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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q/A

AMENDMENT NUMBER 1

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JULY 31, 1997

[ ] 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, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

MISSOURI	44-0607856
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

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)

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 X No

The number of shares outstanding of the registrant's Common Stock, without par value, at September 1, 1997 was 104,178,653 shares.

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

FINANCIAL CONDITION

These comments should be read in conjunction with the Consolidated Balance Sheets and Consolidated Statements of Cash Flows found on pages 1 and 3, respectively.

Working capital decreased from $821.4 million at April 30, 1997 to $550.5 million at July 31, 1997. The working capital ratio at July 31, 1997 is 1.6 to 1, compared to 2.3 to 1 at April 30, 1997. The decrease in working capital and working capital ratio is primarily due to the following: (1) working capital was decreased by approximately $189.3 million due to the acquisition of Option One; and (2) the seasonal nature of the Company's Tax Services segment. Tax return preparation occurs almost entirely in the fourth quarter and has the effect of increasing certain assets and liabilities during this time.

The Company maintains seasonal lines of credit to support short-term borrowing facilities in the United States and Canada. During the months of January through April, the Company's Canadian Tax Services regularly incurs short-term borrowings to purchase refunds due its clients from Revenue Canada.

BFC incurs short-term borrowings throughout the year to fund receivables associated with its credit card, nonconforming mortgage loan and other financial service programs. BFC has a $1.0 billion back-up credit facility to support its various financial activities through December 1997, subject to renewal. At July 31, 1997, short-term borrowings totaled $657.2 million compared to $269.6 million at April 30, 1997 due mainly to the acquisition of Option One and the funding of its mortgage operations.

BFC filed a $1.0 billion shelf registration statement for medium-term debt securities after the end of the first quarter of fiscal 1998. BFC intends to draw down $250 million on the shelf registration in the second quarter to pay down the commercial paper used to fund the acquisition of Option One, described below.

The Company's capital expenditures, excluding the acquisition of Option One, and dividend payments during the first three months were funded through internally-generated funds.

The Company will pay CompuServe Corporation (CompuServe) $67.1 million in the second quarter for the tax benefits derived by the Company from CompuServe's operating losses in the 1996 calendar year using internally-generated funds. Such payment will be made in accordance with the Tax Sharing Agreement between the Company and CompuServe.

Upon the completion of the CompuServe transaction, described below, the Company will hold an approximate 3 percent stake in WorldCom, Inc. (WorldCom) and will evaluate various alternatives to convert its holdings into cash in a timely manner. The proceeds will be used to assist the Company in growing its core tax and financial services businesses and to fund the Company's stock repurchase program discussed below.

The Company announced in December 1993 its intention to repurchase from time to time up to 10 million of its shares on the open market of which 4.8 million had been repurchased at July 31, 1997. In July 1996, the Company announced its intention to repurchase up to 10 million additional shares in the open market over a two-year period following the separation of CompuServe. Such authorization is in addition to the 1993 authorization. Following the completion of the CompuServe transaction, the Company plans to continue to purchase its shares on the open market in accordance with these authorizations. However, the repurchase program will depend on the price of the stock, availability of excess cash, the ability to maintain financial flexibility, and other investment opportunities available.

RESULTS OF OPERATIONS

SIGNIFICANT EVENTS

On June 17, 1997, the Company completed the purchase of Option One. Option One engages in the origination, purchase, servicing, securitization and sale of nonconforming mortgage loans. Based in Santa Ana, California, Option One has a network of more than 5,000 mortgage brokers in 46 states. The cash purchase price was $218.1 million. In addition, the Company made a cash payment of $456 million to Option One's parent to eliminate intercompany loans made to Option One to finance its mortgage loan operations. Both payments are subject to post-closing adjustments. The $456 million payment was recorded as an intercompany loan and was repaid to the Company by the end of June 1997 after Option One sold the mortgage loans to a third party in the ordinary course of business. The acquisition was accounted for as a purchase, and accordingly, Option One's results are included since the date of acquisition.

On September 7, 1997, the Company entered into an Agreement and Plan of Merger (Merger Agreement) under which a subsidiary of WorldCom would acquire CompuServe. At the effective time of the merger, each of the outstanding shares of CompuServe common stock (including the 74,200,000 shares owned by the Company) are to be converted into the right to receive, and there shall be paid and issued, in exchange for each of the CompuServe shares, .40625 of a share of WorldCom stock, subject to adjustment as provided in the Merger Agreement. The transaction is subject to the satisfaction of certain conditions, including, among others, the expiration or termination of any applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and any foreign competition law or similar law, the receipt of other regulatory approvals and CompuServe shareholder approval and adoption of the Merger Agreement. The Company has agreed to vote all of its directly or indirectly owned shares of CompuServe common stock in favor of the merger, and such action is sufficient to approve the transaction. The transaction will be treated as a sale of assets for tax purposes and it is expected to close as soon as practicable after the satisfaction of all the conditions set forth in the Merger Agreement. The financial summary below has been reclassified to reflect CompuServe as discontinued operations. CompuServe was previously reported in the Computer Services segment.

1997 COMPARED TO 1996

The analysis that follows should be read in conjunction with the table below and the Consolidated Statements of Operations found on page 2.

THREE MONTHS ENDED JULY 31, 1997 COMPARED TO
THREE MONTHS ENDED JULY 31, 1996
(AMOUNTS IN THOUSANDS)

	Revenues 1997	Revenues 1996	Earnings (loss) 1997	Earnings (loss) 1996
Tax services	$ 14,389	$ 12,282	$(52,059)	$(45,229)
Financial services	29,209	8,224	(6,349)	(1,022)
Unallocated corporate	387	109	(2,291)	(3,579)
Investment income, net	-	-	5,190	3,944
Intersegment sales	(18)	-	-	-
	$ 43,967	$ 20,615	(55,509)	(45,886)
Income tax benefit			(20,648)	(17,391)
Net loss from continuing operations			(34,861)	(28,495)
Net loss from discontinued operations			(3,274)	(23,731)
Net loss			$(38,135)	$(52,226)

Consolidated revenues for the three months ended July 31, 1997 increased 113.3% to $44.0 million from $20.6 million reported last year. The increase is primarily due to the revenues of the Company's new retail mortgage operations this year of $18.4 million, which include revenues of Option One, acquired on June 17, 1997.

The consolidated pretax loss from continuing operations for the first quarter of fiscal 1998 increased to $55.5 million from $45.9 million in the first quarter of last year. The increase is attributable to the Tax Services segment, which incurred a pretax loss of $52.1 million compared to $45.2 million in the first quarter of last year.

The net loss from continuing operations was $34.9 million, or $.33 per share, compared to $28.5 million, or $.27 per share, for the same period last year.

An analysis of operations by segment follows.

TAX SERVICES

Revenues increased 17.2% to $14.4 million from $12.3 million last year, resulting primarily from higher tax preparation fees that are attributable to increases in pricing and in the number of tax returns prepared.

The pretax loss increased 15.1% to $52.1 million from $45.2 million in the first quarter of last year due to normal operational increases in compensation, rent and utilities. Additionally, expenses associated with continued office acquisitions and expansion, which include rent, salaries and benefits, have contributed to the increased loss. Due to the seasonality of this segment's business, first quarter operating results are not indicative of expected results for the entire fiscal year.

FINANCIAL SERVICES

Revenues increased 255.2% to $29.2 million from $8.2 million in the same period last year. The increase is primarily related to new mortgage operations which contributed increased revenues of $18.4 million this year. New mortgage operations include revenues related to the recently acquired Option One. Credit card operations also contributed $2.4 million to the increase due to larger revolving credit card balances over the first quarter of fiscal 1997.

The pretax loss increased to $6.3 million from $1.0 million in the first quarter of fiscal 1997, primarily due to increased bad debt expenses resulting from larger revolving credit card balances and operational costs related to the new retail mortgage business. In addition, higher bad debt and compensation expenses in software and online operations, respectively, contributed to the loss.

INVESTMENT INCOME, NET

Net investment income increased 31.6% to $5.2 million from $3.9 million last year. The increase resulted from more funds available for investment.

UNALLOCATED CORPORATE AND ADMINISTRATIVE

The unallocated corporate and administrative pretax loss for the first quarter decreased 36.0% to $2.3 million from $3.6 million in the comparable period last year. The decrease resulted mainly from expenses included in the first quarter of fiscal 1997 of $517 thousand related to the planned spin-off of the Company's remaining investment in CompuServe. Also contributing to the decrease were lower consultant fees, charitable contributions and insurance expenses.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

a) Exhibits

10(a)* Amendment and Termination of the H&R Block, Inc. Retirement Plan for Non-Employee Directors

10(b)* Amendment No. 8 to the H&R Block Deferred Compensation Plan for Executives

10(c)* Amendment No. 3 to the H&R Block Deferred Compensation Plan for Directors

10(d)* Amendment No. 4 to the H&R Block Deferred Compensation Plan for Directors

10(e)* Amendment No. 4 to the H&R Block Supplemental Deferred Compensation Plan for Executives

(27)* Financial Data Schedule.

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*Previously filed.

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.

H&R BLOCK, INC.
(Registrant)

DATE 10/2/97 BY /s/ Ozzie Wenich

Ozzie Wenich
Senior Vice President,
Chief Financial Officer
and Treasurer

DATE 10/2/97 BY /s/ Patrick D. Petrie

Patrick D. Petrie
Vice President and Corporate Controller