

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-06-13** | Period of Report: **1995-04-29**  
SEC Accession No. **0000911420-95-000046**

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### FILER

#### LURIA L & SON INC

CIK: **277057** | IRS No.: **590620505** | State of Incorporation: **FL** | Fiscal Year End: **0131**  
Type: **10-Q** | Act: **34** | File No.: **001-08057** | Film No.: **95546719**  
SIC: **5399** Misc general merchandise stores

Mailing Address  
5770 MIAMI LAKES DR  
MIAMI LAKES FL 33014

Business Address  
5770 MIAMI LAKES DR  
MIAMI LAKES FL 33014  
3055579000

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Thirteen Weeks Ended April 29, 1995

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 1-8057

L. LURIA & SON, INC.

(Exact name of registrant as specified in its charter)

FLORIDA

(State of incorporation)

59-0620505

(IRS Employer Identification No.)

5770 Miami Lakes Drive,

Miami Lakes, Florida

(Address of principal executive offices)

33014

(zip code)

(305) 557-9000

(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  No

Common stock, par value \$.01 per share: 4,011,024 shares  
outstanding as of May 31, 1995

Class B stock, par value \$.01 per share: 1,415,534 shares  
outstanding as of May 31, 1995

L. LURIA & SON, INC.

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## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

L. LURIA & SON, INC.  
CONDENSED BALANCE SHEETS

&lt;TABLE&gt;

&lt;CAPTION&gt;

<S>	<C>	<C>	<C>
(in thousands)	April 29, 1995	April 30, 1994	January 28, 1995
ASSETS	(Unaudited)	(Unaudited)	
Current assets:			
Cash and cash equivalents	\$ 1,124	\$ 771	\$ 11,100
Accounts receivable	1,402	1,814	1,634
Inventories	83,750	90,413	82,931
Prepaid expenses	2,976	3,180	2,716
Total current assets	89,252	96,178	98,381
Property, net	40,055	32,147	40,429
Other assets	222	221	214
Total assets	\$129,529	\$128,546	\$139,024
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term bank borrowing	\$ 18,800	\$ --	\$ --
Accounts payable and accrued liabilities	24,792	42,655	52,169

Current portion of long-term debt and obligations under capital leases	206	206	206
Total current liabilities	43,798	42,861	52,375
Long-term debt and obligations under capital leases	939	1,116	976
Deferred taxes	1,995	1,183	1,895
Shareholders' Equity:			
Preferred stock: \$1 par value, 5,000,000 shares authorized; no shares issued	--	--	--
Common stock:			
Common: \$.01 par value, 14,000,000 shares authorized; 4,011,024 shares issued and outstanding at April 29, 1995; 4,035,799 shares issued and outstanding at April 30, 1994; and 3,991,780 shares issued and outstanding at January 28, 1995	39	39	39
Class B: \$.01 par value, 6,000,000 shares authorized; 1,415,534 shares issued and outstanding at April 29, 1995; 1,375,947 shares issued and outstanding at April 30, 1994; and 1,434,534 issued and outstanding at January 28, 1995	14	14	14
Additional paid-in capital	18,230	18,303	18,230
Retained earnings	64,514	65,030	65,495
Total shareholders' equity	82,797	83,386	83,778
Total liabilities and shareholders' equity	\$129,529	\$128,546	\$139,024

See accompanying notes to condensed financial statements.

</TABLE>

L. LURIA & SON, INC.

CONDENSED STATEMENTS OF OPERATIONS  
(Unaudited)

<TABLE>

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<S>	<C>	<C>
(in thousands, except income per common share)	Thirteen Weeks Ended April 29, 1995	Thirteen Weeks Ended April 30, 1994
Net sales	\$37,902	\$44,201
Cost of goods sold, buying and warehousing costs	26,853	31,640
Gross margin	11,049	12,561
Operating expenses	12,436	13,079
Loss from operations	(1,387)	(518)
Interest income (expense)- net	(185)	18
Loss before income tax benefit	(1572)	(500)
Income tax benefit	(590)	(190)
Net loss	\$ (982)	\$ (310)
Weighted average number of common shares outstanding	5,427	5,414
Loss per common share	\$ (.18)	\$ (.06)

See accompanying notes to condensed financial statements.

</TABLE>

L. LURIA & SON, INC.

CONDENSED STATEMENTS OF CASH FLOWS  
(Unaudited)

<TABLE>

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<S>	<C>	<C>
(in thousands)	Thirteen Weeks Ended April 29, 1995	Thirteen Weeks Ended April 30, 1994

CASH FLOWS FROM OPERATING  
ACTIVITIES:

Net (loss)	\$ (982)	\$ (310)
Adjustments to reconcile net (loss) to net cash used in operating activities:		
Depreciation	1,007	1,126
Deferred tax (benefit)	100	(100)
Decrease in accounts receivable	231	463
(Increase) in inventories	(819)	(2,943)
(Increase) in prepaid expenses	(260)	(975)
(Increase) Decrease in other		



assets	(8)	(146)
Decrease in accounts payable and accrued liabilities	(27,377)	(10,912)
Net cash used in operating activities	(28,108)	(13,797)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property	(631)	(2,696)
Net cash applied to investing activities	(631)	(2,696)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowing under line of credit agreements	18,800	--
Repayments of long-term debt	(37)	(37)
Repayments of obligations under capital leases	0	(20)
Treasury shares acquired	---	(50)
Net cash provided by financing activities	18,763	(107)
Net decrease in cash and cash equivalents	(9,976)	(16,600)
Cash and cash equivalents, beginning of period	11,100	17,371
Cash and cash equivalents, end of period	\$ 1,124	\$ 771

SUPPLEMENTAL DISCLOSURES OF  
CASH FLOW INFORMATION

Cash paid during the period  
for:

Interest (net of amounts capitalized)	\$ 121	\$ 0
Income taxes	\$ (49)	\$ 1,150

See accompanying notes to condensed financial statements.

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L. LURIA & SON, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS  
FOR THE THIRTEEN WEEKS ENDED APRIL 29, 1995  
AND APRIL 30, 1994

GENERAL

The accompanying condensed financial statements have been prepared in accordance with the instructions to Form 10-Q of the Securities and Exchange Commission and in accordance with generally accepted accounting principles applicable to interim financial statements and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management of L. Luria & Son, Inc. (the "Company"), the accompanying condensed financial statements reflect all adjustments necessary to present fairly the financial position of the Company as of April 29, 1995 and April 30, 1994, and the results of its operations and cash flows for the periods ended April 29, 1995 and April 30, 1994. Furthermore, all

adjustments were of a normal or recurring nature.

#### SEASONALITY

The results of operations for the thirteen weeks ended April 29, 1995 are not indicative of the results to be expected for the entire year because the Company's operations are seasonal.

#### ACCOUNTING POLICIES

The accounting policies followed by the Company are set forth in Note 1 to the Company's financial statements in the 1995 L. Luria & Son, Inc. Annual Report, which is incorporated by reference in Form 10-K.

#### RECLASSIFICATIONS

Certain prior year immaterial amounts have been reclassified to conform with current year presentation.

### L. LURIA & SON, INC.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### SUMMARY

The following table sets forth for the periods indicated percentages which certain items reflected in the financial data bear to net sales of the Company:

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## RELATIONSHIPS TO NET SALES

## PERIOD ENDED

April 29, 1995    April 30, 1994

Net sales	100.0%	100.0%
Cost of goods sold, buying and warehousing costs	70.8	71.6
Gross margin	29.2	28.4
Operating expenses	32.9	29.6
Loss from operations	(3.7)	(1.2)
Interest income (expense) net	(.5)	.1
Loss before income tax	(4.2)	(1.1)
Income tax benefit	(1.6)	(.4)
Net loss	(2.6)%	(.7)%

&lt;/TABLE&gt;

## NET SALES

For the thirteen weeks ended April 29, 1995, net sales were \$37,902,000 a 14.2% decrease compared to the same period last year.

Comparable store sales decreased 13.4%. This year's first quarter sales were impacted by operating 45 stores vs. 50 stores in the same period last year, reduced percent off promotions and softening customer demand in the Company's markets.

## GROSS MARGINS

Gross margins as a percent of net sales for the first thirteen weeks of the current year increased to 29.2% as compared to 28.4% for the prior year first quarter due to fewer promotional markdowns and an improved sales mix with jewelry sales representing 38.2% of total sales this quarter versus 37.1% in last year's first quarter.

## OPERATING EXPENSES

Operating expenses for the current quarter increased as a percent of net sales to 32.9% this year from 27.5% last year, due primarily to lower sales than last year. Operating expenses for the quarter were 4.9% below last year's operating expenses. Expenses were reduced from last year's levels in most expense categories, with the most significant reductions in payroll and occupancy expenses. As part of the Restructuring Plan, the Company closed three catalog showrooms during the quarter and plans to close and relocate several additional stores. Approximately \$550,000 of incremental

costs associated with closing the three catalog showrooms and carrying costs associated with previously closed stores has been charged to the Restructuring Plan reserves established in fiscal year 1994. The Company currently operates nine superstores (in addition to 34 catalog showrooms and two jewelry mall stores) and plans to open at least two additional superstores this year to replace existing showrooms.

L. LURIA & SON, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
(Continued)

## INCOME TAX BENEFIT

Income tax benefit for the thirteen-week period ended April 29, 1995 is estimated at 37.5% compared to last year's 38.0% rate for the quarter.

## INVENTORIES

At April 29, 1995, inventory levels were \$83.8 million, 7.3% below the January 28, 1995 balance of \$90.4 million due to the Company's inventory control efforts and the closing of selected catalog showrooms.

## LIQUIDITY AND CAPITAL RESOURCES

At April 29, 1995, the Company had approximately \$82.8 million in shareholders' equity and approximately \$.9 million in long-term debt and capital leases. Cash and cash equivalents decreased \$ 9.9 million since the end of fiscal 1995 primarily to pay for inventory purchased last year and because land and buildings for stores opened last year have been internally financed. At April 29, 1995, the Company had available lines of credit of \$40 million, of which there were borrowings outstanding of \$18.8 million.

The Company believes that cash provided by operations, available lines of credit and access to the capital markets at competitive rates will be adequate to meet its working capital and capital expenditure requirements for fiscal year 1996.

## PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(b) There were no reports on Form 8-K filed for the thirteen-week period ended April 29, 1995.

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.

L. LURIA & SON, INC.

Date: June 12 , 1995

/s/Peter Luria  
Peter Luria  
President and Chief  
Operating Officer

Date: June 12, 1995

/s/Duane R. Wolter  
Duane R. Wolter  
Sr. Vice President-Finance,  
Chief Financial Officer and  
Principal Accounting  
Officer



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FINANCIAL STATEMENTS - L. LURIA & SON, INC.

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