

Edgar Filing: RISK GEORGE INDUSTRIES INC - Form 10QSB/A

RISK GEORGE INDUSTRIES INC
Form 10QSB/A
June 16, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB/A

(Mark One)

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarter ended July 31, 2004

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.

(Exact name of small business issuer as specified in its charter)

Colorado

84-0524756

(State of incorporation)

(IRS Employers Identification No.)

802 South Elm St.
Kimball, NE

69145

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (308) 235-4645

APPLICABLE ONLY TO CORPORATE ISSUERS

The number of shares of the Registrant's Common Stock outstanding, as of September 14, 2004 was 5,402,528.

Transitional Small Business Disclosure Format: Yes No

GEORGE RISK INDUSTRIES, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited financial statements for the three-month period ended July 31, 2004, are attached hereto.

GEORGE RISK INDUSTRIES, INC.
BALANCE SHEET
JULY 31, 2004

ASSETS

Current Assets	
Cash and cash equivalents	\$ 4,717,000
Marketable securities (Note 2)	10,934,000
Accounts receivable:	
Trade, net of \$50,000 doubtful account allowance	1,838,000
Other	4,000
Inventories (Note 3)	2,382,000
Prepaid expenses	101,000
Deferred income taxes	94,000

Total Current Assets	\$20,070,000
Property and Equipment, net at cost	\$ 850,000
Other Assets	
Investment in Land Limited Partnership, at cost	200,000
Projects in process	11,000
Other	2,000

Total Other Assets	\$ 213,000
TOTAL ASSETS	\$21,133,000 =====

GEORGE RISK INDUSTRIES, INC.
BALANCE SHEET
JULY 31, 2004

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities	
Accounts payable, trade	\$ 109,000
Accrued expenses	
Payroll and related expenses	240,000
Property taxes	2,000
Income tax payable	223,000

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Total Current Liabilities	\$ 574,000	
Long-Term Liabilities		
Deferred income taxes	27,000	
Total Long-Term Liabilities	\$ 27,000	
Stockholders' Equity		
Convertible preferred stock, 1,000,000 shares authorized, Series 1-noncumulative, \$20 stated value, 25,000 shares authorized, 5,350 issued and outstanding	107,000	
Common stock, Class A, \$.10 par value, 10,000,000 shares authorized, 8,502,832 shares issued and outstanding	850,000	
Additional paid-in capital	1,736,000	
Accumulated other comprehensive income	(970,000)	
Retained earnings	20,572,000	
Less: cost of treasury stock, 3,100,304 shares, at cost	(1,763,000)	
Total Stockholders' Equity	\$20,532,000	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$21,133,000

GEORGE RISK INDUSTRIES, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE THREE MONTHS ENDED

	July 31,	
	2004	2003
Net Sales	\$ 3,096,000	\$ 3,022,000
Less: cost of goods sold	(1,498,000)	(1,413,000)
Gross Profit	\$ 1,598,000	\$ 1,609,000
Operating Expenses:		
General and administrative	170,000	167,000
Selling	619,000	547,000
Engineering	13,000	18,000
Rent paid to related parties	15,000	15,000
Total Operating Expenses	\$ 871,000	\$ 747,000
Income From Operations	781,000	862,000
Other Income (Expense)		
Other	0	(5,000)
Dividend and interest income	82,000	87,000
Gain/(loss) on sale of investments	(18,000)	21,000
	\$ 64,000	\$ 103,000
Income Before Provisions for Income Tax	845,000	965,000
Provisions for Income Tax	(352,000)	(402,000)

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Net Income	\$ 493,000	\$ 563,000
Retained Earnings, beginning of period	\$20,079,000	\$17,669,000
Retained Earnings, end of period	\$20,572,000	\$18,232,000
Income Per Share of Common Stock	\$0.09	\$0.10
Weighted Average Number of Common Shares Outstanding	5,402,528	5,402,528

GEORGE RISK INDUSTRIES, INC.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED

	July 31,	
	2004	2003
	-----	-----
Net Income	\$ 493,000	\$ 563,000
Other Comprehensive Income, net of tax		
Unrealized gain (loss) on securities:		
Unrealized holding gains (losses) arising during period	(59,000)	231,000
Reclassification adjustment for (gains) losses included in net income	18,000	(21,000)
Income tax expense related to other comprehensive income	(17,000)	88,000
Other Comprehensive Income (Loss)	\$ (58,000)	\$ 298,000
Comprehensive Income (Loss)	\$ 435,000	\$ 861,000
	=====	=====

GEORGE RISK INDUSTRIES, INC.
STATEMENT OF CASH FLOWS

	For the three months ended July 31,	
	2004	2003
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 493,000	\$ 563,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	49,000	57,000
(Gain) loss on sale of investments	18,000	(21,000)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(103,000)	(141,000)
Inventories	(3,000)	(75,000)
Prepaid expenses	(40,000)	39,000
Other receivables	1,000	1,000

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Increase (decrease) in:		
Accounts payable	17,000	29,000
Accrued expenses	(70,000)	(52,000)
Income tax payable	352,000	402,000
	-----	-----
Net cash provided by (used in) operating activities	\$ 714,000	\$ 802,000
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Projects in progress	33,000	32,000
(Purchase) Sale of property and equipment	(64,000)	(63,000)
Proceeds from sale of marketable securities	104,000	264,000
(Purchase) of marketable securities	(350,000)	(400,000)
	-----	-----
Net cash provided by (used in) investing activities	\$ (277,000)	\$ (167,000)
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	0	(40,000)
	-----	-----
Net cash provided by (used in) financing activities	\$ 0	\$ (40,000)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 \$ 437,000	 \$ 595,000
=====	=====	
Cash and cash equivalents, beginning of period	\$ 4,280,000	\$ 2,699,000
Cash and cash equivalents, end of period	\$ 4,717,000	\$ 3,294,000

GEORGE RISK INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2004

Note 1 Unaudited Interim Financial Statements

The accompanying financial statements have been prepared in accordance with the instructions for Form 10QSB/A and do not include all of the information and footnotes required by generally accepted accounting principals for complete financial statements. In the opinion of management, all adjustments, consisting only of normal recurring adjustments considered necessary for a fair presentation, have been included. Operating results for any quarter are not necessarily indicative of the results for any other quarter or for the full year.

Note 2 Marketable Securities

Marketable debt and equity securities and government and municipal bonds are stated at fair market value, are recorded at average cost, and are classified as available-for-sale securities. The cost of marketable securities sold is determined on the average cost method with realized gains or losses being reflected in the income statement and any unrealized gains or losses being reported as a separate component of stockholder's equity until realized. Dividend and interest income are accrued as earned.

Marketable securities and unrealized gains and losses consist of the following as of July 31, 2004:

Cost Basis	\$11,905,000
Market Value	10,935,000

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Net Unrealized Gains (Losses)	\$ (970,000)
	=====
Gross unrealized gain	\$ 417,000
	=====
Gross unrealized loss	\$(1,387,000)
	=====

Additionally, in accordance with SFAS 115, if we determine that a marketable security has an other than temporary decline in fair value, generally defined as when our cost basis exceeds the fair value for approximately one year. When this happens we will decrease the cost of the marketable security to the new fair value and recognize the loss as real. We periodically evaluate our investments to determine if impairment changes are required.

Note 3 Inventories

Inventories at July 31, 2004, consisted of the following:

Raw Materials	\$ 1,721,000
Work in Proces	428,000
Finished Goods	231,000
Warehouse in England	72,000
	\$ 2,452,000
Less: allowance for obsolete inventory	(70,000)
	\$ 2,382,000
	=====

Note 4 Business Segments

The following is financial information relating to industry segments:

	For the quarter ended July 31,	
	2004	2003
	-----	-----
Net revenue:		
Pool alarm products	\$ 273,000	\$ 341,000
Keyboard products	127,000	161,000
Security alarm and other products	2,696,000	2,520,000
	\$ 3,096,000	\$ 3,022,000
Income from operations:		
Pool alarm products	\$ 69,000	\$ 97,000
Keyboard products	32,000	46,000
Security alarm and other products	680,000	719,000
	\$ 781,000	\$ 862,000
Identifiable assets:		
Pool alarm products	\$ 268,000	\$ 304,000
Keyboard products	241,000	234,000
Security alarm and other products	4,198,000	4,169,000
Corporate general	16,426,000	14,208,000
	-----	-----

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Total assets	\$21,133,000	\$18,915,000
Depreciation and amortization:		
Pool alarm products	\$ 2,000	\$ 2,000
Keyboard products	0	1,000
Security alarm and other products	30,000	36,000
Corporate general	17,000	18,000
	-----	-----
Total depreciation and amortization	\$ 49,000	\$ 57,000
Capital expenditures:		
Pool alarm products	\$ 0	\$ 1,000
Keyboard products	0	0
Security alarm and other products	64,000	56,000
Corporate general	0	6,000
	-----	-----
Total capital expenditures	\$ 64,000	\$ 63,000

Note 5 Revenue Recognition

George Risk Industries recognizes its revenues when goods are shipped and billed to its customers. There is a \$50,000 allowance that was established to account for any uncollectable accounts.

Note 6 Earnings per Share

Basic and diluted earning per share, assuming convertible preferred stock was converted for each period presented, are:

For the three months ended July 31, 2004			
	Income (Numerator)	Shares (Denominator)	Per-share Amount
	-----	-----	-----
Net Income	\$ 493,000		
	=====		
Basic EPS	\$ 493,000	5,402,528	\$ 0.09
Effect of dilutive securities:			
Convertible preferred stock	0	26,750	
	-----	-----	-----
Diluted EPS	\$ 493,000	5,429,278	\$ 0.09
For the three months ended July 31, 2003			
	Income (Numerator)	Shares (Denominator)	Per-share Amount
	-----	-----	-----
Net Income	\$ 563,000		
	=====		
Basic EPS	\$ 563,000	5,402,528	\$ 0.10
Effect of dilutive securities:			
Convertible preferred stock	0	26,750	
	-----	-----	-----
Diluted EPS	\$ 563,000	5,429,278	\$ 0.10

GEORGE RISK INDUSTRIES, INC.

PART I. FINANCIAL INFORMATION

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations

MANAGEMENT DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the attached condensed consolidated financial statements, and with the Company's audited financial statements and discussion for the fiscal year ended April 30, 2004.

Net cash increased \$437,000 during the quarter ended July 31, 2004 as compared to an increase of \$595,000 during the corresponding quarter last year. Accounts receivable increased \$103,000 for the quarter ending July 31, 2004, as compared to a \$141,000 increase for the same quarter last year. At the quarter ended July 31, 2004, 79.3% of the receivables are considered current (less than 45 days) and 4.45% of the total are over 90 days past due. Inventories increased a mere \$3,000 during the current quarter as compared to a \$75,000 increase last year. At the quarter ended July 31, 2004 there was a \$40,000 increase in prepaid expenses while at July 31, 2003, there was a \$39,000 decrease. The main reason for the increase in cash towards prepaid expenses is that we buy Jelly Bellies in bulk and had to purchase some in the current quarter. Jelly Bellies are GRI's adopted trademark. A package of jellybeans is put into every box that is shipped out and our samples department also sends out thousands every month.

At the quarter ended July 31, 2004, accounts payable shows an increase of \$17,000 as compared to an increase of \$29,000 for the same quarter the year before. As usual, we continue to strive to pay all of our payables within terms and take all purchase discounts that are available. Accrued expenses decreased \$70,000 for the current quarter as compared to a \$52,000 decrease for the quarter ended July 31, 2003. Income tax payable increased \$352,000 for the quarter ended July 31, 2004. This compares to an increase of \$402,000 for the quarter ended July 31, 2003. The difference of \$50,000 accounts for the fact that our net income is lower for the quarter ended July 31, 2004 than it was for the quarter ended July 31, 2003.

The following is a list of ratios to help analyze George Risk Industries' performance:

For the quarter ended
July 31,

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	2004	2003
	-----	-----
Working capital	\$19,496,000	\$16,857,000
Current ratio	34.965	19.383
Quick ratio	30.469	16.420

Net sales were \$3,096,000 for the quarter ended July 31, 2004, which is a 2.4% increase from the corresponding quarter last year. Cost of goods sold was 48.4% of net sales for the quarter ended July 31, 2004 and the cost of goods sold percentage to net sales was 46.8% for the quarter ended July 31, 2003. Having relatively the same percentage of cost of goods sold from period to period shows that we keep our costs in line.

Operating expenses were 26.4% of net sales for the quarter ended July 31, 2004 as compared to 24.7% for the corresponding quarter last year. Having relatively the same percentages for both periods shows that management keeps a close eye on our operating expenses to keep them in line from year to year. With the increase in sales, there is always usually a slight increase in operating expense and that has held true for the quarter ended July 31, 2004. Income from operations for the quarter ended July 31, 2004 was at \$781,000, which is a 9.4% increase from the corresponding quarter last year, which had income from operations of \$862,000.

Other income and expenses showed a \$64,000 gain for the quarter ended July 31, 2004 as compared to having a \$103,000 gain for the quarter ended July 31, 2004. The main reason for the difference in the amount of the gains from one quarter to the other is that we had an \$18,000 loss on the sale of investments for the current quarter as compared to a \$21,000 gain for the same period last year. The biggest loss was that we finally sold our holdings in Worldcom during this current quarter. In turn, net income for the quarter ended July 31, 2004 was at \$493,000, a 12.4% decrease from the corresponding quarter last year, which showed net income of \$563,000. Earnings per share for the quarter ended July 31, 2003 were \$0.09 per share and \$0.10 per share for the quarter ended July 31, 2003.

George Risk Industries does have three distinct business segments, security alarm products, pool alarms and keyboard products that are subject to disclosure under SFAS No. 131. See the notes to the financial statements in order to examine the segments.

New products in Research and Development at this time include the ADA series of touch sensors, which are the GRI T8800 wall temperature sensor and the H8800 humidity sensor. The T8800 is expected to be ready for sale by the first of the year. The molded box for the ADA units is completed with the exception of a few modifications to the mold.

Other new products developments are 110 and 220 volt versions of our Current Controller product line, a door strike control, a twelve-key keypad using the touch sensor technology, and the High Security switch. Testing continues on the High Security switch and the Smart Start prototypes.

Our tool and die department's priorities at the moments are the 4460 spacer mold and the smoke box addition to the EZ Duct Raceway.

Both the GB-551 glass break switch and the Fail Safe Water Sensor (GRI pt #2826FS) have been introduced to the marketplace with good response.

Furthermore, we have begun packaging Magnasphere Corporation products in cases for their customers. This is a type of magnetic product recently introduced to the security market.

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Management is always open to the possibility to acquire a business that would complement our existing operations. This 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 we sell to distributors and OEM manufacturers. Our products are tied to the housing industry and will fluctuate with building trends.

At George Risk Industries' latest Board of Director's meeting, which was held on August 25, 2004, a dividend of \$0.10 per share was declared. This dividend will be paid to stockholders of record as of September 30, 2004, and the payment date will be October 31, 2004.

Item 3. Controls and Procedures

(a) Information required by Item 307

Our Chief Executive Officer and our Chief Financial Officer, after evaluating the effectiveness of the Company's "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 (Exchange Act) Rules 13a-15(e) or 15d-15(e)) as of the end of the period covered by this quarterly report, have concluded that our disclosure controls and procedures are effective based on their evaluation of these controls and procedures required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15.

(b) Information required by Item 308

This disclosure is not yet required.

GEORGE RISK INDUSTRIES, INC.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings
Not applicable

Item 2. Changes in Securities
Not applicable.

Item 3. Defaults upon Senior Securities
Not applicable

Item 4. Submission of Matters to a Vote of Securities
Not applicable

Item 5. Other Information
Not applicable

Item 6. Exhibits and Reports on Form 8-K
A. Exhibits

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- 31. Certifications pursuant to Rule 13a-14(a)
 - 31.1 Certification of the Chief Executive Officer
 - 31.2 Certification of the Chief Financial Officer

- 32. Certifications pursuant to 18 U.S.C. 1350
 - 32.1 Certification of the Chief Executive Officer
 - 32.2 Certification of the Chief Financial Officer

B. Reports on Form 8-K

No 8-K reports were filed during the quarter ended July 31, 2004.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

George Risk Industries, Inc.
(Registrant)

Date 09-14-2004

By: /s/ Kenneth R. Risk
Kenneth R. Risk
President and Chairman of the Board

Date 09-14-2004

By: /s/ Stephanie M. Risk
Stephanie M. Risk
Chief Financial Officer and Controller