

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended April 30, 2018

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 number 1-06089



H&R Block, Inc.

(Exact name of registrant as specified in its charter)

MISSOURI
(State or other jurisdiction of
incorporation or organization)

44-0607856
(I.R.S. Employer
Identification No.)

One H&R Block Way, Kansas City, Missouri 64105
(Address of principal executive offices, including zip code)

(816) 854-3000
(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Common Stock, without par value	New York Stock Exchange

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

Common Stock, without par value
(Title of Class)

Indicate by check mark whether the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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 by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐
(Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the registrant's Common Stock (all voting stock) held by non-affiliates of the registrant, computed by reference to the price at which the stock was sold on October 31, 2017, was \$5,206,300,675.

Number of shares of the registrant's Common Stock, without par value, outstanding on May 31, 2018: 209,255,308.

Documents incorporated by reference

The definitive proxy statement for the registrant's Annual Meeting of Shareholders, to be held September 13, 2018, is incorporated by reference in Part III to the extent described therein.



**2018 FORM 10-K AND ANNUAL REPORT
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CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(in 000s, except per share amounts)

Year ended April 30,	2018	2017	2016
REVENUES:			
Service revenues	\$ 2,766,426	\$ 2,648,349	\$ 2,653,936
Royalty, product and other revenues	393,505	387,965	384,217
	<u>3,159,931</u>	<u>3,036,314</u>	<u>3,038,153</u>
OPERATING EXPENSES:			
Costs of revenues	1,739,729	1,644,377	1,685,552
Selling, general and administrative	668,152	675,953	719,409
Total operating expenses	<u>2,407,881</u>	<u>2,320,330</u>	<u>2,404,961</u>
Other income (expense), net	6,054	6,254	5,249
Interest expense on borrowings	(89,372)	(92,951)	(68,962)
Income from continuing operations before income taxes	668,732	629,287	569,479
Income taxes	41,823	208,370	185,926
Net income from continuing operations	626,909	420,917	383,553
Net loss from discontinued operations, net of tax benefits of \$7,016, \$6,986 and \$5,414	(13,760)	(11,972)	(9,286)
NET INCOME	<u>\$ 613,149</u>	<u>\$ 408,945</u>	<u>\$ 374,267</u>
BASIC EARNINGS (LOSS) PER SHARE:			
Continuing operations	\$ 2.99	\$ 1.97	\$ 1.54
Discontinued operations	(0.06)	(0.05)	(0.04)
Consolidated	<u>\$ 2.93</u>	<u>\$ 1.92</u>	<u>\$ 1.50</u>
DILUTED EARNINGS (LOSS) PER SHARE:			
Continuing operations	\$ 2.98	\$ 1.96	\$ 1.53
Discontinued operations	(0.07)	(0.05)	(0.04)
Consolidated	<u>\$ 2.91</u>	<u>\$ 1.91</u>	<u>\$ 1.49</u>
COMPREHENSIVE INCOME:			
Net income	\$ 613,149	\$ 408,945	\$ 374,267
Unrealized gains (losses) on securities, net of taxes:			
Unrealized holding gains (losses) arising during the year, net of taxes of \$ - , (\$9) and (\$2,270)	1	(16)	(3,530)
Reclassification adjustment for losses (gains) included in income, net of taxes of \$ - , \$ - and (\$3,214)	—	—	(4,982)
Change in foreign currency translation adjustments	995	(4,050)	(4,461)
Other comprehensive income(loss)	996	(4,066)	(12,973)
Comprehensive income	<u>\$ 614,145</u>	<u>\$ 404,879</u>	<u>\$ 361,294</u>

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

(in 000s, except share and per share amounts)

As of April 30,	2018	2017
ASSETS		
Cash and cash equivalents	\$ 1,544,944	\$ 1,011,331
Cash and cash equivalents - restricted	118,734	106,208
Receivables, less allowance for doubtful accounts of \$81,813 and \$55,296	146,774	162,775
Income taxes receivable	12,310	—
Prepaid expenses and other current assets	68,951	65,725
Total current assets	1,891,713	1,346,039
Property and equipment, at cost, less accumulated depreciation and amortization of \$745,397 and \$678,161	231,888	263,827
Intangible assets, net	373,981	409,364
Goodwill	507,871	491,207
Deferred tax assets and income taxes receivable	34,095	83,728
Other noncurrent assets	101,401	99,943
Total assets	\$ 3,140,949	\$ 2,694,108
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 251,975	\$ 217,028
Accrued salaries, wages and payroll taxes	141,499	183,856
Accrued income taxes and reserves for uncertain tax positions	263,050	348,199
Current portion of long-term debt	1,026	981
Deferred revenue and other current liabilities	186,101	189,216
Total current liabilities	843,651	939,280
Long-term debt	1,494,609	1,493,017
Deferred tax liabilities and reserves for uncertain tax positions	229,430	159,085
Deferred revenue and other noncurrent liabilities	179,548	163,609
Total liabilities	2,747,238	2,754,991
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock, no par, stated value \$.01 per share, 800,000,000 shares authorized, shares issued of 246,198,878	2,462	2,462
Additional paid-in capital	760,250	754,912
Accumulated other comprehensive loss	(14,303)	(15,299)
Retained earnings (deficit)	362,980	(48,206)
Less treasury shares, at cost, of 36,944,789 and 39,027,573	(717,678)	(754,752)
Total stockholders' equity (deficiency)	393,711	(60,883)
Total liabilities and stockholders' equity	\$ 3,140,949	\$ 2,694,108

See accompanying notes to consolidated financial statements.