

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-03-16** | Period of Report: **1994-01-31**
SEC Accession No. **0000889810-94-000007**

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URS CORP /NEW/

CIK: **102379** | IRS No.: **941381538** | State of Incorpor.: **DE** | Fiscal Year End: **1031**
Type: **10-Q** | Act: **34** | File No.: **001-07567** | Film No.: **94516162**
SIC: **8711** Engineering services

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the quarterly period ended January 31, 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 number 1-7567

URS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

94-1381538

(State or other jurisdiction
of incorporation)

(I.R.S. Employer
Identification No.)

100 California Street, Suite 500
San Francisco, California

94111-4529

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: 415-774-2700

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 -----

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 February 14, 1994
-----	-----
Common stock, \$.01 par value	6,989,400

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URS CORPORATION AND SUBSIDIARIES

PART I. FINANCIAL INFORMATION:

In the opinion of management, the information furnished reflects all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair statement of the interim financial information. Net earnings per share computations are based upon the weighted average number of common shares outstanding during the period plus shares issuable under warrants and stock options that have a dilutive affect.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. These condensed financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 1993. The results of operations for the quarterly period ended January 31, 1994 are not necessarily indicative of the operating results for the full year.

Item 1. Financial Statements (unaudited)

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PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

URS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

ASSETS	January 31, 1994 ----	October 31, 1993 ----
	(unaudited)	
Current assets:		
Cash	\$ 3,915	\$ 6,628
Accounts receivable, less allowance for doubtful accounts of \$741 and \$665	30,523	27,157
Costs and accrued earnings in excess of billings on contracts in process, less allowances for losses of \$383 and \$416	10,643	11,783
Prepaid expenses and other	917	955
	-----	-----
Total current assets	45,998	46,523
Property and equipment at cost, net	4,320	4,596
Goodwill, net	5,141	5,260
Other assets	788	1,695
	-----	-----
	\$56,247	\$58,074

LIABILITIES AND SHAREHOLDERS' EQUITY

	=====	=====
Current liabilities:		
Accounts payable	\$ 6,598	\$ 8,078
Accrued salaries and wages	4,757	3,574
Accrued expenses	5,044	7,187
Total current liabilities	-----	-----
	16,399	18,839
Long-term debt, including related parties	8,191	8,277
Deferred compensation and other	1,608	1,569
	-----	-----
Total liabilities	26,198	28,685
	-----	-----
Shareholders' equity:		
Common shares, par value \$.01; authorized 20,000 shares; issued 6,989 and 6,989 shares	70	70
Additional paid-in capital	28,624	28,365
Retained earnings since February 21, 1990, date of quasi-reorganization	1,355	954
	-----	-----
Total shareholders' equity	30,049	29,389
	-----	-----
	\$56,247	\$58,047
	=====	=====

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URS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Three months ended January 31,	
	-----	-----
	1994	1993
	----	----
	(unaudited)	
Revenues	\$36,756	\$32,957
	-----	-----
Expenses:		
Direct operating	22,828	20,013

Indirect, general and administrative	12,878	11,936
Interest expense, net	329	306
	-----	-----
	36,035	32,255
	-----	-----
Income before taxes	721	702
Income tax expense	70	70
	-----	-----
Net income	\$ 651	\$ 632
	=====	=====
Net income per share:		
Primary	\$.10	\$.08
	=====	=====
Fully diluted	\$.09	\$.08
	=====	=====

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URS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

Three Months Ended
January 31,

1994 1993

(unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 651	\$ 632
	-----	-----
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	547	670
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable and costs and accrued earnings in excess of billings on contracts in process	(2,226)	160
(Increase) decrease in prepaid expenses	38	(112)
Decrease in accounts payable, accrued salaries and wages and accrued expenses	(2,418)	(1,872)
Other, net	(44)	589
	-----	-----
Total adjustments	(4,103)	(565)
	-----	-----
Net cash provided (used) by operating activities	(3,452)	67
	-----	-----

CASH FLOWS FROM INVESTING ACTIVITIES:

Capital expenditures	(261)	(656)
	-----	-----
Net cash (used) by investing activities	(261)	(656)
	-----	-----

CASH FLOWS FROM FINANCING ACTIVITIES:

Repurchase of January Notes	-	(1,340)
Other	1,000	-
	-----	-----
Net cash provided (used) by financing activities	1,000	(1,340)
	-----	-----
Net decrease in cash	(2,713)	(1,929)
Cash at beginning of period	6,628	5,729
	-----	-----
Cash at end of period	\$ 3,915	\$ 3,800
	=====	=====

Supplemental information:

Interest paid	\$ 404	\$ 381
Taxes paid	19	83
	-----	-----
	\$ 423	\$ 464
	=====	=====

URS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. Income Taxes

Effective November 1, 1993 the Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) Number 109, "Accounting for Income Taxes." The adoption of SFAS 109 changes the Company's method of accounting for income taxes from the deferred method under SFAS 96 to an asset and liability method. This standard requires companies to record all deferred tax liabilities and assets for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, including tax loss carryforwards. As permitted under SFAS 109, prior years' financial statements have not been restated. The change in policy does not materially affect the Company's consolidated financial statements, including the financial statements of prior years.

The components of income tax expense applicable to the continuing operations each year are as follows:

	Three Months Ended January 31	Year Ended October 31	
	----- 1994	----- 1993	----- 1992
	(In thousands)		
Current:			
Federal	\$ 15	\$ 70	\$110
State and local income taxes	55	85	110
	---	---	---
Total Current	70	155	220
Deferred:			
Federal	-	-	-
State and local income taxes	-	(15)	240
	---	----	---
Total deferred	-	(15)	240
	---	----	---
Total income taxes	\$ 70	\$140	\$460
	====	====	====

Prior to October 10, 1989, the Company had available net operating loss (NOL) carryforwards for federal income tax purposes of approximately \$51,000,000. As a result of a change in ownership, as defined by Section

382 of the Internal Revenue Code (IRC) that occurred on October 10, 1989, the Company's NOL carryforwards for financial statement and Federal income tax purposes became limited to approximately \$750,000 per year for the succeeding fifteen-year carryforward period, and to the aggregate amount of \$11,250,000, and NOLs attributable to recognized built-in gains became limited to \$14,000,000 by IRC Section 382, for a total of \$25,250,000. The financial statement tax benefits arising from utilization of NOL

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carryforwards will be recognized as a reduction in financial statement tax expense and an addition to paid-in capital in the year utilized. At October 31, 1993, the Company had utilized \$8,000,000 of the total \$25,250,000 NOL for federal income tax purposes and \$8,100,000 for financial statement purposes.

Subsequent to October 10, 1989, the date of the change in ownership, the Company incurred and has available additional NOL carryforwards of approximately \$3,000,000 for federal income tax and financial statement purposes. Generally, these NOL carryforwards are available to offset future income without limitation over a fifteen-year carryforward period and will be recognized as a reduction in financial statement tax expense in the year utilized.

While the Company has available NOL carryforwards for Federal income tax purposes, for state tax purposes such amounts are not necessarily available to offset income subject to tax. Accordingly, state income taxes have been provided.

The significant components of the Company's deferred tax assets and liabilities as of January 31, 1994 are as follows:

Deferred tax assets / (liabilities) - due to (In thousands):

Vacation accrual	\$925	
Deferred compensation and bonus accrual	275	
Bad debt reserve	255	
Reserve for losses	115	
Net operating loss	6,670	
Alternate Minimum Tax Credits	170	

Total	\$8,410	
Valuation allowance	(6,406)	

Deferred tax asset		\$ 2,004
Depreciation and amortization	\$ (325)	
Deferred gain on bond swap	(1,575)	

Unamortized bond premium	(104)	
State taxes reserve	(241)	

Deferred tax liability		(2,245)

Net deferred tax liability		\$ (241)
		=====

A valuation allowance relating to NOL carryforwards has been provided due to the uncertainty as to their utilization.

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The reasons for differences between the Company's effective income tax rate and the nominal rate resulting from applying the statutory federal income tax rate to income from continuing operations before income taxes are provided in the following reconciliation:

Statutory federal income tax rate		\$ 252
Increase (decrease) in taxes resulting from:		
Nondeductible goodwill amortization	46	
Other nondeductible expenses	15	
Net operating loss utilized	(298)	
State income taxes - net of federal income tax benefit	55	

Total taxes provided		\$ 70
		=====

URS CORPORATION AND SUBSIDIARIES

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

The Company reports the results of its operations on a fiscal year which ends on October 31. This Management Discussion and Analysis (MD&A) should be read in conjunction with the MD&A and the footnotes to the Consolidated Financial Statements included in the Annual Report on Form 10-K for the fiscal year ended October 31, 1993 which was previously filed with the Securities and Exchange Commission.

Results of Operations

- -----

The Company's revenues were \$36,756,000 for the first quarter ended January 31, 1994, an increase of \$3,799,000 or 12% over the amount reported

for the same period last year. The growth in revenue is generally attributable to an increase in demand for the Company's services. However, revenues generated from the Company's three largest indefinite delivery contracts, the Navy CLEAN, EPA ARCS 9 & 10, and EPA ARCS 6,7 & 8 contracts, declined in 1994 to \$8,055,000 from \$9,678,000 in the first quarter of 1993. The decrease in revenues from these contracts is due to a reduction in the level of work assignments currently being executed.

Direct operating expenses for the quarter ended January 31, 1994, which consist of direct labor and other direct expenses, including subcontractor costs, increased \$2,815,000, a 14% increase over the amount reported for the same period last year. This increase is due to increases in subcontractor costs and direct labor costs.

Indirect general and administrative expenses for the quarter ended January 31, 1994 increased \$942,000, or 8% over the amount reported for the same period last year as a result of an increase in business volume.

The Company earned \$721,000 before income taxes for the first quarter ended January 31, 1994 compared to \$702,000 for the same period last year. For Federal income tax purposes, the Company has available net operating loss carryforwards which off-set otherwise taxable income. For state income tax purposes, net operating loss carryforwards are not necessarily available to offset income subject to tax. Accordingly, the Company's effective income tax rate for the quarter ended January 31, 1994 was approximately 10%.

The Company reported net income of \$651,000, or \$.09 per share for the first quarter ended January 31, 1994, compared with \$632,000, or \$.08 per share for the same period last year.

The Company's backlog at January 31, 1994 was \$167,000,000, as compared to \$142,000,000 at October 31, 1993.

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Liquidity and Capital Resources

At January 31, 1994, the Company had working capital of \$29,599,000, an increase of \$1,915,000 from October 31, 1993. The Company also has \$9,800,000 in available borrowing capacity under its bank line of credit. It did not borrow on this line during the first quarter ended January 31, 1994.

The Company believes that its existing financial resources, together with its planned cash flow from operations and its unused bank line of credit, will provide sufficient capital to fund its operations and its capital needs for fiscal 1994.

PART II

OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

None

(b) No reports on Form 8-K were filed during the quarter ended January 31, 1994.

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.

Dated March 11, 1994

URS CORPORATION

/s/ Kent P. Ainsworth

Kent P. Ainsworth
Vice President and
Chief Financial Officer
(Principal Accounting Officer)

