

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **1999-03-26** | Period of Report: **1999-03-25**  
SEC Accession No. **0000927016-99-001126**

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FILER

**LEARNING CO INC**

CIK: **719612** | IRS No.: **942562108** | State of Incorpor.: **DE** | Fiscal Year End: **0104**  
Type: **8-K** | Act: **34** | File No.: **001-12375** | Film No.: **99573406**  
SIC: **7372** Prepackaged software

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CAMBRIDGE MA 02142*

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6174941200*

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): March 25, 1999  
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THE LEARNING COMPANY, INC.  
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(Exact Name of Registrant as Specified in its Charter)

Delaware  
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(State or Other Jurisdiction of Incorporation)

1-12375  
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(Commission File Number)

94-2562108  
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(IRS Employer Identification No.)

One Athenaeum Street, Cambridge, Massachusetts  
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02142

(Address of principal executive offices)

(Zip Code)

(617) 494-1200  
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Registrant's Telephone Number, Including Area Code

Not Applicable  
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(Former Name or Former Address, if Changed Since Last Report)

Item 5. Other Events.  
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In March 1998, The Learning Company, Inc. (the "Company") acquired Mindscape, Inc. and certain affiliated companies ("Mindscape") for approximately \$152 million in a business combination accounted for as a purchase. The Company allocated \$103 million of the purchase price to in-process technology. The Company believes that the amount recorded as an in-process technology charge at the date of its acquisition was determined in a manner consistent with appraisal

practices utilized at the time of the acquisition. Subsequent to the acquisition, in a letter dated September 9, 1998 to the American Institute of Certified Public Accountants, the Chief Accountant of the Securities and Exchange Commission (the "SEC") reiterated the views of the staff of the SEC (the "Staff") on certain appraisal practices employed in the determination of the fair value of the in-process technology and other intangible assets.

The Company has had discussions with the Staff concerning the application of the methodology to the valuation of the incomplete technology and other intangible assets as detailed in the September 9, 1998 letter from the Chief Accountant, and as a result of these discussions, the Company has implemented the methodology. The Company has restated its previously issued results to reflect the discussions with the Staff and to apply the appropriate guidance and policies. The purchase price of Mindscape has been allocated by the Company based upon the application of the recent guidance and certain of the Company's financial statements have been restated. After applying the guidance and policy, the allocation of the Mindscape purchase price was changed for in-process technology from \$103 million to \$40 million; for complete and core technology from \$13 million to \$22 million; and for brands and trade names from \$30 million to \$38 million, resulting in a change to goodwill from \$9.85 million to \$55.85 million.

The Company is filing today with the SEC the following reports to reflect its restatement:

1. Form 10-Q/A, Amendment No. 1 to Quarterly Report on Form 10-Q for the quarterly period ended April 4, 1998;
2. Form 10-Q/A, Amendment No. 1 to Quarterly Report on Form 10-Q for the quarterly period ended July 4, 1998;
3. Form 10-Q/A, Amendment No. 1 to Quarterly Report on Form 10-Q for the quarterly period ended October 3, 1998;
4. Form 8-K/A, Amendment No. 5 to Current Report on Form 8-K, dated March 27, 1998; and

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5. Form 8-K/A, Amendment No. 3 to Current Report on Form 8-K, dated August 31, 1998.

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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.

Date: March 25, 1999

THE LEARNING COMPANY, INC.  
(Registrant)

By: /s/ R. Scott Murray

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R. Scott Murray  
Executive Vice President and  
Chief Financial Officer