

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q/A

Quarterly report pursuant to sections 13 or 15(d) [amend]

Filing Date: **1994-01-26** | Period of Report: **1993-09-30**
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FILER

RYLAND GROUP INC

CIK: **85974** | IRS No.: **520849948** | State of Incorporation: **MD** | Fiscal Year End: **1231**
Type: **10-Q/A** | Act: **34** | File No.: **001-08029** | Film No.: **94502764**
SIC: **1531** Operative builders

Business Address
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PARKWAY
COLUMBIA MD 21044
4107157000*

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QA-1

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

For the quarterly period ended September 30, 1993

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: 1-8029

THE RYLAND GROUP, INC.

(Exact name of registrant as specified in its charter)

Maryland 52-0849948

(State or other jurisdiction of (I.R.S. Employer
of incorporation or organization) Identification No.)

11000 Broken Land Parkway, Columbia, Maryland 21044

(Address of principal executive offices) (Zip Code)

(410) 715-7000

(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

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

The number of shares of common stock of The Ryland Group, Inc., outstanding on October 29, 1993 was 15,283,942.

THE RYLAND GROUP, INC.
FORM 10-Q
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September 30, 1993 and 1992 and the
nine months ended September 30, 1993 and
1992 (unaudited) 3

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NOTE: This amendment is being filed to correct a misprint on the Consolidated
Statements of Earnings on page 3 resulting from the EDGAR electronic
transmission.

The Ryland Group, Inc. and subsidiaries
CONSOLIDATED BALANCE SHEETS
(amounts in thousands)

<TABLE>
<CAPTION>

	SEPTEMBER 30, 1993	December 31, 1992
	----- (unaudited) -----	
	<C>	<C>
<S>		
ASSETS		
HOMEBUILDING:		
Cash	\$ 16,012	\$ 10,413
Homebuilding inventories:		
Sold homes and lots	209,681	148,846
Unsold homes, lots and land	338,936	336,338

Total inventories	548,617	485,184
Investment in/advances to unconsolidated joint ventures	23,852	34,962
Property, plant and equipment	14,206	13,865
Purchase price in excess of net assets acquired	23,897	24,671
Other assets	44,646	32,194

	671,230	601,289

FINANCIAL SERVICES:		
Mortgage loans held for sale, net	402,762	392,533
Mortgage-backed securities held for sale, net	217,560	241,102
Purchased servicing and administration rights, net	16,883	19,056
Other assets	64,815	47,023

	702,020	699,714

LIMITED-PURPOSE SUBSIDIARIES:		
Collateral for bonds payable, net	918,776	1,559,661
Other assets	12,082	20,981

	930,858	1,580,642

Net deferred taxes	33,509	3,267
Other assets	19,487	11,769

TOTAL ASSETS	\$ 2,357,104	\$ 2,896,681

</TABLE>

See notes to consolidated financial statements.

1

The Ryland Group, Inc. and subsidiaries
CONSOLIDATED BALANCE SHEETS
(amounts in thousands, except share data)

<TABLE>
<CAPTION>

	SEPTEMBER 30, 1993	December 31, 1992
	(unaudited)	
<S>	<C>	<C>
LIABILITIES		
HOMEBUILDING:		
Accounts payable and other liabilities	\$ 70,421	\$ 55,837
Current portion of long-term debt	24,952	146,668
Long-term debt	380,332	170,899
	-----	-----
	475,705	373,404
	-----	-----
FINANCIAL SERVICES:		
Accounts payable and other liabilities	76,896	31,145
Short-term notes payable	560,912	587,872
	-----	-----
	637,808	619,017
	-----	-----
LIMITED-PURPOSE SUBSIDIARIES:		
Accounts payable and other liabilities	26,288	37,928
Bonds payable, net *	896,352	1,533,237
	-----	-----
	922,640	1,571,165
	-----	-----
Other liabilities	35,127	27,406
	-----	-----
TOTAL LIABILITIES	2,071,280	2,590,992
	-----	-----
STOCKHOLDERS' EQUITY		
Convertible preferred stock, \$1 par value		
Authorized - 1,400,000 shares		
Issued - 1,162,984 shares (1,198,533 for 1992)	1,163	1,199
Common stock, \$1 par value		
Authorized - 78,600,000 shares		
Issued - 15,268,014 shares (15,390,314 for 1992)	15,268	15,390
Paid-in capital	115,066	119,100
Retained earnings	175,451	196,203
Other	(21,124)	(26,203)
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	285,824	305,689
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,357,104	\$ 2,896,681
	-----	-----

See notes to consolidated financial statements.

<FN>

* The 'bonds payable, net' shown in the financial statements represent obligations solely of the limited-purpose subsidiaries, which are secured by the assets of the limited-purpose subsidiaries. The bonds are not guaranteed or insured by The Ryland Group, Inc. or any of its subsidiaries.

</TABLE>

2

The Ryland Group, Inc. and subsidiaries
CONSOLIDATED STATEMENTS OF EARNINGS
(unaudited)
(amounts in thousands, except share data)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1993	1992	1993	1992
<S>	<C>	<C>	<C>	<C>
REVENUES:				
Homebuilding	\$ 315,021	\$ 305,468	\$ 836,904	\$ 777,438
Financial services	38,765	33,937	125,461	94,564*
Limited-purpose subsidiaries	24,966	50,411	89,207	174,471
Total revenues	378,752	389,816	1,051,572	1,046,473*
EXPENSES:				
Homebuilding:				
Cost of sales	319,519	265,894	781,618	673,088
Interest expense	6,974	4,213	19,315	12,229
Selling, general and administrative expenses	29,930	27,595	81,868	79,024
Total	356,423	297,702	882,801	764,341
Financial services:				
Interest expense	7,480	7,596	21,898	19,360
General and administrative expenses	21,471	15,786	60,603	47,870
Total	28,951	23,382	82,501	67,230
Limited-purpose subsidiaries :				
Interest expense	23,867	46,035	84,605	161,899
Other expenses	1,059	3,331	4,478	9,665
Total	24,926	49,366	89,083	171,564
Other expenses	3,119	4,100	11,463	11,388
Total expenses	413,419	374,550	1,065,848	1,014,523
Equity in losses of unconsolidated joint ventures	(1,903)	(560)	(2,143)	(757)
(LOSS) EARNINGS BEFORE TAXES	(36,570)	14,706	(16,419)	31,193
Tax (benefit) expense	(14,014)	5,000	(6,156)	10,604
NET (LOSS) EARNINGS	\$ (22,556)	\$ 9,706	\$ (10,263)	\$ 20,589
Preferred dividends	\$ 642	\$ 668	\$ 1,952	\$ 2,015
Net (loss) earnings applicable to common stockholders	\$ (23,198)	\$ 9,038	\$ (12,215)	\$ 18,574
NET (LOSS) EARNINGS PER COMMON SHARE:				
Primary	\$ (1.52)	\$ 0.58	\$ (0.80)	\$ 1.26
Fully diluted	(1.52)	0.54	(0.80)	1.18
Dividends per common share	\$ 0.15	\$ 0.15	\$ 0.45	\$ 0.45
Dividends per preferred share	0.55	0.55	1.65	1.65

See notes to consolidated financial statements.

<FN>

* THESE AMOUNTS ARE AMENDED TO CORRECT A MISPRINT RESULTING FROM THE EDGAR ELECTRONIC TRANSMISSION. THIS CONSOLIDATED STATEMENTS OF EARNINGS NOW CONFORMS TO THE CONSOLIDATED STATEMENTS OF EARNINGS AS REPORTED IN THE PAPER COPY FILED WITH THE COMMISSION ON NOVEMBER 18, 1993.

</TABLE>

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The Ryland Group, Inc. and subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(amounts in thousands)

<TABLE>

<CAPTION>

	Nine months ended September 30,	
	1993	1992
	-----	-----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) earnings	\$ (10,263)	\$ 20,589
Adjustments to reconcile net (loss) earnings to net cash used for operating activities:		
Depreciation and amortization	14,942	24,295
Increase in inventories	(63,433)	(128,178)
Net change in other assets, payables and other liabilities	(11,739)	(4,927)
Equity in losses of unconsolidated joint ventures	2,143	757
Decrease (increase) in investment in/advances to unconsolidated joint ventures	8,809	(1,158)
Decrease (increase) in mortgage loans and mortgage-backed securities held for resale, net	13,313	(341,229)
Gain on sale of investment	(5,322)	0
	-----	-----
Net cash used for operating activities	(51,550)	(429,851)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net additions to property, plant and equipment	(9,123)	(10,323)
Principal reduction of mortgage collateral	649,349	761,260
Other investing activities, net	6,726	(6,964)
	-----	-----
Net cash provided by investing activities	646,952	743,973
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Decrease) increase in short-term notes payable	(26,960)	314,583
Cash proceeds of long-term debt	114,080	125,894
Reduction of long-term debt	(26,363)	(41,372)
Bond principal payments	(643,151)	(755,888)
Common stock issuance	0	66,863
Common and preferred stock dividends	8,850	(8,950)
Other financing activities, net	1,441	7,733
	-----	-----
Net cash used for financing activities	(572,103)	(291,137)
	-----	-----
Net increase in cash	23,299	22,985
Cash at beginning of year	10,413	3,001
	-----	-----
CASH AT END OF PERIOD	\$ 33,712	\$ 25,986
	-----	-----

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid for interest	\$	131,888	\$	210,007
Cash paid for income taxes	\$	26,225	\$	19,178

</TABLE>

See notes to consolidated financial statements.

The Ryland Group, Inc. and subsidiaries
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (unaudited)
 (amounts in thousands)

<TABLE>
 <CAPTION>

Note 1. Segment Information	THREE MONTHS ENDED SEPTEMBER 30,	
	1993	1992
<S>	<C>	<C>
Revenues:		
Homebuilding	\$ 315,021	\$ 305,468
Financial services	38,768	34,849
Limited-purpose subsidiaries	25,090	50,679
Intersegment transactions	(127)	(1,180)
	-----	-----
Total	\$ 378,752	\$ 389,816
	-----	-----
	-----	-----
Pretax (loss) earnings:		
Homebuilding	\$ (43,305)	\$ 7,206
Financial services	9,817	10,826
Limited-purpose subsidiaries	37	774
Corporate expenses	(3,119)	(4,100)
	-----	-----
Total	\$ (36,570)	\$ 14,706
	-----	-----
	-----	-----

</TABLE>

<TABLE>
 <CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30,	
	1993	1992
<S>	<C>	<C>
Revenues:		
Homebuilding	\$ 836,904	\$ 777,438
Financial services	125,496	95,511
Limited-purpose subsidiaries	89,612	174,506
Intersegment transactions	(440)	(982)
	-----	-----
Total	\$ 1,051,572	\$ 1,046,473
	-----	-----
	-----	-----
Pretax (loss) earnings:		
Homebuilding	\$ (48,040)	\$ 12,340
Financial services	42,995	27,873
Limited-purpose subsidiaries	89	2,368
Corporate expenses	(11,463)	(11,388)
	-----	-----
Total	\$ (16,419)	\$ 31,193
	-----	-----
	-----	-----

</TABLE>

The Ryland Group, Inc. and subsidiaries
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
 (unaudited)

Note 2. Consolidated Financial Statements

The consolidated financial statements include the accounts of The Ryland Group, Inc. and its wholly owned subsidiaries (the company). Additionally, certain investments in joint ventures are accounted for by the equity method, as the company generally has a 50 percent or less interest in the joint ventures. Intercompany transactions have been eliminated in consolidation.

The consolidated balance sheet as of September 30, 1993, and the consolidated statements of earnings for the three months and nine months ended September 30, 1993 and 1992, and the consolidated statements of cash flows for the nine months ended September 30, 1993 and 1992 have been prepared by the company, without audit. In the opinion of management, all adjustments, which include normal recurring adjustments necessary to present fairly the financial position, results of operations and cash flows at September 30, 1993, and for all periods presented, have been made. The consolidated balance sheet at December 31, 1992 has been taken from the audited financial statements as of that date. Certain amounts in the consolidated statements have been reclassified to conform to the 1993 presentation.

Certain information and footnote disclosures normally included in the financial statements have been condensed or omitted. It is suggested that these financial statements be read in conjunction with the financial statements and related notes included in the company's December 31, 1992 annual report to shareholders. The results of operations for the three months and nine months ended September 30, 1993 are not necessarily indicative of the operating results for the full year. Assets presented in the financial statements are net of any valuation allowances.

In calculating primary (loss) earnings per common share applicable to stockholders, the dividend requirements of the preferred shares held by the Ryland Retirement and Stock Ownership Plan Trust (the RSOP Trust) have been added to net loss or deducted from net earnings as appropriate. For the three and nine month periods ended September 30, 1992 the average shares outstanding have been increased by the common stock equivalents relating to the employee stock option and employee incentive plans. For the three and nine month periods ended September 30, 1993 these common stock equivalents were not considered as the effect would be anti-dilutive.

Net earnings used in calculating fully diluted earnings per common share for the three and nine month periods ended September 30, 1992 were decreased by the amount of the additional RSOP contribution required to fund the difference between the RSOP's earnings from preferred stock dividends and the RSOP's potential earnings from

The Ryland Group, Inc. and subsidiaries
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
 (unaudited)

Note 2. Consolidated Financial Statements (continued)

common stock dividends after an assumed conversion. Net loss used in calculating fully diluted loss per common share for the three and nine month periods ending September 30, 1993 was increased by the dividend requirements of the preferred shares held by the RSOP Trust, as an adjustment for incremental dividends on convertible preferred shares would be anti-dilutive.

Fully diluted earnings per common share for the three and nine month periods ended September 30, 1992, gives effect to the common stock equivalents and the assumed conversion of the preferred stock into

1,213,038 shares and 1,220,868 shares respectively, of common stock, in accordance with the RSOP Trust Agreement. In computing fully diluted loss per common share for the three and nine month periods ended September 30, 1993, average shares outstanding have not been increased by the common stock equivalents relating to the employee stock option, employee incentive plans and the assumed conversion of the preferred stock held by the RSOP Trust as the effect would be anti-dilutive.

Note 3. Contingencies

Contingent liabilities may arise from the obligations incurred in the ordinary course of business, or from the usual obligations of on-site housing producers for the completion of contracts. In the opinion of management, the completion of its obligations will not have a material effect on the results of operations or financial condition of the company.

Also see Part II, Item 1, Legal Proceedings.

Note 4. Valuation Reserves

During the third quarter of 1993, the company increased its valuation allowance for inventories from \$19 million to \$62 million, and increased its reserve allowance against investments in unconsolidated joint ventures from \$1 million to \$3 million.

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The Ryland Group, Inc. and subsidiaries
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
 (unaudited)

Note 5. Income Taxes

The company adopted Statement of Financial Accounting Standards No. 109 ("SFAS No. 109"), Accounting for Income Taxes, effective January 1, 1993. Prior to the adoption of SFAS No. 109, the company accounted for its income taxes under SFAS No. 96. The impact of the adoption of SFAS No. 109 was not material.

The company's income tax benefit for the nine months ended September 30, 1993 is summarized as follows (amounts in thousands):

<TABLE>
 <CAPTION>

<S>	<C>
Current:	
Federal	\$ 19,823
State	4,263

Total current	24,086
Deferred:	
Federal	\$ (24,889)
State	(5,353)

Total deferred	(30,242)

Total benefit	\$ (6,156)

</TABLE>

<TABLE>
 <CAPTION>

Components of the deferred income tax benefit for the nine months ended September 30, 1993 are as follows (amounts in thousands):

<S>	<C>
Operational reserves	\$ (20,884)
Gross profit from sales reported	

on the installment method	(4,761)
Capitalization of costs to inventory	(2,146)
Other, net	(1,492)
Recognition of fees, discounts and hedging	(959)

Total deferred income tax benefit	\$ (30,242)

</TABLE>

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The Ryland Group, Inc. and subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(unaudited)

The balance of the net deferred tax asset is primarily comprised of
the following (amounts in thousands):

<TABLE>

<CAPTION>

	9/30/93	12/31/92
<S>	<C>	<C>
Deferred tax liabilities:		
Gross profit from sales reported on the installment method	\$ (4,968)	\$ (12,559)
Amortization of servicing and administration	(1,922)	(3,353)
Recognition of fees, discounts and hedging		(1,575)
Other, net		(3,428)
	-----	-----
Total deferred tax liabilities	\$ (6,890)	\$ (20,915)
	-----	-----
Deferred tax assets:		
Operational reserves	\$ 29,920	\$12,436
Employee benefit plans	2,893	3,543
Capitalization of costs to inventory	3,968	6,036
Recognition of joint venture income	2,315	2,167
Other, net	1,303	
	-----	-----
Total deferred tax assets	\$ 40,399	\$24,182
	-----	-----
Net deferred tax asset	\$ 33,509	\$3,267
	-----	-----

</TABLE>

The company has determined that no valuation allowance for the
deferred tax asset is required due to the prior years' tax history
as well as temporary differences attributable to the current year.

In the third quarter of 1993, the company revised its estimated
annual effective tax rate to reflect a change in the federal
statutory rate from 34% to 35% effective January 1, 1993. The actual
income tax rate of 37.5% for the nine months ended September 30, 1993
differs from the statutory rate by 2.5%. This difference is
primarily comprised of the effects of state income taxes, RSOP
dividends, and amortization of goodwill.

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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.

THE RYLAND GROUP, INC.

Registrant

January 25, 1994

Date

By: /s/ Alan P. Hoblitzell, Jr.

Alan P. Hoblitzell, Jr.,
Director, Executive Vice President
and Chief Financial Officer
(Principal Financial Officer)

January 25, 1994

Date

By: /s/ Stephen B. Cook

Stephen B. Cook, Vice President
and Corporate Controller
(Principal Accounting Officer)