Exhibit 37
H&R BLOCK INC (HRB)

10-K/A
Annual report pursuant to section 13 and 15(d)
Filed on 08/05/2005
Filed Period 04/30/2005
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K/A
Amendment No. 1

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

For the fiscal year ended: April 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

Commission File Number: 1 6089

H&R BLOCK

H&R Block, Inc.
(Exact name of registrant as specified in its charter)

MISSOURI 44 0607856
(State or other jurisdiction of incorporation or organization)

4400 Main Street, Kansas City, Missouri 64111
(Address of principal executive offices, including zip code)

(816) 753 6900
(Registrant's telephone number, including area code)

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

Common Stock, without par value

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

Common Stock, without par value

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 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 an accelerated filer (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, 2004, was $7,683,275,768.

Number of shares of registrant's Common Stock, without par value, outstanding on June 30, 2005: 331,940,594.

Documents incorporated by reference

The definitive proxy statement relating to the registrant's Annual Meeting of Shareholders, to be held September 7, 2005, is incorporated by reference in Part III to the extent described therein.
Explanatory Note

This Amendment No. 1 on Form 10 K/A ("Form 10 K/A") to the company's Annual Report on Form 10 K for the year ended April 30, 2005, initially filed with the Securities and Exchange Commission on August 1, 2005, is being filed primarily to amend and revise the following:

- Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
  - Fiscal 2006 Outlook for Mortgage Services
  - Financial Condition, Contractual Obligations and Commercial Commitments with respect to our shelf registration statement
- Item 8. Financial Statements and Supplementary Data, note 22

Additionally, as this Form 10 K/A was filed after the record date for our two for one stock split, which is effective August 22, 2005, we have adjusted all share and par share amounts to reflect the retroactive effect of the stock split.
INTRODUCTION AND FORWARD LOOKING STATEMENTS
We have again chosen to combine our Annual Report on Form 10-K, which we are required to file annually with the Securities and Exchange Commission ("SEC"), and our Annual Report to Shareholders. We hope that by including all of this information in one document, you will find this Annual Report more useful and informative.

On June 7, 2005, we determined it was appropriate to restate our previously issued consolidated financial statements, including financial statements for the nine months ended January 31, 2005 and financial statements for the fiscal years ended April 30, 2004 and 2003 and all related interim periods. The details of the restatement, including the issues and amounts, are presented in Item 8, note 2 to our consolidated financial statements.

Specified portions of our proxy statement, which will be filed in August 2005, are listed as "incorporated by reference" in response to certain items. Our proxy statement will be printed within our Annual Report and mailed to shareholders in August 2005 and will also be available on our website at www.hrblock.com.

In this report, and from time to time throughout the year, we share our expectations for the Company’s future performance. These forward looking statements are based upon current information, expectations, estimates and projections regarding the Company, the industries and markets in which we operate, and our assumptions and beliefs at that time. These statements speak only as of the date on which they are made, are not guarantees of future performance, and involve certain risks, uncertainties and assumptions, which are difficult to predict. Therefore, actual outcomes and results could materially differ from what is expressed, implied or forecast in these forward looking statements. Words such as "believe," "will," "plan," "expect," "intend," "estimate," "approximate," and similar expressions may identify such forward looking statements.

PART I

ITEM 1. BUSINESS

GENERAL DEVELOPMENT OF BUSINESS...
H&R Block is a diversified company with subsidiaries delivering tax, investment, mortgage and business services and products. For 50 years, we have been developing relationships with millions of tax clients and our strategy is to expand on these relationships. Our Tax Services segment provides income tax return preparation and other services and products related to tax return preparation to the general public in the United States, and in Canada, Australia and the United Kingdom. We also offer investment services and securities products through H&R Block Financial Advisors, Inc. ("HRBFA"). Our Mortgage Services segment offers a full range of home mortgage services through Option One Mortgage Corporation ("Option One") and H&R Block Mortgage Corporation ("HRBMC"). RSM McGladrey Business Services, Inc. ("RSM") is a national accounting, tax and consulting firm primarily serving mid sized businesses.

H&R BLOCK'S MISSION...
"To help our clients achieve their financial objectives by serving as their tax and financial partner."

Key to achieving our mission is the enhancement of client experiences through consistent delivery of valuable services and advice. Operating through multiple lines of business allows us to better meet the changing financial needs of our clients.

H&R Block, Inc. was organized as a corporation in 1955 under the laws of the State of Missouri, and is a holding company with operating subsidiaries providing financial services and products to the general public. "H&R Block," "the Company," "we," "our" and "us" are used interchangeably to refer to H&R Block, Inc. or to H&R Block, Inc. and its subsidiaries, as appropriate to the context.

RECENT DEVELOPMENTS... On October 26, 2004, we issued $400.0 million of 5.125% Senior Notes under our shelf registration statements. The Senior Notes are due on October 30, 2014. The proceeds from the notes were used to repay our $250.0 million in 63/4% Senior Notes, which were due on November 1, 2004. The remaining proceeds were used for working capital, capital expenditures, repayment of other debt and other general corporate purposes. As of April 30, 2005, we had $850.0 million available under our shelf registration statements.

On June 8, 2005, our Board of Directors declared a two for one stock split of the Company's Common Stock in the form of a 100% stock distribution, effective August 22, 2005, to shareholders of record as of the close of business on August 1, 2005. All share and per share amounts in this document have been adjusted to reflect the retroactive effect of the stock split.

Developments during fiscal year 2005 within our operating segments are described below in "Description of Business."
TAX SERVICES

GENERAL. Our Tax Services segment is primarily engaged in providing tax return preparation and related services and products in the United States and its territories, Canada, Australia and the United Kingdom. Revenues include fees earned for services performed at company owned retail tax offices, royalties from franchise retail tax offices, sales of Peace of Mind ("POM") guarantees, sales of tax preparation and other software, fees from online tax preparation, and participation in refund anticipation loans ("RALs"). Segment revenues constituted 53.4% of our consolidated revenues for fiscal year 2005, 51.6% for 2004, and 52.2% for 2003.

Retail income tax return preparation and related services are provided by tax professionals via a system of retail offices operated directly by us or by franchisees. In addition to our retail offices, we offer a number of digital tax preparation alternatives. 

TaxCut® from H&R Block enables do it yourself users to prepare their federal and state tax returns easily and accurately. Our software products may be purchased through third party retail stores, direct mail or online.

Clients also have many online options: multiple versions of do it yourself tax preparation, professional tax review, tax advice and tax preparation through a tax professional, whereby the client completes a tax organizer and sends it to a tax professional for preparation and/or signature.

By offering professional and do it yourself tax preparation options through multiple channels, we can serve our clients in the manner in which they choose to be served.

We also offer clients a number of options for receiving their income tax refund, including a check directly from the Internal Revenue Service ("IRS"), an electronic deposit directly to their bank account, a refund anticipation check or a RAL.

The following are some of the services we offer with our tax preparation service:

PEACE OF MIND GUARANTEE. The POM guarantee is offered to U.S. clients, whereby we (1) represent our clients if audited by the IRS, and (2) assume the cost, subject to certain limits, of additional taxes owed by a client resulting from errors attributable to one of our tax professionals. The POM program has a per client cumulative limit of $5,000 in additional taxes assessed with respect to the federal, state and local tax returns we prepared for the taxable year covered by the program.

RALs. RALs are offered to our U.S. clients by a designated bank through a contractual relationship with HSBC Holdings plc ("HSBC"). An eligible, electronic filing client may apply for a RAL at one of our offices. After meeting certain eligibility criteria, clients are offered the opportunity to apply for a loan from HSBC in amounts up to $9,999 based upon their anticipated federal income tax refund. We simultaneously transmit the income tax return information to the IRS and the lending bank. Within a few days or less after the filing date, the client receives a check or direct deposit in the amount of the loan, less the bank's transaction fee, our tax return preparation fee and other fees for client selected services. Additionally, qualifying electronic filing clients are eligible to receive their RAL proceeds, less applicable fees, in approximately one hour after electronic filing using the Instant Money service. For a RAL to be repaid, the IRS directly deposits the participating client's federal income tax refund into a designated account at the lending bank. See related discussion of RAL participations below.

RACs. Refund Anticipation Checks ("RACs") are offered to U.S. clients who may not wish to obtain a RAL or do not qualify for the RAL program, but who would like to either (1) receive their refund faster and do not have a bank account for the IRS to direct deposit their refund or (2) have their tax preparation fees paid directly out of their refund. A RAC is not a loan and is provided through a contractual relationship with HSBC.

EASY PAY LOANS. "EasyPay" revolving loans are offered through a contractual relationship with HSBC to clients whose tax returns reflect a balance due to the IRS. The loan has "same as cash" terms for approximately 90 days.

EXPRESS IRAS. Individual retirement accounts ("Express IRAs"), invested in FDIC insured money market accounts, are offered to U.S. clients as a tax advantaged retirement savings tool. HRBFA acts as custodian on the accounts, with the funds being invested at insured depository institutions paying competitive money market interest rates.

TAX RETURN PREPARATION COURSES. We offer income tax return preparation courses to the public, which teach taxpayers how to prepare income tax returns and provide us with a source of trained tax professionals.

SOFTWARE PRODUCTS. We develop and market TaxCut income tax preparation software, H&R Block DeductionPro™,

FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

See discussion below and in Item 8, note 20 to our consolidated financial statements.
Kiplinger's Home and Business Attorney and Kiplinger's WILLPowerSM software products.

TaxCut offers a simple step by step tax preparation interview, data imports from money management software and tax preparation software, calculations, completion of the appropriate tax forms, checking for errors and, for an additional charge, electronic filing. H&R Block DeductionPro helps taxpayers track and accurately value their charitable deductions by providing fair market valuations for hundreds of commonly donated household goods.

**ONLINE TAX PREPARATION**

We offer a comprehensive range of tax services and products, from tax advice to complete professional and do it yourself tax return preparation and electronic filing, through our website at www.hrblock.com and www.taxcut.com. These websites allow clients to prepare their federal and state income tax returns using the Online Tax Program ("OTP"), access tax tips, advice and tax related news and use calculators for tax planning.

Beginning with the fiscal year 2003 tax season, we participated in the Free File Alliance ("FFA"). This alliance was created by the tax return preparation industry and the IRS, and allows filers to prepare and file their federal return online at no charge. We feel that this program increases our visibility with new clients, while also providing an opportunity to offer our state return preparation services to these new clients at our regular prices.

**CASHBACK PROGRAM**

We offer a refund discount ("CashBack") program to our customers in Canada. Canadian law specifies the procedures we must follow in conducting the program. In accordance with current Canadian regulations, if a customer's tax return indicates the customer is entitled to a tax refund, we issue a check to the client. The client assigns to us the full amount of the tax refund to be issued by Revenue Canada and the refund check is then sent by Revenue Canada directly to us. In accordance with the law, the discount is deemed to include both the tax return preparation fee and the fee for tax refund discounting. This program is financed by short term borrowings. The number of returns discounted under the CashBack program in fiscal year 2005 was approximately $81,000, compared to $52,000 in 2004 and $51,000 in 2003. See discussion of the Canadian tax season extension under "Seasonality of Business."

**CLIENTS SERVED**

We, together with our franchisees, served approximately 21.4 million clients worldwide during fiscal year 2005, compared to 21.6 million in 2004 and 21.7 in 2003. See discussion of the Canadian tax season extension under "Seasonality of Business."

**OWNED AND FRANCHISED OFFICES**

A summary of our company owned and franchise offices is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. OFFICES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company-owned offices</td>
<td>5,811</td>
<td>5,172</td>
<td>4,688</td>
</tr>
<tr>
<td>Company-owned shared locations (1)</td>
<td>1,296</td>
<td>996</td>
<td>607</td>
</tr>
<tr>
<td>Total company-owned offices</td>
<td>7,107</td>
<td>6,168</td>
<td>5,295</td>
</tr>
<tr>
<td>Franchise offices</td>
<td>3,528</td>
<td>3,418</td>
<td>3,967</td>
</tr>
<tr>
<td>Franchise shared locations (1)</td>
<td>526</td>
<td>323</td>
<td>95</td>
</tr>
<tr>
<td>Total franchise offices</td>
<td>4,054</td>
<td>3,741</td>
<td>4,062</td>
</tr>
<tr>
<td></td>
<td>11,161</td>
<td>9,909</td>
<td>9,357</td>
</tr>
<tr>
<td><strong>INTERNATIONAL OFFICES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>912</td>
<td>891</td>
<td>910</td>
</tr>
<tr>
<td>Australia</td>
<td>378</td>
<td>378</td>
<td>362</td>
</tr>
<tr>
<td>Other</td>
<td>10</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>1,300</td>
<td>1,276</td>
<td>1,278</td>
</tr>
</tbody>
</table>

(1) Shared locations include offices located within Wal-Mart, Sears or other third-party businesses.

Offices in shared locations include 947 offices operated in Wal Mart stores and 757 offices in Sears stores operated as "H&R Block at Sears." The Wal Mart agreement is in the process of being extended, with the new agreement expected to expire in May 2007, and the Sears license agreement expires in July 2007, both subject to termination rights.

We offer franchises as a way to expand our presence in the market. Our franchise arrangements provide us with certain rights which are designed to protect our brand. Most of our franchisees receive signs, designated equipment, specialized forms, local advertising, initial training, and supervisory services, and pay us a percentage of gross tax return preparation and related service revenues as a franchise royalty.

From time to time, we have acquired the territories of existing franchisees and other tax return preparation businesses, and will continue to do so if future conditions warrant and satisfactory terms can be negotiated. During fiscal year 2004, we made payments of $243.2 million related to the acquisition of primarily assets and stock in the franchise territories of ten of our former major franchisees. One franchisee is continuing litigation.
challenging the post expiration restrictive covenants and also disputing the payment due under the franchise agreement terms.

**RAL PARTICIPATIONS AND 2003 TAX SEASON WAIVER**  Since July 1996, we have been a party to agreements with HSBC and its predecessors to participate in RALs provided by a lending bank to H&R Block tax clients. The 1996 agreement was amended and restated in January 2003 and again in June 2003. In the June 2003 agreement, we obtained the right to purchase a 49.9% participation interest in RALs obtained through company owned and regular franchise offices and a 25% interest in RALs obtained through major franchise offices. The current agreement continues through June 2006. Our purchases of the participation interests are financed through short term borrowings, and we bear all of the credit risk associated with our interests in the RALs. Revenue from our participation is calculated as the rate of participation multiplied by the fee paid by the borrower to the lending bank. Our RAL participation revenue was $182.8 million and $168.4 million in fiscal years 2005 and 2004, respectively.

In January 2003, we entered into an agreement with Household Tax Masters, Inc. ("Household," subsequently acquired by HSBC), whereby we waived our right to purchase any participation interests in and to receive fees related to RALs during the period January 1 through April 30, 2003. In consideration for waiving these rights, we received a series of payments from Household, subject to certain adjustments based on delinquency rates for the 2003 tax season. We recorded revenues totaling $138.2 million during fiscal year 2003. The initial payments were recognized as revenue over the waiver period. The waiver agreement only covered the 2003 tax season.

**SEASONALITY OF BUSINESS**  Because most of our clients file their tax returns during the period from January through April of each year, substantially all of our revenues from income tax return preparation and related services and products are received during this period. As a result, our tax segment generally operates at a loss through the first eight months of the fiscal year. Historically, these losses primarily reflect wages of year round personnel, training of tax professionals, rental and furnishing of retail tax offices, and other costs and expenses relating to preparation for the upcoming tax season. Additionally, the tax business is affected by economic conditions and unemployment rates. Peak revenues occur during the applicable tax season, as follows:

<table>
<thead>
<tr>
<th>United States and Canada</th>
<th>January</th>
<th>April</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>July</td>
<td>October</td>
</tr>
</tbody>
</table>

This year Revenue Canada extended the Canadian tax season to May 2, 2005. Clients served in our Canadian operations in fiscal year 2005 includes approximately 47,500 returns in both company owned and franchise offices which were accepted by the client on May 1 and 2, 2005. The revenues related to these returns will be recognized in fiscal year 2006.

**COMPETITIVE CONDITIONS**  The retail tax services business is highly competitive. There are a substantial number of tax return preparation firms and accounting firms offering tax return preparation services. Many tax return preparation firms and many firms not otherwise in the tax return preparation business are involved in providing electronic filing and RAL services to the public. Commercial tax return preparers and electronic filers are highly competitive with regard to price, service and reputation for quality. In terms of the number of offices and personal tax returns prepared and electronically filed in offices, online and via our software, we are the largest company providing direct tax return preparation and electronic filing services in the U.S. We also believe we operate the largest tax return preparation businesses in Canada and Australia.

The Digital Tax Solutions businesses compete with a number of companies. Intuit, Inc. is the dominant supplier of tax preparation software and is also our primary competitor in the online tax preparation market. There are many smaller competitors in the online market, as well as free state sponsored online filing programs. Price competition for tax preparation services increased in fiscal year 2005. In addition, we and Intuit, along with several other online companies participating in the FFA, began offering free online federal return preparation with no income limitations. As a result, the IRS indicated the number of free federal returns filed through the FFA increased 46%. We continue to believe the FFA offers us the opportunity to reach new clients; however, this year's free offer captured new clients who may have otherwise paid for a return through our online business.

**GOVERNMENT REGULATION**  Primary efforts toward the regulation of U.S. commercial tax return preparers have historically been made at the federal level. Federal legislation requires income tax return preparers to, among other things, set forth their signatures and identification numbers on all tax returns prepared by them, and retain all tax returns prepared for three years. Federal laws also subject income tax return preparers to accuracy related penalties in connection with the preparation of income tax returns. Preparers may be prohibited from further acting as income tax return preparers if they continuously and repeatedly engage in specified misconduct. With certain exceptions, the Internal Revenue Code also prohibits the use or disclosure by income tax return preparers of certain income tax return information without the prior written consent of the taxpayer. In addition, the Gramm Leach Billey Act and