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RISK GEORGE INDUSTRIES INC
Form 10KSB
July 29, 2003

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-KSB

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended April 30, 2003

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number: 0-5378

George Risk Industries, Inc.

(Name of small business issuer in its charter)
Colorado 84-0524756

(State or other jurisdiction of (I.R.S. Employer Identification
incorporation or organization) No.)

802 South Elm
Kimball, NE 69145

(Address of principal executive (Zip Code)
offices)

Issuer's telephone number (308) 235-4645

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
None	None

Securities registered under Section 12(g) of the Act:
Class A Common Stock, \$.10 par value

(Title of class)

Check whether the issuer (1) filed all reports required to be filed by
Section 13 or 15(d) of the Securities Exchange Act 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

Check if disclosure of delinquent filers in response to Item 405 of

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Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [X]

State issuer's revenues for the most recent fiscal year. \$12,895,000.

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of July 28, 2003 was approximately \$7,261,000 based upon the last reported sale, which occurred on July 28, 2003. For purposes of this disclosure, Common Stock held by officers and directors of the Registrant have been excluded in that such persons may be deemed to be "affiliates" as that term is defined under the rules and regulations promulgated under the Securities Act of 1933. This determination is not necessarily conclusive.

The number of shares of the Registrant's Common Stock outstanding as of July 28, 2003 was 5,402,528.

DOCUMENTS INCORPORATED BY REFERENCE

None.

Transitional Small Business Disclosure Format (Check one)

Yes X; No ____

Part I

ITEM 1 BUSINESS

(a) BUSINESS DEVELOPMENT

George Risk Industries, Inc. (GRI or the company) was incorporated in 1967 in Colorado. The company is presently engaged in the design, manufacture, and sale of computer keyboards, push button switches, burglar alarm components and systems, pool alarms, and hydro sensors.

GRI Telemark Corporation (Telemark), a majority owned subsidiary, was incorporated in October 1983 for the purpose of marketing security alarm products. As of April 13, 1993, Telemark was merged into GRI and presently operates as a marketing division of GRI.

PRODUCTS, MARKET, and DISTRIBUTION

The company designs, manufactures, and sells computer keyboards, push-button switches, burglar alarm components and systems, pool alarms, and hydro sensors. The security burglar alarm products comprise approximately 92 percent of net revenues and are sold through distributors and private board customers.

The security segment has approximately 1,600 customers. One of the distributors accounts for approximately 43 percent of the company's sales of these products. Loss of this distributor would be significant to the company. However, this customer has purchased from the company for many years and is expected to continue.

The keyboard segment has approximately 400 customers. Keyboard

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products are sold to original equipment manufacturers, to their specifications and to distributors of off-the-shelf keyboards of proprietary design.

COMPETITION

The company has intense competition in the keyboard and burglar alarm lines.

The burglar alarm segment has five or six major competitors. The company competes well based on price, product design, quality, and prompt delivery.

The competitors in the keyboard segment are larger companies with automated production facilities. GRI has emphasized small custom order sales that many of its competitors decline or discourage.

RESEARCH and DEVELOPMENT

The company performs research and development for its customers when needed and requested. Costs in connection with such product development have been borne by the customers. Costs associated with the development of new products are expensed as incurred.

EMPLOYEES

GRI has approximately 240 employees.

ITEM 2 PROPERTIES

The manufacturing and office facilities are owned by the company. The manufacturing facilities were expanded by 7,200 square feet three years ago. Total square footage of the plant in Kimball, Nebraska is approximately 42,500. Additionally, the company leases 15,000 square feet for \$1,535 per month from Eileen Risk, mother of Ken R. Risk, who is an officer and director of the company.

As of October 1, 1996, the company also began operating a satellite plant in Gering, NE. This expansion was done in coordination with Twin Cities Development. The company leases approximately 3,600 square feet and currently employs 36 employees at the Gering site.

ITEM 3 LEGAL PROCEEDINGS

None.

ITEM 4 SUBMISSION of MATTERS to a VOTE of SECURITY HOLDERS

Not applicable.

Part II

ITEM 5 MARKET for the REGISTRANT'S COMMON EQUITY and RELATED STOCKHOLDERS' MATTER

PRINCIPAL MARKET

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The company's Class A Common Stock is currently quoted over the counter in the NQB "Pink Sheets" by five market makers.

STOCK PRICES and DIVIDENDS INFORMATION

2003 Fiscal Year	High	Low
May 1-July 31	2.25	1.96
August 1-October 31	2.25	2.05
November 1-January 31	2.72	2.12
February 1-April 30	2.90	2.21

2002 Fiscal Year	High	Low
May 1-July 31	2.60	2.00
August 1-October 31	2.32	1.56
November 1-January 31	2.44	1.90
February 1-April 30	2.27	2.12

No dividends were paid during fiscal years ending April 30, 2002 and 2003.

The number of holders of record of the company's Class A Common Stock as of April 30, 2003, was approximately 1,567.

ITEM 6 MANAGEMENT'S DISCUSSION and ANALYSIS of FINANCIAL CONDITION and RESULTS of OPERATIONS

GRI completed the fiscal year ending April 30, 2003, with a net profit of 17.7 % net of sales. Net sales were at \$ 12,895,000, up 0.5 % over the previous year.

The company expects sales to grow for the fiscal year ending April 30, 2004. The extra growth should be achieved by volume increases with present customers and sales to added customers. Also, the warehouse in England is doing better than expected, and the company has an increased sales in the European market.

The material and labor costs stayed very consistent between this year and last year. At fiscal year end 2003 the material and labor percentage was at 38.5% of gross sales while the same percentage for fiscal year 2002 was at 39.8%. The company continues to buy smart and is always looking for quality materials at the best possible price. As far as labor goes, the company hires the number of production workers that is needed to finish products and also works very hard to keep overtime expense down. With these good practices embedded throughout, the company is expected

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to continue to achieve a gross profit margin of 45 to 50 percent for the coming year.

At April 30, 2003, working capital decreased by 13.4% in comparison to the previous fiscal year. Liquidity has dropped slightly this year as the ratio of cash, securities and accounts receivables to current obligations was 24.106 and 26.958 for the fiscal years ending April 30, 2003, and April 30, 2002, respectively. Both current assets and current liabilities have increased, but the current assets have increased at an accelerated rate. The biggest increase in current assets is cash and cash equivalents, which is greater by 246.7%. Cash per share at April 30, 2003 was at \$2.29, while it was \$1.75 at April 30, 2002. Equity per share for the same dates was \$3.18 and \$2.66, respectively.

Research and development has released the new, larger van switch, GRI #4482A. This heavy duty contact is to be used on latch type overhead doors and joins the smaller #4110A, which has been on the market for approximately one year. The company hopes to attract business from the mini storage industry with these products.

Sales of GRI's resistor pack on E.O.L. resistors built into GRI contacts continue to increase. The company is also experiencing a noticeable increase of requests for private labeled switches and non-standard products due to the policy changes instituted by one of its major competitors.

A new product that is gathering interest is GRI's "armored disconnect cables". Applications are requirements of longer cable runs, such as protecting bicycles, golf carts, tires, etc. The GRI #8230-25 allows the user to disconnect the armored cable close to the unit that needs to be removed, remove the article, and reconnect the cable ends, rather than having to pull cable through every item and then restring them all again.

GRI recently introduced a double gang box for multimedia faceplates. The GRI #E-Z 75 DG is for use with the 5/8" by 1 1/4" raceway, which is GRI #E-Z 75. GRI now offers two different sizes of raceway, the first being the GRI #E-Z 58, which is 5/8" x 1/2". Both models have a full compliment of connectors and boxes for the installer.

Due to customer requests, GRI has redesigned its window barrier bar, making it easier to install. The new design will fit windows from 26" to 46" wide and up to 14" high with no cutting required.

New research and development projects in process include a smoke alarm box for the E-Z Duct line, temperature sensors, a current controller for high voltage, a wireless module for pool alarms, and a glass break sensor.

The Company is continuing to search for a business that would complement the existing operations. The plan is to find a business that would require no outside financing. The intent is to utilize the equipment, marketing techniques and established customers to increase sales and profits.

There are no known seasonal trends with any of GRI's products, since GRI sells to distributors and OEM manufacturers. The products are tied to the housing industry and will fluctuate with building trends.

ITEM 7 FINANCIAL STATEMENTS

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Independent Auditor's Report

Board of Directors
George Risk Industries, Inc.
Kimball, Nebraska

We have audited the accompanying balance sheet of George Risk Industries, Inc. as of April 30, 2003, and the related statements of income, comprehensive income, stockholders' equity, and cash flows for the two years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of George Risk Industries, Inc. as of April 30, 2003, and the results of their operations and their cash flows for the two years then ended, in conformity with accounting principles generally accepted in the United States of America.

MASON RUSSELL WEST, LLC

Littleton, Colorado
July 3, 2003

George Risk Industries, Inc.
Balance Sheet
April 30, 2003

Assets

Current Assets:

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Cash and cash equivalents	\$ 2,699,000
Marketable securities	9,681,000
Accounts receivable:	
Trade, net of allowance for doubtful accounts of \$50,000	1,553,000
Income tax overpayment	70,000
Other	3,000
Inventories	2,430,000
Prepaid expenses	140,000
Deferred income taxes	113,000
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Total Current Assets	16,689,000
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Property and Equipment, net, at cost	887,000
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Other Assets	
Investment in Land Limited Partnership, at cost	200,000
Projects in process	80,000
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Total Other Assets	280,000
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Total Assets	\$17,856,000
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