per Share From Cumulative Effect on Prior Years of Change in Accounting Principle	--	$0.02	--	--
Net Income Per Share	$1.38	$1.05	$0.07	$0.05
Weighted Average Shares Outstanding	40,617,704	40,464,084	40,636,737	40,486,050
Dividends Per Share	--	--	--	--

See Notes to the condensed consolidated financial statements.
</TABLE>

BURLINGTON COAT FACTORY WAREHOUSE CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(All amounts in thousands)

<TABLE>

	Nine Months Ended April 02, 1994	Nine Months Ended March 27, 1993
OPERATING ACTIVITIES		
Net Income	$ 55,994	$ 42,290
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	16,761	13,013
Provision for Deferred Income Taxes	313	(631)
Loss on Disposition of Fixed Assets	216	313
Rent Expense and Other	4,563	3,498
Changes in Operating Assets and Liabilities, Net of Effect of Acquisition:		
Accounts Receivable	(8,894)	(4,745)
Merchandise Inventories	(65,059)	(48,167)
Prepaids and Other Current Assets	14,388	3,210
Accounts Payable	44,969	44,051
Other Current Liabilities	29,521	14,454
Net Cash Provided by Operating Activities	92,772	67,286
INVESTING ACTIVITIES		
Acquisition of Property and Equipment	(48,241)	(26,965)
Short Term Investments-Net	(11,773)	26,535
Proceeds From Sale of Fixed Assets	17	14
Issuance of Long Term Notes Receivable	(2,515)	(924)
Receipts Against Long Term Notes Receivable	446	374
Acquisition of Investments	--	(155)
Proceeds From Sale of Investments	--	113
Acquisition of Leasehold	(2,050)	--
Minority Interest	547	--
Cash of Acquired Company, Net of Acquisition Costs	306	--
Other	63	150
Net Cash (Used) by Investing Activities	(63,200)	(858)
FINANCING ACTIVITIES		
Principal Payments on Long Term Debt	(104)	(3,046)
Issuance of Common Stock Upon Exercise of Stock Options	501	816
Repayments of Borrowings Under Line of Credit of Acquired Company	(2,098)	--
Net Cash Used in Financing Activities	(1,701)	(2,230)
Increase in Cash and Cash Equivalents	27,871	64,198
Cash and Cash Equivalents at Beginning of Period	34,881	25,349
Cash and Cash Equivalents at End of Period	$ 62,752	$ 89,547
Interest Paid:	$5,444	$9,654
Income Taxes Paid:	$26,724	$17,719

See notes to the condensed consolidated financial statements.
</TABLE>

BURLINGTON COAT FACTORY WAREHOUSE CORPORATION
AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
NINE AND THREE MONTHS ENDED APRIL 2, 1994 AND MARCH 27, 1993

1. The condensed consolidated financial statements include the accounts of the Company and all its subsidiaries. All significant intercompany accounts and transactions have been eliminated. The accompanying financial statements are unaudited, but in the opinion of management reflect all adjustments, which include normal recurring accruals, necessary for a fair presentation of the results of operations for the interim period. Since the Company's business is seasonal in character, the operating results for the nine and three months ended April 2, 1994 and the corresponding periods ended March 27, 1993 are not necessarily indicative of results for the fiscal year.

2. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on October 1, 1993.

3. Inventories as of April 2, 1994 and March 27, 1993 are stated at the lower of FIFO cost or market, as determined by the gross profit method. Inventories as of July 3, 1993 were valued by the retail inventory method.

4. During the quarter ended September 26, 1992, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." The Company reflected the cumulative effect on prior years of the change in accounting principle by recording a benefit of $.6 million ($.02 per share) during the first quarter of fiscal 1993. Under Statement No. 109, income taxes are recognized for (a) the amount of taxes payable or refundable for the current year, and (b) deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the Company's financial statements or tax returns. The effects of income taxes are measured based on enacted tax law and rates.

During the nine-month period ended April 2, 1994, federal tax legislation was enacted that changed the income tax consequences for the Company. The principal provision of the new law which affects the Company was an increase in the federal statutory tax rate from 34% to 35%. The effect on current and deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. As a result, taxes currently payable and deferred tax liabilities increased by $.3 million. The effect, which decreased net income $.3 million, was recognized as a component of income tax expense in the nine-month period ended April 2, 1994.

Additionally, management has estimated that the combined federal, state and local effective tax rate will be approximately 38% in the fiscal year ending 1994.

As of April 2, 1994, the Company had a deferred tax liability of $6.3 million and a $5.1 million current deferred tax asset. Valuation allowances were not required. Deferred tax assets consisted primarily of certain operating costs, provisions for uncollectible receivables and certain inventory related costs not currently deductible for tax purposes. Deferred tax liabilities primarily reflected the excess of tax depreciation over book depreciation.

5. Licensee department sales, included in net sales, amounted to $14.6 million and $4.1 million for the nine and three month periods ended April 2, 1994, respectively, compared with $14.1 million and $4. million for the similar periods of fiscal 1993.

6. Other current liabilities primarily consist of sales tax payable, accrued operating expenses, payroll taxes payable and other miscellaneous recurring and non-recurring items.

7. Certain reclassification have been made to the prior year's condensed consolidated financial statements to conform to the classifications used in the current period.

8. On December 6, 1993, the Company acquired 100% ownership of a Northeastern regional retail chain (Decelle, Inc.) for approximately $.2 million and at closing repaid Decelle bank debt of approximately $2.1 million. The chain is comprised of 9 stores in Massachusetts, New Hampshire and Rhode Island. Net sales for the Decelle, Inc. chain amounted to $10.8 million for the period from December 6, 1993 through April 2, 1994. Net sales in the current quarter were $7.0 million.

BURLINGTON COAT FACTORY WAREHOUSE CORPORATION
AND SUBSIDIARIES

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition.

Results of Operations
- - ---------------------

The following table sets forth certain items in the condensed consolidated statements of operations as a percentage of net sales for the nine and three month periods ended April 2, 1994 and March 27, 1993.
<TABLE>

	Percentage of Net Sales			
	Nine Months Ended		Three Months Ended	
	April 2, 1994	March 27, 1993	April 2, 1994	March 27, 1993
<S>	<C>	<C>	<C>	<C>
Net Sales	100.0%	100.0%	100.0%	100.0%
Costs and expenses:				
Cost of sales	64.9	65.3	65.1	65.5
Selling & administrative expenses	26.1	26.8	31.8	32.5
Depreciation & amortization	1.4	1.4	1.7	1.7
Interest expense	.6	.8	.7	.9
	93.0	94.3	99.3	100.6

Other income	.6	1.3	.7	1.7
Income before income taxes and cumulative effect on prior years of change in accounting principle	7.6	7.0	1.4	1.1
Provision for Income tax	2.9	2.6	.5	.4
Income before cumulative effect on prior years of change in accounting principle	4.7	4.4	.9	.7
Cumulative effect on prior years of change in accounting principle	--	.1	--	--
Net income	4.7%	4.5%	.9%	.7%

</TABLE>

Net sales increased $246.6 million (26.0%) for the nine month period ended April 2, 1994, compared with the similar period of a year ago. Comparative store sales increased 8.3%. Part of this increase is the result of an earlier Easter selling season this fiscal year compared with last fiscal year. For the current fiscal year, the third fiscal quarter included the entire Easter selling season, whereas the last two weeks of the Easter selling season occurred during the fourth fiscal quarter of last year. The earlier Easter season resulted in a shifting of approximately $19.0 million in sales into the current fiscal year's third quarter. New stores opened subsequent to March 27, 1993 contributed $113.5 million to this year's sales. Stores which were in operation a year ago, which were closed prior to July 4, 1993, contributed $4.0 million to last year's sales. The Cohoes stores showed a comparative store sales increase of 5.9%, and these stores contributed $28.9 million to consolidated sales for the nine month period. In addition, one new Cohoes store was opened during the nine month period which contributed $5.9 million to the Company's net sales. On December 6, 1993 the Company acquired 100% ownership of a northeast regional retail chain (Decelle, Inc.). Sales for the period December 6, 1993 through April 2, 1994 for Decelle, Inc. amounted to $10.8 million.

For the three months ended April 2, 1994, net sales increased $327.4 million (27.2%) compared with the similar period of a year ago. Comparative store sales increased 10.3%. As mentioned previously, a portion of this increase is attributable to the shift in the Easter selling season into this year's third fiscal quarter from the fourth fiscal quarter of a year ago. New Burlington Coat Factory Warehouse stores opened subsequent to March 27, 1993 contributed $40.8 million to the third quarter's net sales volume. Cohoes comparative store sales increased $.6 million (7.5%) for the third quarter of fiscal 1994 compared with the similar period of fiscal 1993. The Decelle stores contributed $7.0 million to this year's third quarter.

Other income (consisting primarily of rental income from leased departments, investment income, and miscellaneous items) decreased $4.0 million for the nine months ended April 2, 1994 compared with the nine months ended March 27, 1993. The decrease is primarily due to decreases in leased department rental income, the result of the closing of approximately 30 leased departments which the Company has converted to Company department selling space, and to a decrease in investment income. Investment income decreased $1.7 million due to a decrease in investable funds during the nine month period ended April 2, 1994 compared with the similar period of a year ago. Other income decreased $1.1 million for the third quarter of fiscal year 1994 compared with the similar period of 1993. Rental income and investment income decreased $.2 million and $.7 million, respectively, in the three months ended April 2, 1994 compared with the three months ended March 27, 1993.

Cost of sales increased $156.3 million (25.3%) for the nine months ended April 2, 1994 compared with the similar period a year ago. Cost of sales, as a percentage of net sales, decreased to 64.9% from 65.3% for the same periods. The decrease is due primarily to improved initial mark-ons and a reduction in markdowns as a percentage of sales. These improvements were offset in part by higher than anticipated markdowns in our Cohoes division. Cost of sales increased $44.5 million (26.4%) for the three months ended April 2, 1994 compared with the similar period of a year ago. As a percentage of net sales, cost of sales decreased to 65.1% from 65.5% for these comparative three month periods.

Selling and administrative expenses increased by $58.3 million (22.9%) for the nine month period ended April 2, 1994 compared with the nine months ended March 27, 1993. This increase is due mainly to the increase in the number of stores operating during the current fiscal year compared with the similar period of a year ago. Twenty-five new stores were opened subsequent to March 27, 1993. The nine Decelle stores acquired during the period contributed $4.0 million to selling, and administrative expense. As a percentage of sales, selling and administrative expenses decreased to 26.1% for the nine months ended April 2, 1994 from 26.8% for the similar period last year. This percentage decrease is primarily the result of the Company's comparative store sales growth realized during the first nine months of fiscal 1994. In addition, as a percentage of sales a marginal increase in selling expenses and insurance expense was offset by a decrease in advertising expense. Third quarter selling and administrative expenses increased to $104.3 million from $83.7 million for the similar period of fiscal 1993. As a percentage of net sales, selling and administrative expenses decreased to 31.8% from 32.5% for these comparative periods.

Interest expense increased $.2 and $.1 million for the nine and three months ended April 2, 1994 compared with the comparative periods ended March 27, 1993, respectively. This increase is the result of interest charges associated with the borrowings made by the Company under its revolving credit and term loan agreement (see Liquidity and Capital Resources).

The provision for income taxes increased to $34.3 million for the nine months ended April 2, 1994, from $24.5 million for the comparative period of a year ago. The effective tax percentages were 38.0% for the nine and three month periods ended April 2, 1994 and 37.0% for comparative periods a year ago. The increase in effective tax percentages is primarily the result of tax consequences related to the enactment of the Omnibus Budget Reconciliation Act (see Note No. 4 to Condensed Consolidated Financial Statements).

Income before cumulative effect of change in accounting principle increased to $56.0 million for the nine months ended April 2, 1994 from $41.7 million for the comparative period of fiscal 1993. Income per share before cumulative effect increased to $1.38 per share compared with $1.03 for the comparative period of a year ago. Income before cumulative effect of change in accounting principle increased $1.9 million to $2.8 million for the three months ended April 2, 1994 compared with the similar period of a year ago. Net income per share before cumulative effect of change in accounting principle for the three months ended April 2, 1994 was $.07 compared with $.05 for the three months ended March 27, 1993. During the quarter ended September 26, 1992, the Company recorded a cumulative effect benefit resulting from the adoption of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (See Note No. 4 to Condensed

Consolidated Financial Statements) in the amount of $.6 million ($.02 per share).

The Company's business is seasonal, with its highest sales occurring in the months of October, November, and December of each year. The Company's net income generally reflects the same seasonal pattern as its

net sales. The Company believes that in the past substantially all of its profits have been derived from operations during the months of October, November and December.

Liquidity and Capital Resources

During the nine months ended April 2, 1994, the Company opened twenty Burlington Coat Factory Warehouse stores and one Cohoes Fashions store. In addition, on December 6, 1993 the Company acquired 100% ownership of Decelle, Inc., a nine store Northeast regional retail chain for $.2 million and repaid Decelle's bank debt of approximately $2.1 million. Although the Company cannot at this time determine the exact number of stores to be opened during the remainder of fiscal 1994, it is estimated that an additional 2 to 3 stores will be opened during the remaining three months of fiscal 1994. Expenditures incurred to set up and fixture new stores through the first nine months of fiscal 1994, amounted to approximately $15.0 million. Of the new stores opened during the period, 17 locations were leased, while 4 properties were purchased for approximately $9.5 million. In addition, one location, scheduled to open in the fourth quarter of fiscal 1994, was acquired for $4.5 million. One previously leased location was purchased for $1.4 million during the quarter. The estimated cost to set up and fixture anticipated new store openings during the balance of fiscal 1994 is approximately $1.5 million.

Total funds provided by operations increased $19.4 million to $77.8 million for the nine months ended April 2, 1994. Total funds provided by operations are calculated by adding back to net income non-cash expenditures such as depreciation and deferred taxes.

Working capital increased to $299.0 million at April 2, 1994 from $283.3 million at March 27, 1993, an increase of $15.7 million.

Net cash provided by operating activities of $92.8 million for the nine months ended April 2, 1994, increased from $67.3 million for the comparative period of fiscal 1993. This increase is the result of the increase in net income for the nine months ended April 2, 1994 compared with net income for the similar period of a year ago. In addition, inventory increased by $65.0 million during the nine months ended April 2, 1994. This increase is the result of the new stores opened since June, 1993 and planned inventory growth throughout the chain especially in the outerwear categories.

The Company believes that its current capital expenditure and operating requirements will be satisfied from internally generated funds, the proceeds of the $80 million long term subordinated notes issued by the Company to institutional investors in June 1990 (the Notes), and from short-term borrowings under its revolving credit and term loan agreement.

The Company has in place a revolving credit and term loan agreement in the amount of $40 million. During the first quarter of fiscal 1994 the Company had maximum borrowings under this agreement of $31.4 million. The average borrowing during the first quarter amounted to $12.1 million at an average interest rate of 3.6%. During the second fiscal quarter, the Company had maximum borrowings under this agreement of $20.8 million with an average borrowing of $6.9 million at an average interest rate of 3.6%. During the third fiscal quarter, the Company had maximum borrowings under this agreement of $18.3 million. The average borrowing during the quarter amounted to $10.0 million at an average interest rate of 4%. As of April 2, 1994 all borrowings under this agreement had been repaid. During the first nine months of fiscal 1993 the Company did not draw on this line of credit. The Company borrowed under its line of credit during the first nine months of 1994 in order to finance the opening of new stores as well as planned inventory growth at existing stores.

The Company's long-term borrowings at April 2, 1994 include $80.0 million under the Notes, an industrial development bond of $10.0 million issued by the New Jersey Economic Development Authority, an Urban Development Action Grant of $.9 million from the United States Department of Housing incurred in connection with the construction of the Company's Office and Warehouse/ Distribution Facility in Burlington, New Jersey and $.5 million in various other note and mortgage indebtedness.

The Notes mature on June 27, 2005 and bear interest at the rate of 10.6% per annum. The Notes have an average maturity of ten years and are subject to mandatory prepayment in installments of $8.0 million each without premium on June 27 of each year beginning in 1996. The Notes are subordinated to senior debt, including, among others, bank debt and indebtedness for borrowed money. The interest rate on the bonds issued in connection with the Company's industrial development bond financing is fixed at 9.78% over the life of these serial and term bonds. The bonds mature at various dates commencing in September 1996 and ending in September 2010. The Urban Development Action Grant is interest free and must be repaid in 1999. A payment of 5% of the outstanding balance of the Urban Development Action Grant is required to be made to the City of Burlington each year in lieu of taxes.

Furthermore, in the event that the Company decides to purchase additional store locations, it may be necessary to finance such acquisitions with additional long term borrowings.

Over the past two years, which has been a period of low inflation, the Company has been able to increase sales volume to compensate for increases in operating expenses. Historically, the Company has been able to increase its selling prices as the costs of merchandising and related operating expenses have increased and, therefore, inflation has not had a significant effect on operations.

New Accounting Standards

In November 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Post Employment Benefits". This pronouncement will not have an effect on the Company's condensed consolidated financial statements as the benefits covered in the pronouncement are not provided by the Company.

BURLINGTON COAT FACTORY WAREHOUSE CORPORATION
AND SUBSIDIARIES

PART II - OTHER INFORMATION

Item 6 Exhibits and Reports on Form 8-K

a. Exhibits

b. No reports on Form 8-K have been filed during the quarter for which this report is filed.

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.

BURLINGTON COAT FACTORY WAREHOUSE CORPORATION

/s/ Monroe G. Milstein

Monroe G. Milstein
Chairman and Chief Executive Officer

/s/ Robert L. LaPenta, Jr.

Robert L. LaPenta, Jr.
Corporate Controller & Chief Accounting
Officer

Date: May 16, 1994