

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-03-17** | Period of Report: **1994-01-31**  
SEC Accession No. **0000950134-94-000202**

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### FILER

#### **TCA CABLE TV INC**

CIK: **700997** | IRS No.: **751798185** | State of Incorpor.: **TX** | Fiscal Year End: **1031**  
Type: **10-Q** | Act: **34** | File No.: **000-11478** | Film No.: **94516543**  
SIC: **4841** Cable & other pay television services

Mailing Address  
*P.O. BOX 130489*  
*TYLER TX 75713*

Business Address  
*3015 SSE LOOP 323*  
*TYLER TX 75701*  
*9035953701*

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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 No.: 0-11478

TCA CABLE TV, INC.  
(Exact name of registrant as specified in its charter)

TEXAS 75-1798185  
(State or other jurisdiction of (IRS Employer Identification Number)  
incorporation or organization)

3015 S.E. LOOP 323, TYLER, TEXAS 75701  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 903/595-3701

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  
-----

The number of shares outstanding of each of the registrant's classes of common  
stock as of March 14, 1994 was:

24,666,019 shares of common stock

TCA CABLE TV, INC. AND SUBSIDIARIES

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TCA CABLE TV, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS<TABLE>  
<CAPTION>

ASSETS	January 31, 1994	October 31, 1993
	----- (Unaudited) -----	
<S>	<C>	<C>
Cash	\$ 2,538,530	\$ 1,450,276
Accounts receivable, subscribers	4,478,131	4,723,024
Accounts receivable, other	148,110	461,796
Property, plant and equipment, at cost:		
Land	2,636,485	2,636,485
Distribution systems	229,078,654	225,115,438
Transportation equipment	6,093,322	5,932,948
Other	21,425,153	20,724,468
	259,233,614	254,409,339
Less accumulated depreciation	(152,988,716)	(147,998,653)
	106,244,898	106,410,686
Other assets:		
Intangibles, net of accumulated amortization of \$56,434,351 and \$53,536,525, respectively	171,509,551	174,407,377
Prepaid expenses	1,350,440	623,873
	172,859,991	175,031,250
	\$ 286,269,660	\$ 288,077,032
	=====	=====

&lt;/TABLE&gt;

<TABLE>  
<CAPTION>

LIABILITIES	January 31, 1994	October 31, 1993
	----- (Unaudited) -----	
<S>	<C>	<C>
Accounts payable	\$ 6,849,100	\$ 4,749,068
Accrued expenses	9,255,971	9,713,501
Subscriber advance payments	4,709,891	3,884,635
Income taxes payable	3,741,714	1,212,732
Deferred income taxes	37,712,886	35,012,886
Term debt	132,451,927	143,253,390
	194,721,489	197,826,212
	-----	-----

Contingencies and commitments

## SHAREHOLDERS' EQUITY

Preferred stock, \$1.00 par value, 5,000,000 shares authorized; none issued		
Common stock, \$.10 par value, 60,000,000 shares authorized; 24,713,345 and 24,706,696 shares issued, respect	2,471,335	2,470,670
Additional paid-in capital	42,445,541	42,300,381

Retained earnings	47,175,049	46,023,523
	-----	-----
	92,091,925	90,794,574
Less treasury stock, 49,828 shares, at cost	(543,754)	(543,754)
	-----	-----
	91,548,171	90,250,820
	-----	-----
	\$ 286,269,660	\$ 288,077,032
	=====	=====

</TABLE>

The accompanying notes are an integral part  
of the consolidated financial statements.

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TCA CABLE TV, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

<TABLE>  
<CAPTION>

	Three Months Ended January 31,	
	1994	1993
	-----	-----
<S>	<C>	<C>
CATV revenues	\$ 39,278,593	\$ 36,650,223
Operating expenses:		
Salaries, wages and benefits	6,908,333	6,118,078
Programming costs	8,871,453	7,858,766
Other operating expenses	1,286,183	1,221,009
Selling, general and administrative	2,664,784	2,635,713
Depreciation and amortization	8,352,263	8,213,375
	-----	-----
	28,083,016	26,046,941
	-----	-----
Operating income	11,195,577	10,603,282
Other income	658,233	108,045
Interest expense	(2,489,326)	(2,884,499)
	-----	-----
Income before income taxes	9,364,484	7,826,828
	-----	-----
Provision for income taxes:		
Current	2,800,000	2,113,000
Deferred	800,000	939,000
	-----	-----
	3,600,000	3,052,000
	-----	-----
Income before cumulative effect of change in accounting principle	5,764,484	4,774,828
Cumulative effect of change in accounting principle	(1,900,000)	
	-----	-----
Net income	\$ 3,864,484	\$ 4,774,828
	=====	=====
Earnings per common share before cumulative effect of change in accounting principle	\$ 0.23	\$ 0.19
Cumulative effect of change in accounting principle	(0.07)	
	-----	-----
Earnings per common share	\$ 0.16	\$ 0.19
	=====	=====

</TABLE>

The accompanying notes are an integral part  
of the consolidated financial statements.

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TCA CABLE TV, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
(UNAUDITED)

<TABLE>  
<CAPTION>

	Common Stock Issued		Additional Paid-In Capital	Retained Earnings	Treasury Stock
	Shares	Amount			
<S>	<C>	<C>	<C>	<C>	<C>
Balance, October 31, 1993	24,706,696	\$ 2,470,670	\$ 42,300,381	\$ 46,023,523	\$ (543,754)
Net income for the three months ended January 31, 1994				3,864,484	
Issuance of common stock	5,105	511	133,286		
Stock options exercised	1,544	154	11,874		
Cash dividends at \$.11 a share				(2,712,958)	
Balance, January 31, 1994	24,713,345	\$ 2,471,335	\$ 42,445,541	\$ 47,175,049	\$ (543,754)

</TABLE>

The accompanying notes are an integral  
part of the consolidated financial statements.

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TCA CABLE TV, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

<TABLE>  
<CAPTION>

	Three Months Ended January 31,	
	1994	1993
<S>	<C>	<C>
Cash flows from operating activities:		
Cash received from customers	\$ 40,662,428	\$ 37,667,459
Cash paid to suppliers and employees	(18,553,204)	(15,740,692)
Other revenue received	98,868	108,045
Interest paid	(2,617,142)	(2,960,902)
Income taxes paid	(271,018)	(53,500)
Net cash provided by operating activities	19,319,932	19,020,410
Cash flows from investing activities:		
Payments for purchases of companies and CATV systems	(5,498,485)	(6,671,404)
Capital expenditures	769,200	
Proceeds from sales of assets		
Net cash used in investing activities	(4,729,285)	(6,671,404)
Cash flows from financing activities:		
Borrowings of term debt	9,599,990	900,000
Repayments of term debt	(20,401,453)	(10,161,315)
Proceeds from stock options exercised	12,029	36,727
Dividends paid	(2,712,959)	(2,456,513)
Net cash provided by (used in) financing activities	(13,502,393)	(11,681,101)

Net increase (decrease) in cash and cash equivalents	1,088,254	667,905
Cash and cash equivalents at beginning of period	1,450,276	818,536
Cash and cash equivalents at end of period	\$ 2,538,530	\$ 1,486,441

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

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TCA CABLE TV, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued  
(UNAUDITED)

<TABLE>  
<CAPTION>

	Three Months Ended January 31,	
	1994	1993
<S>	<C>	<C>
Reconciliation of net income to net cash provided by operating activities:		
Net income	\$ 3,864,484	\$ 4,774,828
Adjustments to reconcile net income to net cash provided by operating activities:		
Cumulative effect of change in accounting principle	1,900,000	
Depreciation expense	5,454,437	5,360,134
Amortization expense	2,897,826	2,853,241
(Gain) loss on sale of assets	(559,365)	
Deferred income taxes	800,000	939,000
Contribution of common stock to retirement plan	133,798	119,979
(Increase) decrease in other assets	(726,567)	(493,616)
(Increase) decrease in accounts receivable, subscribers	244,893	(249,761)
(Increase) decrease in accounts receivable, other	313,686	357,199
Increase (decrease) in subscriber advance payments	825,256	909,798
Increase (decrease) in accrued expenses	(457,530)	461,567
Increase (decrease) in income taxes payable	2,528,982	2,059,500
Increase (decrease) in accounts payable	2,100,032	1,928,541
Net cash provided by operating activities	\$ 19,319,932	\$ 19,020,410

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

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TCA CABLE TV, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

- A. Pursuant to the rules and regulations of the Securities and Exchange Commission, certain financial information has been condensed and certain footnote disclosures have been omitted. Such information and disclosures are normally included in financial statements prepared in accordance with generally accepted accounting principles.

These condensed financial statements should be read in conjunction with the financial statements and notes thereto in the Company's latest report on Form 10-K.

The financial statements as of January 31, 1994 and for the three month period then ended are unaudited; however, in the opinion of management, such statements include all adjustments (consisting solely of normal and recurring adjustments) necessary to present fairly the financial information included therein.

- B. The consolidated statements of operations for the three months ended January 31, 1994, are not necessarily indicative of the operating results to be expected for the full year.
- C. Earnings per common share are computed based upon the weighted average common shares outstanding during the period, including common stock equivalents, of 24,695,803 shares and 24,587,494 shares for 1994 and 1993, respectively.
- D. Effective November 1, 1993, the Company adopted the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). SFAS 109 requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. As of November 1, 1993, the Company recorded a one-time tax charge of \$1,900,000 or \$.07 per share, which amount represents the net increase to the deferred tax liability as of that date. Such amount has been reflected in the consolidated statements of operations as the cumulative effect of a change in accounting principle.
- E. On December 1, 1993, the Company sold the assets of a cable television system serving 641 subscribers in one city. The sales price was \$769,200 resulting in an increase in net income of approximately \$344,000 or \$.01 per share.

TCA CABLE TV, INC. AND SUBSIDIARIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS - Comparison of the three-month period ended January 31, 1994, with the same three-month period of the prior year reveals increases in revenues, operating income and income before cumulative effect of change in accounting principle. Revenues, operating income, and income before cumulative effect of change in accounting principle increased by approximately 7%, 6% and 21%, respectively. Net income decreased 19% as a result of the adoption of SFAS 109. See note D.

The revenue increase was mostly attributable to internal growth. The Company's basic accounts increased from 442,356 at January 31, 1993 to 457,061 at January 31, 1994 or approximately 3%. Average revenue per account increased from \$27.76 to \$28.72 or approximately 3%.

Operating expenses increased approximately 8% during the first quarter of fiscal 1994 as compared to the first quarter of fiscal 1993. Management attributes approximately 39% of this increase to increased salaries, wages and benefits and approximately 50% to increases in programming costs. The remainder of the increase in operating expenses arises from general expansion of the Company's cable system operations.

Interest expense decreased by \$395,000 or approximately 14%. The decrease was attributable to a reduction in term debt.

LIQUIDITY AND CAPITAL RESOURCES - The Company's capital expenditures have been primarily for cable system construction, upgrading and rebuilding, acquisition of other cable systems and purchases of converters to be furnished to subscribers.

Expenditures for rebuilding, upgrading and maintaining the Company's cable systems and for converter purchases have been financed principally with cash flow from operations. Acquisitions of cable systems have generally been financed with cash flow from operations and through bank borrowings.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

- (a) Exhibit A - None
- (b) No reports on Form 8-K have been filed during the quarter for which this report is filed.

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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 thereto duly authorized.

TCA CABLE TV, INC.

Date: March 16, 1994

/s/ ROBERT M. ROGERS  
Robert M. Rogers, Chairman and  
Chief Executive Officer

Date: March 16, 1994

/s/ JIMMIE F. TAYLOR  
Jimmie F. Taylor, Vice President,  
CFO and Treasurer

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