

WESTERN SIZZLIN CORP
Form 10-Q
November 14, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2005, or

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

For the transition period from _____ to _____

For the transition period from _____ to _____

Commission file number 0-25366

Western Sizzlin Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

86-0723400
(I.R.S. Employer
Identification No.)

1338 Plantation Road Roanoke, Virginia
(Address of Principal Executive Offices)

24012
(Zip Code)

(540) 345-3195

(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 preceeding 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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of November 14, 2005, there were 11,888,571 shares of common stock outstanding.

For the transition period from _____ to _____

Western Sizzlin Corporation

Form 10-Q

Nine Months Ended September 30, 2005

Table of Contents

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1.</u>	<u>Financial Statements (Unaudited)</u>
	<u>Consolidated Balance Sheets September 30, 2005 and December 31, 2004</u> 2
	<u>Consolidated Statements of Operations Three and Nine Months Ended September 30, 2005 and 2004</u> 3
	<u>Consolidated Statement of Changes in Stockholders' Equity Nine Months Ended September 30, 2005</u> 4
	<u>Consolidated Statements of Cash Flows Nine Months Ended September 30, 2005 and 2004</u> 5
	<u>Notes to Consolidated Financial Statements</u> 6-13
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> 13-18
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosure about Market Risk</u> 18
<u>Item 4.</u>	<u>Controls and Procedures</u> 18
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1.</u>	<u>Legal Proceedings</u> 19
<u>Item 6.</u>	<u>Exhibits</u> 19
<u>Signatures</u>	20
<u>Exhibit Index</u>	21

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

WESTERN SIZZLIN CORPORATION

Consolidated Balance Sheets

September 30, 2005 and December 31, 2004

	September 30, 2005 (unaudited)	December 31, 2004
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,903,344	\$ 2,105,751
Short-term investments, restricted under long-term debt agreement	258,456	254,654
Trade accounts receivable, net of allowance for doubtful accounts of \$462,506 in 2005 and \$388,500 in 2004	840,004	842,269
Current installments of notes receivable	208,753	229,818
Other receivables	225,273	107,896
Inventories	90,341	122,197
Prepaid expenses	285,766	308,087
Deferred income taxes	269,325	400,629
Total current assets	4,081,262	4,371,301
Notes receivable, less allowance for doubtful accounts of \$95,893 in 2005 and 2004, excluding current installments	932,937	1,035,485
Property and equipment, net of accumulated depreciation of \$3,982,045 in 2005 and \$5,061,285 in 2004	2,091,293	2,774,646
Franchise royalty contracts, net of accumulated amortization of \$7,405,971 in 2005 and \$6,933,249 in 2004	2,048,461	2,521,183
Goodwill	4,310,200	4,310,200
Financing costs, net of accumulated amortization of \$131,903 in 2005 and \$118,273 in 2004	68,307	81,937
Deferred income taxes	853,484	933,226
Asset held for sale	300,000	300,000
Other assets, net	293,682	368,688
	\$ 14,979,626	\$ 16,696,666
Liabilities and Stockholders Equity		
Current liabilities:		
Current installments of long-term debt	\$ 1,357,435	\$ 839,987
Accounts payable	422,868	831,883
Accrued expenses and other	621,732	1,219,147
Total current liabilities	2,402,035	2,891,017
Long-term debt, excluding current installments	1,120,441	2,697,650
Other long-term liabilities		14,841
Commitments and contingencies		
Stockholders' equity:		
Common stock; \$.01 par value. Authorized 20,000,000 shares; 11,888,571 and 11,908,571 issued and outstanding in 2005 and 2004, respectively	118,886	119,086
Additional paid-in capital	8,574,778	8,589,578

Edgar Filing: WESTERN SIZZLIN CORP - Form 10-Q

Retained earnings	2,763,486	2,384,494
Total stockholders' equity	11,457,150	11,093,158
	\$ 14,979,626	\$ 16,696,666

See accompanying notes to consolidated financial statements.

WESTERN SIZZLIN CORPORATION

Consolidated Statements of Income

(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
Revenues:				
Company-operated restaurants	\$ 3,655,713	\$ 4,475,230	\$ 11,629,512	\$ 12,888,541
Franchise operations	1,055,895	1,127,043	3,241,839	3,413,090
Other	100,147	99,527	329,702	294,194
Total revenues	4,811,755	5,701,800	15,201,053	16,595,825
Costs and expenses:				