

BROWN FORMAN CORP

FORM 10-Q/A (Amended Quarterly Report)

Filed 3/8/1994 For Period Ending 1/31/1994

Address	850 DIXIE HWY LOUISVILLE, Kentucky 40210
Telephone	502-585-1100
CIK	0000014693
Industry	Beverages (Alcoholic)
Sector	Consumer/Non-Cyclical
Fiscal Year	04/30

United States Securities and Exchange Commission

Washington, D.C. 20549

Form 10-Q/A

Amendment No. 1

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

For the quarterly period ended January 31, 1994

Commission File No. 1-123

BROWN-FORMAN CORPORATION

(Exact name of Registrant as specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

61-0143150
(IRS Employer
Identification No.)

850 Dixie Highway
Louisville, Kentucky
(Address of principal executive offices)

40210
(Zip Code)

Registrant's telephone number, including area code (502) 585-1100

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 ----

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: February 28, 1994:

Class A Common Stock (voting) 9,662,697 Class B Common Stock (nonvoting) 13,336,049

Item 1 of Part I of Brown-Forman Corporation's quarterly report on

Form 10-Q for the quarter ended January 31, 1994 is hereby amended to change cash dividends paid included on the condensed consolidated statement of income for the nine months ended January 31, 1994 and January 31, 1993 to \$2.07 and \$1.90, respectively.

PART I - FINANCIAL INFORMATION**Item 1. Financial Statements****BROWN-FORMAN CORPORATION****CONDENSED CONSOLIDATED STATEMENT OF INCOME**

(Unaudited)

(Expressed in thousands except per share amounts)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	1994	1993	1994	1993
Net sales	\$413,312	\$426,267	\$1,268,692	\$1,288,299
Excise taxes	64,769	73,045	201,707	215,886
Cost of sales	145,021	152,239	438,202	447,984
Gross profit	203,522	200,983	628,783	624,429
Selling, general, and administrative expenses	89,403	92,741	277,709	269,971
Advertising expenses	51,793	46,306	164,196	153,298
Operating income	62,326	61,936	186,878	201,160
Gain before income taxes on sale of business	--	--	30,077	--
Interest income	1,276	765	3,332	2,150
Interest expense	3,675	4,836	11,293	11,938
Income before income taxes	59,927	57,865	208,994	191,372
Taxes on income	21,154	20,625	78,252	67,702
Income before cumulative effect of changes in accounting principles	38,773	37,240	130,742	123,670
Cumulative effect of changes in accounting principles	--	--	32,542	--
Net income	38,773	37,240	98,200	123,670
Less preferred stock dividend requirements	118	118	353	353
Net income applicable to common stock	\$ 38,655	\$37,122	\$ 97,847	\$ 123,317
Weighted average number of common shares outstanding in thousands	26,663	27,555	27,258	27,555
Per common share:				
Income before cumulative effect of changes in accounting principles	\$ 1.45	\$ 1.35	\$ 4.78	\$ 4.48
Cumulative effect of changes in accounting principles	--	--	1.19	--
Net income	\$ 1.45	\$ 1.35	\$ 3.59	\$ 4.48
Cash dividends paid	\$.71	\$.68	\$ 2.07	\$ 1.90

See notes to the condensed consolidated statements.

BROWN-FORMAN CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
(Expressed in thousands)

	January 31, 1994	April 30, 1993
	----- (Unaudited)	-----
Assets		

Cash and cash equivalents	\$ 67,796	\$ 74,912
Short-term investments	25,143	18,146
Accounts receivable, net	216,501	238,921
Inventories:		
Barreled whisky	141,338	137,880
Finished goods	120,251	142,640
Work in process	69,870	56,857
Raw materials and supplies	31,668	28,139
	-----	-----
Total inventories	363,127	365,516
Other current assets	21,103	22,759
	-----	-----
Total current assets	693,670	720,254
Property, plant and equipment, net	247,743	257,440
Intangible assets, net	275,418	279,681
Other assets	58,137	53,623
	-----	-----
Total assets	\$1,274,968	\$1,310,998
	=====	=====
Liabilities		

Commercial paper	\$ 272,507	\$ --
Accounts payable and accrued expenses	203,682	180,664
Current portion of long-term debt	4,867	6,389
Accrued taxes on income	6,883	7,424
Deferred income taxes	17,725	15,883
	-----	-----
Total current liabilities	505,664	210,360
Long-term debt	149,190	154,408
Deferred income taxes	84,752	108,971
Postretirement benefits	46,306	--
Other liabilities and deferred income	38,814	19,136
	-----	-----
Total liabilities	824,726	492,875
Stockholders' Equity		
Preferred stock	11,779	11,779
Common stockholders' equity	438,463	806,344
	-----	-----
Total stockholders' equity	450,242	818,123
	-----	-----
Total liabilities and stockholders' equity	\$1,274,968	\$1,310,998
	=====	=====

Note: The balance sheet at April 30, 1993 has been taken from the audited financial statements at that date, and condensed.

See notes to the condensed consolidated statements.

BROWN-FORMAN CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

(Expressed in thousands; amounts in brackets are reductions of

	Nine Months Ended	
	January 31,	
	1994	1993
cash)		
Cash flows from operating activities:		
Net income	\$ 98,200	\$ 123,670
Adjustments to reconcile net income to net cash provided by (used for) operations:		
Cumulative effect of changes in accounting principles	32,542	--
Depreciation	27,174	25,881
Amortization of intangible assets	7,176	6,345
Deferred income taxes	4,646	(2,485)
Gain net of income taxes on sale of business	(18,350)	--
Other	1,521	(3,518)
Changes in assets and liabilities:		
Accounts receivable	22,420	87
Inventories	2,389	4,327
Other current assets	2,956	(451)
Accounts payable and accrued expenses	19,035	3,257
Accrued taxes on income	(12,267)	(5,285)
Cash provided by operating activities	187,442	151,828
Cash flows from investing activities:		
Proceeds from sale of business	31,837	--
Additions to property, plant, and equipment, net	(17,993)	(23,256)
Net sales (purchases) of short-term investments	(6,997)	(2,252)
Other	(2,120)	595
Acquisition of business, net of cash acquired	--	(4,613)
Equity investment	--	(9,467)
Cash provided by (used for) investing activities	4,727	(38,993)
Cash flows from financing activities:		
Proceeds from long-term debt	--	2,744
Retirement of debt assumed at the time of acquisition	--	(17,708)
Commercial paper	272,507	(9,070)
Retirement of notes payable	--	(8,025)
Reduction of other debt	(6,740)	(5,188)
Acquisition of treasury stock	(407,660)	--
Cash dividends paid	(57,392)	(52,707)
Cash provided by (used for) financing activities	(199,285)	(89,954)
Net increase (decrease) in cash and cash equivalents	(7,116)	22,881
Cash and cash equivalents, beginning of period	74,912	50,030
Cash and cash equivalents, end of period	\$ 67,796	\$ 72,911

See notes to the condensed consolidated statements.

BROWN-FORMAN CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS
(Unaudited)

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated statements have been prepared in accordance with the company's customary accounting practices as set forth in the company's 1993 annual report on Form 10-K and have not been audited. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary for a fair presentation of this information have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the company's April 30, 1993 annual report on Form 10-K. Certain prior year amounts have been reclassified to conform with the current year's presentation.

2. ACCOUNTING CHANGES In the third quarter, the company adopted Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made," and restated the first quarter as if adoption had occurred May 1, 1993. The cumulative effect to the first quarter resulted in a one-time pretax charge totaling \$6,721,000 (\$4,100,000 or \$.15 per share after-tax). The one-time charge to net income from adopting this accounting standard was recorded as the cumulative effect of a change in accounting principle.

The company adopted Statement of Position 93-7, "Reporting on Advertising Costs," effective January 31, 1994. This statement was issued by the American Institute of Certified Public Accountants, and requires the company to capitalize and amortize direct-response advertising to better match revenues with expense. The adoption had no effect on year-to-date earnings.

The company provides certain health care and life insurance benefits for eligible retirees. Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," requires that the cost of these benefits be accrued as earned by employees. The company also provides other postemployment benefits to certain qualified former or inactive employees. Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits," requires accrual accounting for these benefits. The company adopted both of these standards on May 1, 1993. The adoption of these standards in the first quarter of fiscal 1994 resulted in a one-time pretax charge totaling \$46,501,000 (\$28,442,000 or \$1.03 per share after-tax). The one-time charge to net income from adopting these accounting standards was recorded as the cumulative effect of changes in accounting principles.

Effective May 1, 1993, the company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." The effect of adoption was immaterial.

3. CHANGES IN OPERATIONS

A. Brown-Forman Enterprises On October 15, 1993, the company sold substantially all the assets of its credit card processing operations. The sale resulted in a pretax gain of approximately \$30,077,000 (\$18,350,000 or \$.67 per share after-tax).

B. Fetzer Vineyards On August 31, 1992, the company purchased substantially all of the outstanding stock of Fetzer Vineyards of Mendocino County, California. The cost of acquiring substantially all the stock includes, among other costs, \$4,600,000 in cash, \$47,500,000 in notes and four annual payments of \$2,800,000 per year beginning fiscal 1996. The acquisition has been accounted for as a purchase, and accordingly, the operating results of Fetzer have been consolidated with the company since the acquisition date. The excess of the acquisition cost over the fair value of the net assets acquired is approximately \$46,500,000 which is being amortized over forty years.

4. INVENTORIES The company uses the last-in, first-out method for determining the cost for substantially all inventories. If the last-in, first-out method had not been used, inventories would have been \$70,751,000 and \$62,347,000 higher than reported at January 31, 1994, and April 30, 1993, respectively.

5. ENVIRONMENTAL The company faces environmental claims resulting from the cleanup of several waste deposit sites. The company expects other responsible parties to assist in the cleanup of these sites. The company has accrued \$2,700,000 to cover the cost of these cleanups. The estimated costs of cleanup are not expected to exceed the amount previously accrued by the company plus expected insurance recoveries.

6. SHARE REPURCHASE During the quarter ended January 31, 1994, the company acquired as treasury stock 911,484 shares of Class A and 3,644,506 shares of Class B common stock at a total cost of \$407,660,000.

7. WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING

Quarterly earnings per share amounts do not add to year-to-date earnings per share for fiscal 1994 because of changes in the number of outstanding shares during the year.

8. CONTINGENCIES Various suits and claims (asserted and unasserted) arising in the ordinary course of business are pending or threatened against the company. These include product liability suits against the company that allege injury from the consumption of alcoholic beverages and suits that allege employment discrimination based on the plaintiffs' age. While some of these suits and claims seek significant financial recoveries from the company, based on a considered evaluation of all known and threatened litigation, and on the advice of counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the company's financial position or results of operations.

SIGNATURES

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 thereunto duly authorized.

BROWN-FORMAN CORPORATION (Registrant)

Date: March 7, 1994

By: Clifford G. Rompf, Jr.

Clifford G. Rompf, Jr.
Senior Vice President
(Principal Accounting Officer)

End of Filing

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