

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
SEC Accession No. **0000857775-94-000002**

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FILER

FORD HOLDINGS INC

CIK: **857775** | IRS No.: **382890269** | State of Incorpor.: **DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-11146** | Film No.: **94528113**
SIC: **6153** Short-term business credit institutions

Business Address
*AMERICAN ROAD
DEARBORN MI 48121
3133223000*

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 March 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 0-18263

Ford Holdings, Inc.

(Exact name of registrant as specified in its charter)

Incorporated in Delaware 38-2890269
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

The American Road, Dearborn, Michigan 48121
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code 313-322-3000

Indicate by checkmark 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 .

As of May 13, 1994, the Registrant had outstanding 1,099 shares of Common Stock, all of which were held, directly or indirectly, by Ford Motor Company.

Exhibit index located on sequential page number 9

FORD HOLDINGS, INC. AND SUBSIDIARIES

Part I. Financial Information

Item 1. Financial Statements - The financial data presented herein are unaudited, but in the opinion of management reflect those adjustments necessary for a fair presentation of such information. Results for interim periods should not be considered indicative of results for a full year. Reference should be made to the financial statements contained in the Registrant's Annual Report on Form 10-K (the "10-K Report") for the year ended December 31, 1993.

<TABLE>
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Ford Holdings, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For the Periods Ended March 31, 1994 and 1993
(in millions)

	First Quarter	
	1994	1993
	(unaudited)	
<S>	<C>	<C>
Revenues		
Financing revenues	\$1,042	\$ 915
Insurance premiums earned	174	171
Investment and other income	155	173
	-----	-----
Total revenues	1,371	1,259
Expenses		
Interest expense	451	429
Operating and other expenses	364	311
Provision for credit losses	130	120
Insurance claims	111	132
Depreciation	48	48
Interest credited on annuity contracts	23	13
Amortization of policy acquisition costs	22	19
	-----	-----

Total expenses	1,149	1,072
	-----	-----
Income before income taxes	222	187
Provision for income taxes	83	68
	-----	-----
Income before minority interests	139	119
Minority interests in net (loss)/ income of subsidiaries	(1)	1
	-----	-----
Net income	\$ 140	\$ 118
	=====	=====

The accompanying note is part of the financial statements.

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Ford Holdings, Inc. and Subsidiaries

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CONSOLIDATED BALANCE SHEET

(in millions)

	March 31, 1994	Dec. 31, 1993
	-----	-----
	(unaudited)	
<S>	<C>	<C>
ASSETS		
Cash and cash equivalents	\$ 840	\$ 823
Investments in securities (Note 1)	4,277	4,277
Finance receivables, net	25,117	24,568
Accounts and notes receivable	553	607
Receivables from Ford and affiliated companies	262	292
Investments in direct financing leases, net	4,136	3,974
Investments in operating leases, net	1,471	1,441
Goodwill	1,815	1,830
Deferred policy acquisition costs	194	178
Other assets	591	609
	-----	-----
Total assets	\$39,256	\$38,599
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 566	\$ 622
Payables to Ford and affiliated companies	279	324

Unpaid insurance claims	145	136
Income taxes currently payable	129	79
Annuity contracts	1,783	1,598
Unearned insurance premiums	861	865
Debt	30,067	29,570
Other liabilities and deferred income	1,058	1,114
Minority interests in net assets of subsidiaries	17	-
	-----	-----
Total liabilities	34,905	34,308
Stockholders' equity		
Preferred Stock, \$1 par value	1,458	1,458
Common Stock, \$1 par value, authorized - 10,000 shares; issued and outstanding - 1,099 shares	*	*
Paid-in surplus	976	976
Unrealized (loss)/gain on marketable securities, net of taxes	(17)	40
Foreign currency translation adjustments	(4)	(3)
Earnings retained for use in business	1,938	1,820
	-----	-----
Total stockholders' equity	4,351	4,291
	-----	-----
Total liabilities and stockholders' equity	\$39,256	\$38,599
	=====	=====

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*Less than \$50,000

The accompanying note is part of the financial statements.

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Ford Holdings, Inc. and Subsidiaries

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Periods Ended March 31, 1994 and 1993
(in millions)

	First Quarter	
	1994	1993
	-----	-----
	(unaudited)	
<S>	<C>	<C>
Cash and cash equivalents at January 1	\$ 823	\$ 408
Cash flows from operating activities		
before securities trading	331	636
Net sales of trading securities (Note 1)	25	-

Net cash flows from operating activities	356	636
Cash flows from investing activities		
Acquisitions of finance receivables	(6,163)	(4,522)
Collections of finance receivables	5,226	3,952
Purchases of securities (Note 1)	(3,407)	(3,556)
Sales of securities (Note 1)	3,290	3,183
Recovery of equipment costs and residual interests	176	183
Cost of equipment and lease receivables acquired	(187)	(398)
Other	44	51
Net cash used in investing activities	(1,021)	(1,107)
Cash flows from financing activities		
Issuance of Preferred Stock	0	173
Proceeds from issuance of long-term debt	852	1,334
Principal payments on long-term debt	(670)	(504)
Changes in short-term debt	307	(382)
Dividends paid to shareholders	(21)	(14)
Receipts from annuity contracts, net	185	221
Other	29	11
Net cash provided by financing activities	682	839
Net increase in cash and cash equivalents	17	368
Cash and cash equivalents at March 31	\$ 840	\$ 776

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The accompanying note is part of the financial statements.

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Ford Holdings, Inc. and Subsidiaries

NOTE TO FINANCIAL STATEMENTS

NOTE 1. New Accounting Standard

Effective January 1, 1994, Ford Holdings, Inc. and Subsidiaries ("the company") adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities". Concurrent with the adoption, the company classified most of its investments in securities at March 31, 1994 as available-for-sale or trading, and adjusted the recorded value to fair value; the effect on the company's financial statements was not material. In addition, the purchases and sales of trading securities are included in cash flows from operating activities. Financial statements for the prior period were not restated.

Coopers
& Lybrand

certified public accountants

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders
Ford Holdings, Inc.

We have reviewed the consolidated balance sheet of Ford Holdings, Inc. and Subsidiaries at March 31, 1994 and the related consolidated statement of income and condensed consolidated statement of cash flows for the periods set forth in Form 10-Q for the quarter ended March 31, 1994. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet at December 31, 1993 and the related consolidated statements of income, stockholders' equity and cash flows for the year then ended (not presented herein); and in our report dated February 1, 1994, we expressed an unqualified opinion on those consolidated financial statements.

/s/ COOPERS & LYBRAND

COOPERS & LYBRAND

Detroit, Michigan

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

OVERVIEW

The Company's net income in the first quarter of 1994 was \$140 million, up \$22 million from the \$118 million earned in the first quarter of 1993. The increase resulted primarily from improved earnings at The Associates and USL Capital, offset partially by lower earnings at American Road.

Consolidated results reflect the acquisition-related costs of purchasing The Associates, including interest expense, goodwill, and adjustments to record the fair value of net assets acquired. These adjustments will vary over time as the acquired assets and liabilities liquidate.

The consolidated financial statements on pages 2 through 5 inclusive should be read as an integral part of this review.

RESULTS OF OPERATIONS: FIRST QUARTER 1994 COMPARED WITH FIRST
QUARTER 1993

The Associates earned \$128 million in the first quarter of 1994, up \$17 million from the first quarter of 1993. The improvement resulted primarily from higher levels of earning assets and improved net interest margins.

American Road earned \$17 million in the first quarter of 1994, compared with \$24 million in the first quarter of 1993. The decrease resulted primarily from lower investment income, partially offset by improved underwriting experience in extended service plan, floorplan and dealer plan products. Premiums written by American Road were \$74 million in the first quarter of 1994, compared with \$62 million a year ago. The increase in premiums written reflects higher vehicle sales and higher premium rates for floorplan insurance products.

USL Capital earned \$21 million in the first quarter of 1994, compared with \$17 million a year ago. The improvement resulted primarily from higher earning assets and continued operating cost reductions.

LIQUIDITY AND CAPITAL RESOURCES

During the first quarter of 1994, the Company's cash and investments in securities increased by \$17 million to \$5.1 billion, receivables and lease investments increased by \$657 million to \$31.5 billion, and total debt increased by \$497 million to \$30.1 billion.

At March 31, 1994, Ford Holdings and its subsidiaries had approximately \$9.5 billion of support facilities, all of which were contractually committed; less than 2% of these facilities were in use at that date.

OTHER FINANCIAL INFORMATION

Coopers & Lybrand, the Company's independent public accountants, performed a limited review of the financial data presented on pages 2 through 5 inclusive. The review was performed in accordance with standards for such reviews established by the American Institute of Certified Public Accountants. The review did not constitute an audit; accordingly, Coopers & Lybrand did not express an opinion on the aforementioned data. The financial data include any material adjustments or disclosures proposed by Coopers & Lybrand as a result of their review.

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Part II. Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Please refer to the Exhibit Index on page 9.

(b) Reports on Form 8-K

No reports on Form 8-K have been filed during the quarter for which this report is filed.

SIGNATURE

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.

FORD HOLDINGS, INC.

(Registrant)

Date: May 13, 1994

By: /s/ Terrence F. Marrs

Terrence F. Marrs
Vice President - Controller
(principal Accounting officer)

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EXHIBIT INDEX

Designation -----	Description -----	Sequential Page Number at Which Found -----
Exhibit 12	Ford Holdings, Inc. and Subsidiaries Calculation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends	10
Exhibit 15	Letter of Coopers & Lybrand, Independent Public Accountants, dated May 11, 1994, relating to Financial Information	11

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<TABLE>
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Exhibit 12

Ford Holdings, Inc. and Subsidiaries

CALCULATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

(in millions)

	First Quarter	
	1994	1993
<S>	<C>	<C>
Earnings (a)		
Income before income taxes	\$222	\$187
Fixed charges	493	450
	----	----
Total earnings before fixed charges	\$715	\$637
	=====	=====
Combined Fixed Charges and Preferred Stock Dividends (a)		
Interest expense	\$476	\$430
Interest portion of rental expense	6	6
Preferred stock dividend requirements (b)	35	23
	----	----
Total combined fixed charges and preferred stock dividends	\$517	\$459
	=====	=====
Ratio of earnings to combined fixed charges and preferred stock dividends	1.4	1.4

</TABLE>

(a) For purposes of computing the ratio of earnings to combined fixed charges and preferred stock dividends, "earnings" represent income before income taxes plus fixed charges. "Combined fixed charges and preferred stock dividends" represent interest expense, amortization of debt expense and discount or premium relating to any indebtedness, a portion of rentals representative of an implicit interest factor for such rentals, and dividends paid on preferred stock.

(b) Preferred stock dividend requirements have been increased to an amount representing the pre-tax earnings which would be required to cover such dividend requirements based on the effective income tax rates for the respective periods.

Coopers
& Lybrand

certified public accountants

Exhibit 15

Ford Holdings, Inc.
The American Road
Dearborn, Michigan

Re: Ford Holdings, Inc. Registration Statement Nos. 33-48743,
33-60232, 33-63116 and 33-50419 on Form S-3 and Ford
Holdings, Inc. and Ford Motor Company Registration
Statement Nos. 33-32641 and 33-55474 on Form S-3

We are aware that our report dated April 27, 1994 accompanying the unaudited interim financial information of Ford Holdings, Inc. for the periods ended March 31, 1994 and 1993 and included in Ford Holdings, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 1994 will be incorporated by reference in the Registration Statements. Pursuant to Rule 436(c) under the Securities Act of 1933, this report should not be considered a part of the Registration Statements prepared or certified by us within the meaning of Sections 7 and 11 of that Act.

/s/ COOPERS & LYBRAND

COOPERS & LYBRAND

Detroit, Michigan
May 11, 1994