1

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

FOR THE QUARTERLY PERIOD ENDED FEBRUARY 28, 1995

OR

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

For the transition period from \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Commission File No. 0-209

BASSETT FURNITURE INDUSTRIES, INCORPORATED

(Exact name of Registrant as specified in its charter)

Virginia

- -------------------------------------

(State or other jurisdiction

of incorporation or organization)

54-0135270

--------------------

(I.R.S. Employer

Identification No.)

Bassett, Virginia 24055

------------------------------

(Address of principal executive offices)

(Zip Code)

(703) 629-6000

(Registrant's telephone number, including area code)

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, and (2) has been subject to such filing

requirements for the past 90 days. Yes X No .

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At February 28, 1995, 14,086,815 shares of common stock of the Registrant were outstanding.

Page 1 of 8

2

PART I - FINANCIAL INFORMATION

BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES

|  |  |  |
| --- | --- | --- |
| CONDENSED CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS - UNAUDITED |  |  |
|  | THREE MONTHS ENDED FEBRUARY 28, | |
|  | ------------------------------- | |
|  | 1995 | 1994 |
|  | ---- | ---- |
| Net sales | $123,550,551 | $121,664,291 |
| Costs and expenses |  |  |
| Cost of sales | 102,928,562 | 101,827,454 |
| Selling, general and administrative | 16,016,344 | 15,470,419 |
|  | -------------- | -------------- |
|  | 118,944,906 | 117,297,873 |
|  | -------------- | -------------- |
| Income from operations | 4,605,645 | 4,366,418 |
| Other income, net | 2,313,201 | 2,326,995 |
|  | -------------- | -------------- |
| Income before income taxes and cumulative |  |  |
| effect of a change in accounting principle | 6,918,846 | 6,693,413 |
| Income taxes | 2,022,500 | 1,963,000 |
|  | -------------- | -------------- |
| Income before cumulative effect of |  |  |
| a change in accounting principle | 4,896,346 | 4,730,413 |
| Cumulative effect of a change in accounting principle | -0- | (510,200) |
|  | -------------- | -------------- |
| NET INCOME | 4,896,346 | 4,220,213 |
| Retained earnings - beginning of period | 221,949,817 | 216,211,676 |
|  | -------------- | -------------- |
|  | 226,846,163 | 220,431,889 |
| Cash dividends | (2,817,363) | (2,889,640) |
|  | -------------- | -------------- |
| Retained earnings - end of period | $224,028,800 | $217,542,249 |
|  | ============== | ============== |
| EARNINGS PER SHARE: |  |  |
| Income before cumulative effect |  |  |
| of a change in accounting principle | $ .35 | $ .33 |
| Cumulative effect of a change |  |  |
| in accounting principle | -0- | (.04) |
|  | ----- | ----- |
| NET INCOME PER SHARE | $ .35 | $ .29 |
|  | ===== | ===== |
| DIVIDENDS PER SHARE | $ .20 | $ .20 |
|  | ===== | ===== |

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The accompanying notes are an integral part of the condensed financial statements.

Page 2 of 8

3

PART I - FINANCIAL INFORMATION - CONTINUED

BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES

|  |  |  |
| --- | --- | --- |
| CONDENSED CONSOLIDATED BALANCE SHEET - UNAUDITED |  |  |
| ASSETS | FEBRUARY 28, 1995 | NOVEMBER 30, 1994 |
| - ------ | ----------------- | ----------------- |
| Current Assets |  |  |
| Cash and cash equivalents | $ 40,686,641 | $ 42,314,957 |
| Trade accounts receivable, less allowances |  |  |
| for doubtful accounts and discounts | 70,640,492 | 71,936,750 |
| Inventories: |  |  |
| Finished goods | 45,777,938 | 45,243,596 |
| Work in process | 15,428,111 | 15,588,696 |
| Raw materials and supplies | 45,884,911 | 44,588,519 |
|  | ------------ | ------------ |
|  | 107,090,960 | 105,420,811 |
| Less LIFO adjustment | 25,711,000 | 25,346,000 |
|  | ------------ | ------------ |
|  | 81,379,960 | 80,074,811 |
| Prepaid expenses | 1,176,603 | 2,206,736 |
| Prepaid income taxes | -0- | 274,675 |
| Deferred income taxes | 1,848,000 | 1,823,000 |
|  | ------------ | ------------ |
|  | 195,731,696 | 198,630,929 |
| Property, Plant and Equipment |  |  |
| Cost | 210,266,134 | 207,227,241 |
| Less allowances for depreciation | 155,070,620 | 152,673,335 |
|  | ------------ | ------------ |
|  | 55,195,514 | 54,553,906 |
| Other Assets |  |  |
| Investment in securities | 48,311,595 | 43,638,983 |
| Investment in affiliated companies | 35,829,484 | 35,080,525 |
| Other | 8,082,555 | 8,593,887 |
|  | ------------ | ------------ |
|  | 92,223,634 | 87,313,395 |
|  | ------------ | ------------ |
|  | $343,150,844 | $340,498,230 |
|  | ============ | ============ |
| LIABILITIES AND STOCKHOLDERS' EQUITY |  |  |
| - ------------------------------------ |  |  |
| Current Liabilities |  |  |
| Accounts payable | $ 26,694,413 | $ 29,786,395 |
| Accrued compensation | 4,645,688 | 5,215,159 |
| Income taxes | 1,781,513 | -0- |
|  | ------------ | ------------ |
|  | 33,121,614 | 35,001,554 |
| Deferrals |  |  |
| Deferred liabilities | 9,683,855 | 9,529,784 |
| Deferred income taxes | 1,632,500 | 774,000 |
|  | ------------ | ------------ |
|  | 11,316,355 | 10,303,784 |
| Stockholders' Equity |  |  |
| Common stock | 70,434,075 | 70,434,075 |
| Retained earnings | 224,028,800 | 221,949,817 |
| Unrealized holding gains, net of tax | 4,250,000 | 2,809,000 |
|  | ------------ | ------------ |
|  | 298,712,875 | 295,192,892 |
|  | ------------ | ------------ |
|  | $343,150,844 | $340,498,230 |
|  | ============ | ============ |

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The accompanying notes are an integral part of the condensed financial statements.

Page 3 of 8

4

PART I - FINANCIAL INFORMATION - CONTINUED

|  |  |  |
| --- | --- | --- |
| BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES |  |  |
| CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED |  |  |
|  | THREE MONTHS ENDED FEBRUARY 28, | |
|  | ------------------------------- | |
|  | 1995 | 1994 |
|  | ---- | ---- |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | $5,874,788 | $5,209,879 |
| INVESTING ACTIVITIES |  |  |
| Changes (net) in investment securities | (2,378,258) | (1,718,687) |
| Purchases of property, plant and equipment | (3,038,893) | (2,451,953) |
| Proceeds from sale of property, plant and equipment | 40,000 | 6,500 |
| Dividend from affiliated company | 272,376 | 272,376 |
| Other | 419,034 | 277,856 |
|  | ----------- | ----------- |
|  | (4,685,741) | (3,613,908) |
| FINANCING ACTIVITIES |  |  |
| Cash dividends | (2,817,363) | (2,889,640) |
|  | ----------- | ----------- |
| CHANGE IN CASH AND CASH EQUIVALENTS | (1,628,316) | (1,293,669) |
| CASH AND CASH EQUIVALENTS - beginning of period | 42,314,957 | 52,957,556 |
|  | ----------- | ----------- |
| CASH AND CASH EQUIVALENTS - end of period | $40,686,641 | $51,663,887 |
|  | =========== | =========== |

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Per share amounts are based on 14,086,815 and 14,448,201 weighted average number of shares outstanding at February 28, 1995 and 1994, respectively.
2. Effective December 1, 1993, the Company adopted the provisions of FASB Statement No. 109 and reported the cumulative effect of the change in the method of accounting for income taxes in the financial statements for 1994 in the amount of $510,200. The principal cause of this adjustment was due to the basis difference of an acquisition made in prior years which was accounted for as a purchase transaction.
3. Effective December 1, 1993, the Company adopted the provisions of FASB Statement No. 115 "Accounting for Certain Investments in Debt and Equity Securities" and initially reported the effects thereof in the 1994 financial statements. Under Statement No. 115 the Company classifies its investment in securities as available-for-sale, which is reported at fair value. Unrealized holding gains and losses (net of tax effect) are reported as a separate component of stockholders' equity. The fair value and cost of the investment in securities was $48.3 million and $41.5 million at February 28, 1995, respectively.

Page 4 of 8

5

PART I - FINANCIAL INFORMATION - CONTINUED

BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES

BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS:

Major components of net income expressed as a percentage of net sales are reflected below:

|  |  |  |
| --- | --- | --- |
|  | Three Months Ended February 28 | |
|  | ------------------------------ | |
|  | 1995 | 1994 |
|  | ---- | ---- |
| Cost of sales | 83.31% | 83.70% |
| SG&A expenses | 12.96 | 12.71 |
| Income from operations | 3.73 | 3.59 |
| Other income, net | 1.87 | 1.91 |
| Income before income taxes | 5.60 | 5.50 |
| Income taxes | 1.64 | 1.61 |
| Accounting change | -0- | .42 |
| Net income | 3.96 | 3.47 |

NET SALES

Net sales increased less than 2% in the first quarter from 1994 to 1995. There were no significant changes in any Division between the two periods.

COSTS AND EXPENSES

Cost of sales as a percentage of net sales improved from 83.70% in 1994 to

83.31% in 1995. There were no significant changes in any Division between the two periods.

Selling, general and administrative expenses as a percentage of net sales increased to 12.96% in 1995 from 12.71% in 1994. There were no significant changes in any Division between the two periods.

OTHER INCOME, NET

Major sources of other income are reflected below (in thousands):

|  |  |  |
| --- | --- | --- |
|  | Three Months Ended February 28 | |
|  | ------------------------------ | |
|  | 1995 | 1994 |
|  | ---- | ---- |
| Equity in unremitted income of affiliated cos. | $1,021 | $953 |
| Interest (tax exempt) | 550 | 417 |
| Dividends | 543 | 543 |
| Other | 199 | 414 |
|  | ------ | ------ |
|  | $2,313 | $2,327 |
|  | ====== | ====== |

INCOME TAXES

The effective income tax rate remained approximately the same in the two periods: 29.23% in 1995 and 29.33% in 1994.

LIQUIDITY AND CAPITAL RESOURCES:

The current ratio was 5.9 to 1 at February 28, 1995, 5.7 to 1 at November 30, 1994 and 5.8 to 1 at February 28, 1994. Working capital has remained relatively unchanged in the past year: $168 million (February 28, 1994); $169 million (May 31, 1994); $163 million (August 31, 1994); $164 million (November 30, 1994); and $163 million (February 28, 1995). Cash provided by operations increased to $5.9 million in the 1995 first quarter from $5.2 million in 1994. Cash provided by operating activities is expected to be adequate for normal future cash requirements. There were no significant commitments for capital expenditures at February 28, 1995. Capital expenditures that will be made in the future for normal requirements are anticipated to be made from funds generated by operating activities.

Page 5 of 8

6

PART II - OTHER INFORMATION

BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

1. Exhibits
   1. Financial Data Schedule

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.

BASSETT FURNITURE INDUSTRIES, INCORPORATED

/s/ ROBERT H. SPILMAN

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Robert H. Spilman, Chairman of the Board and Chief Executive Officer

Date: 4-4-95

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/s/ PHILIP E. BOOKER

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Philip E. Booker, Vice President, Controller (Chief Accounting Officer)

Date: 4-4-95

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Page 6 of 8

7

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT

For the quarter ended

February 28, 1995

Commission File Number

0-209

BASSETT FURNITURE INDUSTRIES, INCORPORATED

EXHIBIT INDEX

Exhibit No.

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Exhibit Description

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Page No.

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27

Financial Data Schedule

page - 8

Page 7 of

8

5

Art 5 FDS 1st Qtr 10Q

1,000

3-MOS

NOV-30-1995

DEC-01-1994

FEB-28-1995

40,687

48,312

70,640

0

81,380

195,732

210,266

155,071

343,151

33,122

0

70,434

0

0

228,279

343,151

123,551

125,864

102,929

118,945

0

159

0

6,919

2,023

4,896

0

0

0

4,896

.35

0