

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

SEARS ROEBUCK ACCEPTANCE CORP

CIK: **88255** | IRS No.: **510080535** | State of Incorporation: **DE** | Fiscal Year End: **1231**
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SIC: **6153** Short-term business credit institutions

Business Address
3711 KENNETT PIKE
GREENVILLE DE 19807
3028883112

SEARS ROEBUCK ACCEPTANCE CORP.

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MARCH 31, 1994

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SEARS ROEBUCK ACCEPTANCE CORP.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

millions	March 31,		December 31,
	1994	1993	1993*
	-----	-----	-----
	(unaudited)		
Assets			
Notes of Sears	\$ 3,901.0	\$ 6,333.0	\$ 3,403.9
Customer receivable balances purchased from Sears	87.1	946.9	88.0
Cash and invested cash	676.2	672.5	650.7
Other assets	3.0	10.3	3.2
	-----	-----	-----
Total assets	\$ 4,667.3	\$ 7,962.7	\$ 4,145.8
	=====	=====	=====
Liabilities			
Commercial paper (net of unamortized discount of \$7.5, \$16.3 and \$5.1)	\$ 2,914.3	\$ 4,021.8	\$ 2,475.0
Agreements with bank trust departments	106.8	418.9	139.8
Zero coupon notes	392.3	344.0	379.8
Term notes	100.0	--	--
Accrued interest and other liabilities	9.0	24.7	10.7
Deferred federal income taxes	1.0	8.3	3.0
	-----	-----	-----
Total liabilities	3,523.4	4,817.7	3,008.3
	-----	-----	-----
Stockholder's Equity			
Capital stock, par value \$100 per share: 500,000 shares authorized 350,000 shares issued and outstanding	35.0	35.0	35.0
Capital in excess of par value	--	330.2	--
Retained income	1,108.9	2,779.8	1,102.5
	-----	-----	-----
Total stockholder's equity	1,143.9	3,145.0	1,137.5

Total liabilities and stockholder's equity	\$ 4,667.3	\$ 7,962.7	\$ 4,145.8
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*The Statement of Financial Position at December 31, 1993 has been taken from the audited financial statements at that date.

See notes to financial statements

SEARS ROEBUCK ACCEPTANCE CORP.

STATEMENTS OF INCOME
(unaudited)

millions	Three Months Ended March 31,	
	1994	1993
Revenues		
Earnings on notes of Sears	\$ 45.9	\$ 94.4
Earnings on customer receivable balances purchased from Sears	1.7	29.3
Earnings on invested cash	3.5	9.3
Other revenues	--	0.2
Total revenues	51.1	133.2
Expenses		
Interest and amortization of debt discount and expense	40.3	96.7
Provision for credit losses	--	9.8
Operating expenses	0.8	1.2
Total expenses	41.1	107.7
Income before income taxes	10.0	25.5
Income taxes	3.6	8.7
Net Income	\$ 6.4	\$ 16.8

Ratio of earnings to fixed charges	1.25	1.26
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See notes to financial statements

SEARS ROEBUCK ACCEPTANCE CORP.

STATEMENTS OF CASH FLOWS
(unaudited)

millions	Three Months Ended March 31,	
	1994	1993
	-----	-----
Cash flows from operating activities:		
Net income	\$ 6.4	\$ 16.8
Adjustments to reconcile net income to net cash provided by operating activities:		
Earnings amortization on retail customer receivable balances discount	--	(25.3)
Provision for credit losses	--	9.8
Depreciation, amortization and other noncash items	12.6	13.6
Decrease in deferred federal income taxes	(2.0)	(1.8)
Increase in other assets	--	(0.2)
Decrease in other liabilities	(1.6)	(6.8)
	-----	-----
Net cash provided by operating activities	15.4	6.1
Cash flows from investing activities:		
(Increase) decrease in notes of Sears	(497.1)	4,160.6
Decrease in customer receivable balances purchased from Sears	0.9	31.9
	-----	-----
Net cash (used in) provided by investing activities	(496.2)	4,192.5
Cash flows from financing activities:		
Increase (decrease) in commercial paper, primarily 90 days or less	439.3	(4,493.5)

(Decrease) increase in agreements with bank trust departments	(33.0)	20.9
Proceeds from issuance of term notes	100.0	--
	-----	-----
Net cash provided by (used in) financing activities	506.3	(4,472.6)
	-----	-----
Net increase (decrease) in cash and invested cash	25.5	(274.0)
Cash and invested cash at beginning of period	650.7	946.5
	-----	-----
Cash and invested cash at end of period	\$ 676.2	\$ 672.5
	=====	=====

See notes to financial statements

SEARS ROEBUCK ACCEPTANCE CORP.

NOTES TO FINANCIAL STATEMENTS
(unaudited)

1. Significant Accounting Policies

The unaudited interim financial statements of Sears Roebuck Acceptance Corp. (SRAC), a wholly-owned subsidiary of Sears, Roebuck and Co. (Sears), reflect all adjustments (consisting only of normal recurring accruals) which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. The significant accounting policies used in the presentation of these financial statements are consistent with the summary of significant accounting policies set forth in SRAC's Annual Report on Form 10-K for the year ended December 31, 1993, and these financial statements should be read in conjunction with the financial statements and notes found therein. The results of operations for the interim periods should not be considered indicative of the results to be expected for the full year.

Certain reclassifications have been made in the Statements of Financial Position, Income and Cash Flows to conform to current accounting classifications.

2. Credit Facilities as of March 31, 1994

Contractual Credit Facilities	Expires	(millions)
Credit Agreement dated as of August 25, 1993	August, 1997	\$3,000
Credit Agreement dated as of August 25, 1993	August, 1994	1,000
Credit Agreement dated as of October 1, 1993	September, 1994	200
Total compensated credit facilities		\$4,200

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors and Stockholder of
Sears Roebuck Acceptance Corp.:

We have reviewed the accompanying Statements of Financial Position of Sears Roebuck Acceptance Corp. (a wholly owned subsidiary of Sears, Roebuck and Co.) as of March 31, 1994 and 1993, and the related Statements of Income for the three-month periods then ended. These financial statements are the responsibility of the Corporation's management.

We conducted our reviews 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 of 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 reviews, we are not aware of any material modifications that should be made to such financial statements for them to be in conformity with generally accepted accounting

principles.

We have previously audited, in accordance with generally accepted auditing standards, the Statement of Financial Position of Sears Roebuck Acceptance Corp. as of December 31, 1993, and the related Statements of Income and Retained Income and Cash Flows for the year then ended (not presented herein); and in our report dated February 11, 1994, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying Statement of Financial Position as of December 31, 1993 is fairly stated, in all material respects, in relation to the Statement of Financial Position from which it has been derived.

April 14, 1994
Deloitte & Touche
Philadelphia, Pennsylvania

SEARS ROEBUCK ACCEPTANCE CORP.

ITEM 2. ANALYSIS OF RESULTS OF OPERATIONS

During the first quarter of 1994, Sears Roebuck Acceptance Corp.'s revenues declined 61.6% to \$51.1 million from \$133.2 million in the comparable 1993 period. SRAC's revenues are derived from earnings on its investments in the notes and customer receivable balances of Sears, Roebuck and Co. and invested cash. The decrease in revenue is primarily attributable to a \$6.8 billion or 60.2% reduction in SRAC's average earning assets compared to the first quarter of 1993 as a result of Sears strategic repositioning. Additionally, rates on SRAC's earning assets decreased due to a reduction in short-term rates.

SRAC's interest and related expenses declined 58.3% to \$40.3 million from \$96.7 million for the first quarter of 1993. SRAC's cost of short-term funds averaged 3.45%, a 53 basis point reduction from 3.98% for the first three months of last year. SRAC's short-term borrowings averaged \$3.0 billion, a 61.5% decrease from the 1993 first quarter average of \$7.8 billion. Commercial paper outstanding was \$2.9 billion at March 31, 1994. SRAC anticipates that commercial paper borrowings will increase during 1994 as Sears continues to refinance a portion of its

maturing long-term borrowings with commercial paper. In the first quarter, SRAC borrowed \$100 million on a two-year term note. The rate on this note at March 31, 1994, was 4.66%.

SRAC's net income decreased 61.9% for the first quarter of 1994 to \$6.4 million from \$16.8 million in 1993. SRAC's ratio of earnings to fixed charges for the first quarter of 1994 and 1993 were 1.25 and 1.26, respectively.

SEARS ROEBUCK ACCEPTANCE CORP.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits: None

(b) Reports on Form 8-K:

There were no reports on Form 8-K filed during the three months ended March 31, 1994.

SEARS ROEBUCK ACCEPTANCE CORP.

SIGNATURE

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

SEARS ROEBUCK ACCEPTANCE CORP.

(Registrant)

By: /s/ Keith E. Trost

Keith E. Trost
Vice President-
Finance and Administration
(principal financial officer
authorized officer of Registrant)

May 13, 1994