

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: 1994-10-24 | Period of Report: 1994-09-10
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FILER

BUREAU OF NATIONAL AFFAIRS INC

CIK: 15393 | IRS No.: 530040540 | State of Incorporation: DE | Fiscal Year End: 1231
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Mailing Address
1231 25TH ST NW
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1231 25TH ST NW
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2024524200

FORM 10-Q.--QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

UNITED STATES
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 period ended September 10, 1994

or

Transition Report Pursuant to Section 13 of 15(d) of the
Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number: 2-28286

The Bureau of National Affairs, Inc.

(Exact name of registrant as specified in its charter)

Delaware

53-0040540

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification Number)

1231 25th St., N.W. Washington, D.C.

20037

(Address of principal executive offices)

(Zip Code)

(202) 452-4200

(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 and
(2) has been subject to the filing requirements for the past 90

days. Yes X No _____

The number of shares outstanding of each of the issuer's classes of common stock, as of September 10, 1994 was 3,305,576 Class A common shares, 4,822,206 Class B common shares, and 436,328 Class Common shares.

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THE BUREAU OF NATIONAL AFFAIRS, INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE 36-WEEKS ENDED SEPTEMBER 10, 1994 and SEPTEMBER 11, 1993
(Unaudited)
(In Thousands of Dollars)

<TABLE>
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	36 Weeks Ended	
	Sept. 10, 1994	Sept. 11, 1993
	-----	-----
<S>	<C>	<C>
OPERATING REVENUES	\$ 142,818	\$ 133,957
	-----	-----
OPERATING EXPENSES:		
Editorial, production and distribution	82,104	76,811
Selling	33,888	28,809
General and administrative	21,907	22,598
Profit sharing	361	449
	-----	-----
	138,260	128,667
	-----	-----
Operating Profit	4,558	5,290
NON-OPERATING INCOME (EXPENSE):		
Investment Income	3,464	4,560
Interest Expense	(126)	(326)
Other	479	171
	-----	-----
Total Non-Operating Income	3,817	4,405
	-----	-----
INCOME BEFORE INCOME TAXES	8,375	9,695
PROVISION FOR INCOME TAXES	2,378	2,565
	-----	-----
NET INCOME	\$ 5,997	\$ 7,130
	=====	=====
EARNINGS PER SHARE	\$.70	\$.83
	=====	=====

WEIGHTED AVERAGE SHARES OUTSTANDING

8,582,263

8,544,598

</TABLE>

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THE BUREAU OF NATIONAL AFFAIRS, INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE 12-WEEKS ENDED SEPTEMBER 10, 1994 and SEPTEMBER 11, 1993
(Unaudited)
(In Thousands of Dollars)

<TABLE>

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	12 Weeks Ended	
	Sept. 10, 1994	Sept. 11, 1993
<S>	<C>	<C>
OPERATING REVENUES	\$ 48,375	\$ 46,084
OPERATING EXPENSES:		
Editorial, production and distribution	26,920	26,480
Selling	11,727	9,583
General and administrative	7,058	7,913
Profit sharing	235	166
	45,940	44,142
Operating Profit	2,435	1,942
NON-OPERATING INCOME (EXPENSE):		
Investment Income	1,043	1,563
Interest Expense	(30)	(69)
Other	447	56
Total Non-Operating Income	1,460	1,550
INCOME BEFORE INCOME TAXES	3,895	3,492
PROVISION FOR INCOME TAXES	1,316	806
NET INCOME	\$ 2,579	\$ 2,686
EARNINGS PER SHARE	\$.30	\$.31
WEIGHTED AVERAGE SHARES OUTSTANDING	8,569,225	8,554,827

</TABLE>

THE BUREAU OF NATIONAL AFFAIRS, INC.
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 10, 1994 AND DECEMBER 31, 1993
(Unaudited)
(In Thousands of Dollars)

<TABLE>
<CAPTION>

ASSETS	September 10, 1994	December 31, 1993
-----	-----	-----
<S>	<C>	<C>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 11,318	\$ 10,982
Short-term investments, at fair value	6,760	8,804
Accounts receivable (net of allowance for doubtful accounts of \$1,396 in 1994 and \$1,376 in 1993)	38,052	41,181
Inventories, at lower of average cost or market	7,055	6,975
Prepaid expenses	2,358	2,289
Deferred selling expenses	28,952	24,234
	-----	-----
Total current assets	94,495	94,465
	-----	-----
MARKETABLE SECURITIES	67,511	65,265
	-----	-----
PROPERTY AND EQUIPMENT - at cost:		
Land	5,176	5,176
Building and improvements	47,959	47,864
Furniture, fixtures and equipment	58,140	53,832
	-----	-----
	111,275	106,872
Less-Accumulated depreciation	51,382	45,490
	-----	-----
Net property and equipment	59,893	61,382
	-----	-----
DEFERRED INCOME TAXES	18,662	16,562
	-----	-----
GOODWILL	9,959	10,175
	-----	-----
OTHER ASSETS	3,325	3,668
	-----	-----
Total assets	\$ 253,845	\$ 251,517
	=====	=====

THE BUREAU OF NATIONAL AFFAIRS, INC.
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 10, 1994 AND DECEMBER 31, 1993
(Unaudited)
(In Thousands of Dollars)

<TABLE>

<CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY	September 10, 1994	December 31, 1993
-----	-----	-----
<S>	<C>	<C>
CURRENT LIABILITIES:		
Accounts payable	\$ 12,541	\$ 15,569
Employee compensation and benefits payable	16,445	13,423
Income taxes payable	442	38
Deferred income taxes	6,399	4,540
Current portion of long-term debt	215	4,186
Deferred subscription revenue	108,792	107,834
Dividends payable	3,881	---
	-----	-----
Total current liabilities	148,715	145,590
POSTRETIREMENT BENEFITS, less current portion	52,172	49,162
LONG-TERM DEBT, less current portion	1,169	1,332
OTHER LIABILITIES	2,935	2,949
	-----	-----
Total liabilities	204,991	199,033
	-----	-----
STOCKHOLDERS' EQUITY:		
Capital stock, common, \$1.00 par value-		
Class A - Voting; Authorized 6,700,000 shares; issued 6,478,864 shares	6,479	6,479
Class B - Nonvoting; authorized 5,300,000 shares; issued 4,926,973 shares in 1994 and 4,919,490 shares in 1993	4,927	4,919
Class C - Nonvoting; authorized 1,000,000 shares; issued 506,336 shares	506	506
Additional paid-in capital	20,955	18,423
Retained earnings	35,166	36,933

Treasury stock at cost - 3,348,063 shares in 1994 and 3,351,887 shares in 1993	(18,735)	(16,360)
Net unrealized (loss) gain on marketable securities	(410)	1,614
Foreign currency translation adjustment	(34)	(30)
	-----	-----
Total stockholders' equity	48,854	52,484
	-----	-----
Total liabilities and stockholders' equity	\$ 253,845	\$ 251,517
	=====	=====

</TABLE>

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THE BUREAU OF NATIONAL AFFAIRS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 36-WEEKS ENDED SEPTEMBER 10, 1994 and SEPTEMBER 11, 1993
(Unaudited)
(In Thousands of Dollars)

<TABLE>
<CAPTION>

	36 Weeks Ended	
	Sept. 10, 1994	Sept. 11, 1993
	-----	-----
	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 5,997	\$ 7,130
Items with different cash requirements than that reflected in net income -		
Deferred subscription revenue	958	(4,526)
Depreciation and amortization	6,680	6,551
Accrued postretirement benefits expense	4,652	4,754
Provision for deferred income taxes	850	(2,020)
Deferred selling expense	(4,718)	(706)
(Gain) on sales of securities	(405)	(1,632)
(Gain) on sales of businesses and publications	(503)	(170)
(Gain) loss on disposals of equipment	24	(1)
Others	(27)	119
Changes in operating assets and liabilities -		
Accounts receivable	3,090	9,896
Accounts payable and accrued liabilities	(137)	1,299
Inventory	(80)	(1,290)
Film production costs	(402)	(300)
Other assets and liabilities - net	78	(316)
	-----	-----

Net cash provided from operating activities	16,057	18,788

CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures -		
Purchase of equipment and furnishings	(4,407)	(4,857)
Building improvements	(95)	(662)
Proceeds from sales of businesses and publications	543	174
Proceeds from sales of property	3	5

Net cash (used for) capital expenditures	(3,956)	(5,340)

Net cash (used for) investment portfolio	(3,912)	(8,583)

Net cash (used for) investing activities	(7,868)	(13,923)

</TABLE>

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THE BUREAU OF NATIONAL AFFAIRS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 36-WEEKS ENDED SEPTEMBER 10, 1994 and SEPTEMBER 11, 1993
(Unaudited)
(In Thousands of Dollars)

<TABLE>
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	36 Weeks Ended	
	Sept. 10, 1994	Sept. 11, 1993
	-----	-----
<S>	<C>	<C>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of borrowings	\$ (4,134)	\$ (3,124)
Sales of capital stock to employees	3,273	1,707
Purchase of treasury stock	(3,108)	(1,074)
Dividends paid	(3,884)	(3,842)

Net cash (used for) financing activities	(7,853)	(6,333)

NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	336	(1,468)
CASH AND CASH EQUIVALENTS, beginning of period	10,982	10,553

CASH AND CASH EQUIVALENTS, end of period	\$ 11,318	\$ 9,085
=====		

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Interest paid	\$	125	\$	321
Income taxes paid		960		3,293

</TABLE>

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THE BUREAU OF NATIONAL AFFAIRS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 10, 1994
(UNAUDITED)

NOTE 1: General

The information in this report has not been audited. Results for the thirty six weeks are not necessarily representative of the year because of the seasonal nature of activities. The financial information furnished herein reflects all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary to a fair statement of the results reported for the periods shown and has been prepared in conformity with generally accepted accounting principles applied on a consistent basis.

Notes contained in the 1993 Annual Report to security holders are hereby incorporated by reference. Note disclosures which would substantially duplicate those contained in the 1993 Annual Report to security holders have been omitted. Certain prior year balances have been restated to conform to current year presentation.

NOTE 2: Inventories

Inventories consisted of the following (in thousands):

	September 10, 1994	December 31, 1993
	-----	-----
Materials and supplies	\$4,159	\$4,579
Work in process	430	94
Finished goods	2,466	2,302
	-----	-----
	\$7,055	\$6,975
	=====	=====

NOTE 3: Stockholders' Equity

Treasury stock as of September 10, 1994 and December 31, 1993, respectively, consisted of: Class A, 3,173,288 and 3,289,445 shares; Class B, 104,767 and no shares; and Class C, 70,008 and 62,442 shares.

NOTE 4: Line of Credit

During 1994, the Company arranged a \$10 million unsecured line of bank credit to be used for corporate borrowing and letters of credit. As of September 10, 1994, \$9.6 million of the credit line was unused.

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PART I

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

It is presumed that users of this interim report have read or have access to the audited financial statements and management's discussion and analysis contained in the 1993 Annual Report to security holders, hereby incorporated by reference. This interim report is intended to provide an update of the disclosures contained in the 1993 Annual Report to security holders and, accordingly, disclosures which would substantially duplicate those contained therein have been omitted.

RESULTS OF OPERATIONS

Thirty-six weeks 1994 compared to thirty-six weeks 1993

Consolidated net income of \$6 million in the thirty-six weeks ended September 10, 1994 was 15.9 percent lower than the net income recorded for the first thirty-six weeks of 1993. Although consolidated revenues of \$142.8 million increased \$8.9 million, or 6.6 percent over the same period of 1993, operating expenses were up 7.5 percent and non-operating income declined 13.3 percent.

Service revenues (print and CD subscriptions and online products) amounted to 87.7 percent of consolidated revenues for the period and were up 6.5 percent due to price increases and sales of new publications. New subscription sales were up 31.3 percent, mainly due to high sales of new CD products. Not all of these sales will result in additional revenue, as some existing print subscriptions were canceled in favor of the comparable CD product.

Other revenues increased 7.1 percent as most divisions recorded increases over prior year results. Printing sales to outside customers increased \$1.9 million, and information-on-demand and training media sales were also higher. These increases were partially offset by declines in software and books revenues.

Operating expenses increased 7.5 percent compared to the prior year. Editorial and production costs were up 10.0 percent and 7.3 percent, respectively, due in part to the cost of developing a new publishing system. Distribution costs were lower than the same period of 1993 because of the increased proportion of CD product sales which

have relatively low fulfillment costs. Selling expenses increased 17.6 percent reflecting costs of attaining record new sales over the last year.

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The consolidated operating profit decreased \$732,000. Investment income decreased \$1,096,000 due to lower gains on sales of securities.

Earnings per share for the first thirty-six weeks of 1994 were \$.70 per share compared to \$.83 per share for 1993.

The decrease in earnings was expected and reflects expenditures to develop a more efficient publishing systems, the conversion of print products into marketable electronic formats, higher selling expenses associated with the higher new sales, and lower investment gains. Financial results for 1994, in comparison with those of the prior year, are expected to remain lower for the balance of the year.

Twelve weeks ended September 10, 1994 compared to twelve weeks ended September 11, 1993.

Consolidated revenues increased by 5.0 percent in the latest twelve weeks of 1994 compared to 1993; operating profit was up 25.4 percent mainly due to lower general and administrative expenses and a favorable adjustment, based on the latest actuarial study, for post-retirement benefit expenses. Consolidated net income was down 4.0 percent due to lower investment income and a higher effective tax rate. The 1993 provision for taxes had been reduced by \$268,000 due to tax rate changes enacted during that quarter.

FINANCIAL POSITION

Cash provided from operating activities was \$16.1 million in the first thirty-six weeks of 1994, compared to \$18.8 million for the first thirty-six weeks of 1993. Operating expenditures increased 8.5 percent over 1993 due to factors explained above. Customer receipts increased 5.4 percent.

Cash used for investing activities netted to \$7.9 million reflecting a \$3.9 million addition to the Company's investment portfolio, capital expenditures of \$4.5 million, less collections of \$.5 million from prior sales of businesses and publications.

Cash used for financing activities included a scheduled \$4 million repayment of a bank loan and \$3.9 million paid out to stockholders as cash dividends.

With \$85.6 million in cash and investment portfolios, the financial

position and liquidity of the Company remains very strong.

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PART II

- Item 1 Legal Proceedings
- - - - -
There were no material legal proceedings during the first thirty-six weeks of 1994.
- Item 2 Change in Securities
- - - - -
There were no changes in securities.
- Item 3 Defaults upon Senior Securities
- - - - -
There were no defaults upon senior securities.
- Item 4 Submission of Matters to a Vote of Securities
- - - - - Holders
There were no matters submitted to a vote for security holders.
- Item 5 Other Information
- - - - -
No other information is presented herein.
- Item 6 Exhibits and Reports on Form 8-K
- - - - -
No reports were filed on Form 8-K during the quarter ended September 10, 1994.

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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 Bureau of National Affairs, Inc.

Registrant

10/21/94

s/ William A. Beltz

Date

William A. Beltz
President and Chief Executive Officer

10/21/94

s/ George J. Korphage

Date

George J. Korphage
Vice President and Chief Financial Officer

<TABLE> <S> <C>

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This schedule contains summary financial information extracted from the September 10, 1994 10-Q filing and is qualified in its entirety by reference to such financial statements.

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