

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K

Current report filing

Filing Date: **2005-05-02** | Period of Report: **2005-04-29**  
SEC Accession No. **0000096287-05-000012**

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### FILER

#### **BOMBAY COMPANY INC**

CIK: **96287** | IRS No.: **751475223** | State of Incorporation: **DE** | Fiscal Year End: **0128**  
Type: **8-K** | Act: **34** | File No.: **001-07288** | Film No.: **05790340**  
SIC: **5712** Furniture stores

Mailing Address  
550 BAILEY AVENUE  
SUITE 700  
FORT WORTH TX 76107

Business Address  
550 BAILEY AVE STE 700  
FORT WORTH TX 76107  
8173478200

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

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) April 29, 2005

THE BOMBAY COMPANY, INC.  
(Exact Name of Registrant as Specified in Its Charter)

Delaware  
(State or Other Jurisdiction of Incorporation)

1-7832  
(Commission File Number)

75-1475223  
(I.R.S. Employer Identification No.)

550 Bailey Avenue, Fort Worth, Texas  
(Address of Principal Executive Offices)

76107  
(Zip Code)

(817) 347-8200  
Registrant's Telephone Number, Including Area Code

(Former Name or Former Address, if Changed Since Last Report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))

Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition.

On April 29, 2005, The Bombay Company, Inc. (the "Company") issued a press release reporting its financial results for the fourth quarter and fiscal year ended January 29, 2005. A copy of the Company's press release is attached hereto as Exhibit 99. This Form 8-K and the attached exhibit are provided under Item 9.01 of Form 8-K and are furnished to, but not filed with, the Securities and Exchange Commission.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

Exhibit No.	Description
99	Press release dated April 29, 2005 containing the financial results for the fourth quarter and fiscal year ended January 29, 2005.

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 hereunto duly authorized.

THE BOMBAY COMPANY, INC.  
(Registrant)

Date: May 2, 2005

/S/ ELAINE D. CROWLEY  
Elaine D. Crowley  
Senior Vice President, Chief Financial  
Officer and Treasurer



FOR FURTHER INFORMATION CONTACT:  
ELAINE D. CROWLEY  
SR. VICE PRESIDENT, CHIEF FINANCIAL  
OFFICER  
(817) 347-8200

BOMBAY REVISES FOURTH QUARTER AND FISCAL 2004 OPERATING RESULTS

FOURTH QUARTER AND ANNUAL RESULTS IMPROVED  
OPERATING CASH FLOWS RESTATED; NO IMPACT ON TOTAL CASH FLOWS

FOR IMMEDIATE RELEASE - APRIL 29, 2005

FORT WORTH, TEXAS - The Bombay Company, Inc. (NYSE-BBA) announced that earnings for the fourth quarter ended January 29, 2005 were \$7.2 million or \$0.20 per diluted share compared to earnings of \$12.1 million or \$0.33 per diluted share for the corresponding period of the prior fiscal year. For the fiscal year ended January 29, 2005, the Company reported a loss of \$12.2 million or \$0.34 per share compared to earnings of \$9.9 million or \$0.28 per share for the fiscal year ended January 31, 2004. These and all other amounts in the press release have been presented on a basis consistent with the restatement described below.

Earnings for the quarter are \$66,000 higher than announced on March 22, 2005 and the loss for the year is \$621,000 lower than previously announced as a result of recording the adjustment relating to pre-opening lease cost described below. Net revenue, selling, general and administrative expenses and interest were not affected by the change. The Company also revisited the treatment of landlord construction allowances. The effect is an increase to cash flow from operations and a corresponding decrease in cash flows from investing activities for the same period. Commentary on the quarter included in the prior release continues to be applicable.

LEASE ACCOUNTING CHANGE AND CASH FLOW RESTATEMENT

The Company previously announced in its press release dated March 22, 2005, that like many other companies in the retail industry, it had reviewed its lease accounting practices and indicated that it planned to restate its previously filed financial statements when it files its Annual Report on Form 10-K for the fiscal year ended January 29, 2005. Subsequently, additional clarification was provided by the staff of the Securities and Exchange Commission (the "SEC") relative to the acceptability of capitalizing construction period rent, and in a March 29, 2005 press release, the Company announced that it was withdrawing its restated financial results while it reassessed the manner in which it planned to revise its lease accounting practices.

Historically, the Company has recognized store lease expense on a straight-line basis beginning on the date the store opened. This generally had the effect of excluding the pre-opening store build out, fixturing and merchandise stocking periods during which the Company typically had no rent payments. The previously announced results indicated that the Company planned to include the rent-free, build out, fixturing and merchandise stocking period in the period over which straight-line rent should be expensed. After further evaluation, the Company has adopted an accounting policy to capitalize rent during the construction period and recognize straight line rent expense upon the store becoming substantially complete and ready for its intended use, which results in our recording rent expense during the merchandise stocking period. The impact of the adoption of the new accounting policy was not material to the

operating results for any previously reported fiscal year or interim period; however, the Company has elected to restate prior year financial statements in order to provide transparency as to the effect of the change on the prior period results and to enhance the comparability of the prior financial information.

As a result of this change, the Company is decreasing its previously reported Fiscal 2003 net income by \$85,000 and increasing its Fiscal 2002 net income by \$11,000, neither of which change diluted earnings per share for those periods. The impact on the Company's January 31, 2004 consolidated balance sheet is an increase in net property and equipment of approximately \$4.6 million, an increase in total assets of approximately \$4.8 million, an increase in total liabilities of approximately \$5.2 million, and a decrease in stockholders' equity of approximately \$0.4 million.

The change has no effect on historical or future cash flows or the timing of payments under the Company's leases.

Additionally, in prior periods, the Company reflected proceeds from landlord construction allowances as a separate component of cash flows from investing activities in the consolidated statements of cash flows. The Company reviewed its accounting and reporting with respect to landlord allowances and has restated its historical Fiscal 2003 and Fiscal 2002 consolidated statement of cash flows to record such proceeds as a component of cash flows from operating activities. The impact of the restatement is as follows (in thousands):

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Fiscal 2003	As Reported	Adjustment	As Restated
<S>	<C>	<C>	<C>
Net cash provided by (used in) operations	\$ (8,682)	\$ 11,900	\$ 3,218
Net cash (used in) investing activities	\$ (28,990)	\$ (11,900)	\$ (40,890)
Fiscal 2002	As Reported	Adjustment	As Restated
Net cash provided by operations	\$ 25,626	\$ 3,525	\$ 29,151
Net cash (used in) investing activities	\$ (9,935)	\$ (3,525)	\$ (13,460)

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The adjustment has no impact on total cash flows for each period, liquidity of the Company or its outlook for Fiscal 2005.

The Bombay Company, Inc. designs, sources and markets a unique line of home accessories, wall decor and furniture through retail outlets, specialty catalogs and the internet in the U.S. and internationally.

Any statements in this press release that may be considered forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Those risks are described in the Company's public announcements, reports to stockholders and SEC filings, including but not limited to Reports on Forms 10-K, 8-K and 10-Q, copies of which are available from the SEC or may be obtained upon request from the Company. The Company undertakes no obligation to revise the forward-looking statements contained therein to reflect events or circumstances after the date thereof as a result of new information, future events or otherwise.

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THE BOMBAY COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS  
(In thousands, except store counts and per share amounts)  
(unaudited)

	THREE MONTHS ENDED		TWELVE MONTHS ENDED	
	JANUARY 29, 2005	JANUARY 31, 2004 (restated)	JANUARY 29, 2005	JANUARY 31, 2004 (restated)
<S>	<C>	<C>	<C>	<C>
Net revenue	\$203,358	\$211,564	\$576,087	\$596,435
Costs and expenses:				
Cost of sales, buying and store occupancy costs	144,937	144,406	428,561	421,459
Selling, general & administrative expenses	46,984	47,102	165,658	158,446
Operating income (loss)	11,437	20,056	(18,132)	16,530
Interest income	22	31	67	176
Interest expense	(273)	(238)	(601)	(621)
Income (loss) before income taxes	11,186	19,849	(18,666)	16,085
Provision (benefit) for income taxes	3,988	7,704	(6,461)	6,219
Net income (loss)	\$7,198	\$12,145	\$(12,205)	\$9,866
Net income (loss) per basic share	\$0.20	\$0.34	\$(0.34)	\$0.28
Net income (loss) per diluted share	\$0.20	\$0.33	\$(0.34)	\$0.28
Avg. common shares outstanding	35,857	35,292	35,697	34,649
Avg. common shares outstanding and dilutive common shares	36,505	36,562	35,697	34,966
 OTHER SELECTED FINANCIAL AND OPERATING DATA				
Capital expenditures, net	\$10,394	\$5,535	\$36,850	\$40,890
Depreciation and amortization	\$5,777	\$4,861	\$18,814	\$18,253
Stores opened	19	39	66	84
Stores converted	-	-	-	4
Stores closed	10	17	35	35
Store composition:				
Large format	384	365		
Regular stores	20	25		
Outlet	47	46		
KIDS	51	35		
Total	502	471		
Square footage (in thousands)	2,020	1,847		

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THE BOMBAY COMPANY, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

(Dollars in thousands)

	JANUARY 29, 2005	JANUARY 31, 2004 (restated)
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and short-term investments	\$9,168	\$25,619
Inventories	144,702	138,908
Other current assets	27,022	26,012
Total current assets	180,892	190,539
Property and equipment, net	92,012	72,688

Goodwill, net	423	423
Deferred taxes	5,052	593
Other assets	5,794	5,492
<b>TOTAL ASSETS</b>	<b>\$284,173</b>	<b>\$269,735</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$48,997	\$35,348
Income taxes payable	-	1,103
Accrued insurance	4,081	3,730
Accrued payroll and bonuses	5,660	8,019
Gift certificates redeemable	8,312	7,129
Total current liabilities	67,050	55,329
Accrued rent and other non-current liabilities	35,192	23,389
Stockholders' equity:		
Preferred stock	-	-
Common stock	38,150	38,150
Additional paid-in capital	79,700	79,210
Retained earnings	73,737	85,942
Accumulated other comprehensive income	944	122
Treasury stock	(9,268)	(11,555)
Deferred compensation	(1,332)	(852)
Total stockholders' equity	181,931	191,017
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>\$284,173</b>	<b>\$269,735</b>

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