

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-07-08** | Period of Report: **1994-05-27**
SEC Accession No. **0000719544-94-000022**

([HTML Version](#) on secdatabase.com)

FILER

QUICK & REILLY GROUP INC /DE/

CIK: **719544** | IRS No.: **133082841** | State of Incorpor.: **DE** | Fiscal Year End: **0228**
Type: **10-Q** | Act: **34** | File No.: **001-08517** | Film No.: **94538306**
SIC: **6211** Security brokers, dealers & flotation companies

Mailing Address

26 BROADWAY, 11TH FLOOR
NEW YORK NY 10004

Business Address

230 SOUTH COUNTY RD
PALM BEACH FL 33480
4076558000

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

For Quarter Ended May 27, 1994

Commissions File #2-83667

THE QUICK & REILLY GROUP, INC.

State of Incorporation - Delaware

IRS Employer ID# - 13-3082841

230 South County Road
Palm Beach, FL 33480

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, and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

THE QUICK & REILLY GROUP, INC. AND SUBSIDIARIES

FORM 10-Q

FOR THE QUARTER ENDED May 27, 1994

INDEX

Part I.

Item 1.	Financial Statements	
	Consolidated Statements of	
	Financial Condition - May 27, 1994	
	(Unaudited) and February 28, 1994	1
	 Consolidated Statements of Income	
	(Unaudited) - Three Months Ended	
	May 27, 1994 and May 28, 1993	2
	 Consolidated Statements of Cash	
	Flows (Unaudited) - Three Months Ended	
	May 27, 1994 and and May 28, 1993	3
	 Notes to Consolidated Financial	
	Statements (Unaudited)	4
Item 2.	Management's Discussion and Analysis	
	of Financial Condition and Results of	
	Operations	5

SIGNATURE PAGE

<TABLE>

The Quick & Reilly Group and Subsidiaries

<CAPTION>

The Quick & Reilly Group, Inc. and Subsidiaries
Consolidated Statements of Financial Condition

(In thousands except share amounts)	May 27, 1994	February 28, 1994
-------------------------------------	-----------------	----------------------

(Unaudited)

<S> ASSETS	<C>	<C>
---------------	-----	-----

Cash & Cash Equivalents	\$90,772	\$41,824
Receivable from Brokers, Dealers and Clearing Organizations	1,848,264	1,610,695
Receivable From Customers	724,175	731,353
Securities Owned at Market Value -		
U.S. Government	7,193	8,991
Municipal	45,150	43,796
Equities and Other	13,660	11,998
Exchange Memberships- At Cost (Market Value \$9,961 and \$9,000)	3,908	3,908
Furniture, Equipment and Leasehold Improvements- At Cost Less Accumulated Depreciation and Amortization of \$8,248 and \$7,837	5,794	5,923
Other Assets	19,009	18,367

TOTAL ASSETS

\$2,757,925 \$2,476,855

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:

Money Borrowed From Banks	\$1,000	\$38,003
Drafts Payable	23,139	46,552
Payable to Brokers, Dealers and Clearing Organizations	2,130,544	1,758,738
Payable to Customers	343,453	376,569
Securities Sold, But Not Yet Purchased- At Market Value	4,576	8,059
Income Taxes Payable	7,732	1,702
Accrued Expenses and Other Liabilities	34,783	42,274

Total Liabilities

2,545,227 2,271,897

Commitments and Contingencies

Shareholders' Equity

Preferred Stock, \$.01 par value; authorized 1,000,000 shares, none issued and outstanding		
Common Stock, \$.10 par value; authorized 20,000,000 shares, issued 11,237,475 shares	1,124	1,124
Paid-In Capital	74,179	74,179
Retained Earnings	140,571	131,585

215,874 206,888

Less: Common Stock in Treasury, at
Cost - 116,400 shares in May 1994, and
69,400 in February 1994

(3,176) (1,930)

TOTAL SHAREHOLDERS' EQUITY

212,698 204,958

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

\$2,757,925 \$2,476,855

The accompanying notes are an integral part of these statements.

</TABLE>

<TABLE>

The Quick & Reilly Group, Inc. and Subsidiaries
Consolidated Statements of Income
(Unaudited)

<CAPTION>

(In thousands, except per share amounts)

Three Months Ended

	May 27, 1994	May 28, 1993
	-----	-----
	<C>	<C>
REVENUES		
Commissions and Clearance Income	\$38,005	\$37,130
Interest	25,395	13,796
Specialist Trading and Commissions	10,816	8,383
Other	1,221	826
	-----	-----
Total Revenues	75,437	60,135
EXPENSES		
Employee Compensation and Benefits	21,958	17,366
Interest	16,030	7,521
Brokerage, Exchange and Clearance Fees	3,422	3,412
Data Processing and Equipment Rental	4,586	4,054
Communication	825	744
Printing, Postage, Stationery and Office Sup	1,557	1,807
Advertising	1,448	1,514
Rent and Other Occupancy	1,558	1,373
Professional Services	636	574
Amortization of Intangibles	523	601
Other	2,966	2,625
	-----	-----
Total Expenses	55,509	41,591
	-----	-----
Income Before Provision for Income Taxes	19,928	18,544
Provision for Income Taxes	9,608	8,320
	-----	-----
NET INCOME	\$10,320	\$10,224
	=====	=====
Earnings Per Share	\$0.927	\$0.915
Weighted Average Number Of Shares Outstanding During the Period	11,133	11,175
Cash Dividends Declared Per Share	\$0.12	\$0.10

The accompanying notes are an integral part of these statements.

</TABLE>

<TABLE>

The Quick & Reilly Group, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

<CAPTION>

(In Thousands)

Three Months Ended

	May 27, 1994	May 28, 1993
	-----	-----
	<C>	<C>
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$10,320	\$10,224
Adjustments to Reconcile Net Income to Net Cash Provided By (Used In) Operating Activities:		
Depreciation and Amortization	1,004	1,031
Decreases (Increases) in Operating Assets:		
Receivable from Brokers, Dealers, and Clearing Organizations	(237,568)	(309,866)
Receivable from Customers	7,178	(39,425)
Securities Owned	(1,218)	(18,924)
Other Assets	(1,165)	349
Increases (Decreases) in Operating Liabilities:		
Money Borrowed From Banks	(37,003)	(27,758)
Drafts Payable	(23,413)	(5,966)
Payable to Brokers, Dealers, and Clearing Organizations	371,806	388,627
Payable to Customers	(33,116)	8,686
Securities Sold, But Not Yet Purchased	(3,483)	(5,432)
Income Taxes Payable	6,030	1,666
Accrued Expenses and Other Liabilities	(7,491)	(6,774)
	-----	-----
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	51,881	(3,562)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends Paid on Common Stock	(1,335)	(1,014)
Purchase of Treasury Stock	(1,246)	-
	-----	-----
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(2,581)	(1,014)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for Purchase of Furniture, Equipment		

and Leasehold Improvements	(352)	(318)
NET CASH USED IN INVESTING ACTIVITIES	(352)	(318)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	48,948	(4,894)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	41,824	46,231
CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	\$90,772	\$41,337

SUPPLEMENTAL DISCLOSURE OF CASH

FLOW INFORMATION:

Cash Paid During the Quarter For:

Interest	\$14,203	\$8,052
Income Taxes	4,863	6,712

Noncash Financing and Investing Activities:

Five 5% Stock Dividend Paid	-	13,241
-----------------------------	---	--------

The accompanying notes are an integral part of these statements.

</TABLE>

The Quick & Reilly Group, Inc. and Subsidiaries Notes to Consolidated Financial Statements (Unaudited)

1. Basis of Presentation

The accompanying interim financial statements reflect all adjustments which are, of a normal recurring nature, and, in the opinion of management, necessary for a fair presentation of the interim periods presented. It is recommended that these financial statements be read in conjunction with the Company's Financial Statements and Notes thereto included in the 1994 Annual Report which is incorporated by reference on Form 10-K.

2. Commitments and Contingencies

Margin requirements of \$40,559,000 with a clearing corporation at May 27, 1994 have been satisfied by obtaining letters of credit of \$47,000,000 secured by customers' margin account securities.

In the ordinary course of their securities business, certain of the Company's subsidiaries have been named defendants in a number of lawsuits. In the opinion of management, based upon discussion with counsel, the resolutions of such lawsuits will not in the aggregate have a material adverse effect on the consolidated financial condition of the Company or on its results of operations.

3. Earnings Per Share

Earnings per share have been calculated by dividing net income by the weighted average number of shares outstanding for the fiscal quarter. For the quarter ended May 28, 1993, the weighted average number of shares outstanding have been adjusted to give effect for the two five percent dividends declared during the fiscal year ended February 28, 1994.

4. Income Taxes

For the three months ended May 27, 1994 and May 28, 1993, respectively, the effective income tax rate differs from the expected federal statutory rate applied to income before income taxes primarily due to state and local taxes.

5. Net Capital Requirements

As registered broker-dealers and member firms of the New York Stock Exchange, Inc. (the "NYSE"), three subsidiaries are subject to certain rules of both the Securities and Exchange Commission and the NYSE. These rules require registrants to maintain minimum levels of net capital, as defined, and may restrict a member from expanding its business and declaring dividends as its net capital approaches specified levels. At May 27, 1994, the subsidiaries had net capital, in the aggregate, of \$160,521,000 which exceeded aggregate minimum net capital requirements by \$130,787,000.

6. Dividends Declared

On May 2, 1994, the Board of Directors declared a cash dividend of \$0.12 per share payable on July 1, 1994 to holders of record on June 1, 1994.

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

Total Assets of the Quick & Reilly Group, Inc. increased \$281,071,000 or 11% for May 27, 1994 versus February 28, 1994. Receivable From Brokers, Dealers and Clearing Organizations increased \$237,569,000 or 15% primarily due to increases in stock borrowed activity. Other Assets increased \$643,000 or 4% primarily due to increases in miscellaneous receivables.

Total Liabilities of the Quick & Reilly Group, Inc. increased \$273,331,000 or 12% for May 27, 1994 versus February 28, 1994. Money Borrowed From Banks decreased \$37,000,000 or 97% due to the increase in stock loan activities, as did Drafts Payable, decreasing \$23,413,000 or 50%. Payable to Brokers,

Dealers and Clearing Organizations increased \$371,806,000 or 21% primarily due to the increase in stock loan activities. Payable to Customers decreased \$33,116,000 or 9% due to increased customer investment in money market funds. Income Taxes Payable increased \$6,030,000 or 354% primarily due to an increased first quarter tax liability paid in June, 1994. Accrued Expenses and Other Liabilities decreased \$7,491,000 or 18% primarily due to payments for liabilities existing at year end.

Total Revenues increased \$15,302,000 or 25% for the quarter ended May 27, 1994 versus the quarter ended May 28, 1993. Commission and Clearance Income increased \$875,000 or 2% reflecting almost similar trading volumes. Interest Income increased \$12,000,000 or 84%, due to increased margin debits and stock borrowed activities. Interest Expense increased \$8,509,000 or 113% primarily due to increased stock loan activities. Specialist Trading and Commissions increased \$2,433,000 or 29% due to an increase in the number of assigned issues and more favorable market conditions. Other Revenues increased \$395,000 or 48% primarily due to increased fee income.

Total Expenses for the quarter ended May 27, 1994 increased \$13,918,000 or 34% versus the quarter ended May 28, 1993. Employee Compensation and Benefits increased \$4,592,000 or 26% primarily due to an increase in the number of employees and increases in incentive compensation. Data Processing and Equipment Rental increased \$532,000 or 13% primarily due to the increased costs of maintaining and expanding the capabilities of the computer systems of the various subsidiaries. Printing, Postage, Stationery and Office Supplies decreased \$250,000 or 14% primarily due to increased printing expenditures in the quarter ended May 28, 1993. Rent and Other Occupancy increased \$185,000 or 14% primarily due to the expansion of the branch network in Quick & Reilly, Inc. Other Expenses increased \$341,000 or 13% primarily due to the expansion of the Quick & Reilly branch network and normal increases in operating costs.

Liquidity and Capital Resources

Management of the Company believes that funds generated from operations will provide it with sufficient resources to meet all present and reasonably foreseeable future capital needs. The Company's assets are highly liquid and consist mainly of cash or assets readily convertible into cash.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE QUICK & REILLY GROUP, INC.

BY: -----
Leslie C. Quick, Jr.
Chairman of the Board
Chief Executive Officer

BY: -----
Peter Quick
President

BY: -----
Robert J. Rabinoff
Controller