SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended January 31, 1994

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.)

4410 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, 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 February 28, 1994 was 106,081,293 shares.

H&R BLOCK, INC.
CONSOLIDATED BALANCE SHEETS
Unaudited, amounts in thousands, except share amounts

	January 31, 1994	April 30, 1993
ASSETS		
CURRENT ASSETS		
Cash (including certificates of deposit of $11,136 and $36,074)	$ 36,012	$ 43,417
Marketable securities	56,812	291,347
Receivables, less allowance for doubtful accounts of $9,762 and $12,000	636,146	228,691
Prepaid expenses	39,184	26,483
TOTAL CURRENT ASSETS	768,154	589,938
INVESTMENTS AND OTHER ASSETS		
Investments in marketable securities	99,938	104,762
Excess of cost over fair value of net tangible		

assets acquired, net of amortization..............	70,408	125,628
Other...	35,483	37,120
TOTAL INVESTMENTS AND OTHER ASSETS..................	205,829	267,510
PROPERTY AND EQUIPMENT, at cost less accumulated depreciation and amortization.......................	157,704	148,386
TOTAL ASSETS..	$1,131,687	$1,005,834
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable......................................	$ 357,370	$ 37,167
Accounts payable, accrued expenses and deposits......	130,746	132,321
Accrued salaries, wages and payroll taxes...........	40,265	53,495
Accrued taxes on income.............................	31,814	106,943
TOTAL CURRENT LIABILITIES...........................	560,195	329,926
OTHER NONCURRENT LIABILITIES...........................	28,668	25,420
STOCKHOLDERS' EQUITY		
Common stock, no par, stated value $.01 per share....	1,089	1,089
Additional paid-in capital..........................	92,422	101,038
Retained earnings...................................	557,812	643,757
	651,323	745,884
Less cost of 2,960,278 and 2,617,463 shares of common stock in treasury..........................	108,499	95,396
	542,824	650,488
	$1,131,687	$1,005,834

See Notes to Consolidated Financial Statements.

H&R BLOCK, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
Unaudited, amounts in thousands, except per share amounts

	Three Months Ended January 31, 1994	Three Months Ended January 31, 1993
Revenues		
Service revenues....................................	$213,787	$169,857
Franchise royalties.................................	9,551	9,069
Investment income...................................	2,800	3,048
Other income..	3,303	8,773
	229,441	190,747
Expenses		
Employee compensation and benefits..................	83,731	76,243
Occupancy and equipment.............................	60,686	50,898
Marketing and advertising...........................	9,730	6,654
Supplies, freight and postage.......................	17,385	16,669
Other...	44,292	32,238
Purchased research and development..................	25,072	-
	240,896	182,702

Earnings (loss) from continuing operations before

tax expense	(11,455)	8,045
Income tax expense	6,479	2,350
Net earnings (loss) from continuing operations	(17,934)	5,695
Net earnings from discontinued operations (less applicable income taxes of $2,920 and $3,091)	3,225	2,888
Gain on sale of discontinued operations (less applicable income taxes of $16,711)	27,265	-
Net earnings	$ 12,556	$ 8,583
Weighted average number of common shares outstanding	106,892	107,447
Earnings (loss) per share		
From continuing operations	$ (.17)	$ .05
Net earnings	$ .12	$ .08
Dividends per share	$ .28	$ .25

See Notes to Consolidated Financial Statements.

H&R BLOCK, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
Unaudited, amounts in thousands, except per share amounts

	Nine Months Ended January 31, 1994	1993
Revenues		
Service revenues	$434,886	$339,746
Franchise royalties	13,725	13,345
Investment income	10,331	11,681
Other income	5,019	10,630
	463,961	375,402
Expenses		
Employee compensation and benefits	162,575	145,467
Occupancy and equipment	160,602	132,594
Marketing and advertising	23,486	18,318
Supplies, freight and postage	32,261	30,716
Other	93,662	68,740
Purchased research and development	25,072	-
	497,658	395,835
Loss from continuing operations before tax benefit	(33,697)	(20,433)
Income tax benefit	(3,347)	(9,701)
Net loss from continuing operations	(30,350)	(10,732)
Earnings from discontinued operations (less applicable income taxes of $8,706 and $8,094)	9,268	8,197
Gain on sale of discontinued operations (less applicable income taxes of $16,711)	27,265	-
Net earnings (loss)	$ 6,183	$ (2,535)

Weighted average number of common shares outstanding....	106,581	106,647
Earnings (loss) per share		
From continuing operations..........................	$ (.28)	$ (.10)
Net earnings (loss)................................	$ .06	$ (.02)
Dividends per share..................................	$ .81	$ .72

See Notes to Consolidated Financial Statements.

H&R BLOCK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited, amounts in thousands

	Nine Months Ended January 31, 1994	1993
Cash flows from operating activities		
Net earnings (loss)................................	$ 6,183	$ (2,535)
Adjustments to reconcile the net earnings (loss) to net cash used in operating activities:		
Depreciation and amortization......................	46,541	39,636
Gain on sale of subsidiary.........................	(27,265)	-
Charge for purchased research and development.......	25,072	-
Other noncurrent liabilities.......................	3,248	3,513
Changes in:		
Receivables......................................	(249,504)	(258,747)
Prepaid expenses.................................	(20,043)	(20,346)
Net assets held for sale.........................	(17,370)	-
Accounts payable, accrued expenses and deposits...	1,154	47,260
Accrued salaries, wages and payroll taxes.........	(272)	(19,924)
Accrued taxes on income..........................	(91,646)	(70,644)
Net cash used in operating activities................	(323,902)	(281,787)
Cash flows from investing activities		
Purchases of marketable securities..................	(518,466)	(486,675)
Maturities of marketable securities.................	757,826	732,495
Purchases of property and equipment.................	(65,011)	(53,024)
Excess of cost over fair value of net tangible assets acquired, net of cash acquired.............	(49,938)	(9,630)
Other, net...	(20,042)	(10,809)
Net cash provided by investing activities...........	104,369	172,357
Cash flows from financing activities		
Repayments of notes payable.........................	(327,302)	(150,648)
Proceeds from issuance of notes payable.............	647,505	364,920
Dividends paid......................................	(86,356)	(76,883)
Payments to acquire treasury shares.................	(68,899)	(70,606)
Proceeds from stock options exercised...............	47,180	59,305
Net cash provided by financing activities...........	212,128	126,088
Increase (decrease) in cash...........................	(7,405)	16,658
Cash at beginning of period...........................	43,417	13,476
Cash at end of period.................................	$ 36,012	$ 30,134
Supplemental disclosures of cash flow information		
Income taxes paid..................................	$ 97,199	$ 69,037
Interest paid......................................	976	2,239

See Notes to Consolidated Financial Statements.

H&R BLOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

1. The Consolidated Balance Sheet as of January 31, 1994, the Consolidated Statements of Operations for the three and nine months ended January 31, 1994 and 1993, and the Consolidated Statements of Cash Flows for the nine months ended January 31, 1994 and 1993 have been prepared by the Company, without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at January 31, 1994 and for all periods presented have been made.

   Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's April 30, 1993 Annual Report to Shareholders.

   Operating revenues are seasonal in nature with peak revenues occurring in the months January through April. Thus, the nine months results are not indicative of results to be expected for the year.

2. On January 27, 1994 the Company sold 100% of the common stock of its wholly-owned subsidiary, Interim Services Inc., for $20 per share in an initial public offering of 10,000,000 shares. Since cash proceeds from the sale were received subsequent to quarter end, a receivable, net of underwriting fees, of $188.500 million is included in accounts receivable at January 31, 1994. The sale was treated as a non-cash item for purposes of reporting cash flows. The sale resulted in a pretax gain of $43.976 million ($27.265 million or $.26 per share, net of taxes). The gain is net of costs incurred in connection with the sale. The Consolidated Statements of Operations have been restated for all periods presented to report results of discontinued operations separately from continuing operations. Revenues from discontinued operations for the three months ended January 31, 1994 and 1993 were $141.896 million and $118.121 million, respectively. Revenues from discontinued operations for the nine months ended January 31, 1994 and 1993 were $399.573 million and $335.608 million, respectively.

3. On November 20, 1993, the Company acquired MECA Software, Inc., a provider of personal finance and income tax preparation software, for $45.384 million in cash. The transaction was accounted for as a purchase and, accordingly, the purchase price has been allocated to the assets acquired and liabilities assumed based upon their fair values at the date of acquisition. MECA's results are included in the Company's operations from the date of acquisition.

   The excess of the purchase price over the fair value of the net tangible assets acquired was $55.978 million. Of this amount, purchased software, which had reached the stage of technological feasibility, was valued using a risk-adjusted cash flow model, under which future cash flows were discounted taking into account risks related to future markets and an assessment of the life expectancy of purchased software. Purchased research and development which had not reached the stage of technological feasibility and which had no alternative future use was valued using the same methodology. Expected future cash flows associated with in-process research and development were discounted considering the risks and uncertainties related to the viability of and potential changes in future markets and to the completion of products that will be ultimately marketed by MECA. This analysis resulted in an allocation of $25.072 million to purchased research and development which had not reached the stage of technological feasibility and $4.900 million to various other intangibles including technology, software and trademarks, with the remainder treated as goodwill. The amount related to purchased research and development, which is not deductible for tax purposes, was charged against income from continuing operations on the date of acquisition.

Goodwill and other intangibles arising from the acquisition will be amortized on a straight-line basis over estimated economic lives of 3 to 15 years. Pro forma results, assuming MECA had been acquired as of the beginning of the periods presented, would not be materially different from results from operations as reported.

Liabilities assumed in connection with the acquisition were excluded from the Consolidated Statements of Cash Flows. The fair value of assets acquired, including intangibles, was $62.004 million; liabilities assumed were $16.620 million.

4. Marketable equity securities at January 31, 1994, all of which are included in noncurrent assets, are stated at their cost of $8,243,000. The market value of these securities at January 31, 1994 was $15,884,000. The remainder of the marketable securities at January 31, 1994 is stated at amortized cost. At April 30, 1993, the cost of marketable equity securities was $9,255,000. The market value of these securities at April 30, 1993 was $18,460,000.

5. The Company files its Federal and state income tax returns on a calendar year basis. The Consolidated Statements of Operations reflect the effective tax rates expected to be applicable for the respective full fiscal years. The Company adopted the provisions of Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes, in the first quarter of fiscal 1994. The effect of its implementation was not material.

6. Net earnings (loss) per common share are based on the weighted average number of shares outstanding during each period, and in periods in which they have a dilutive effect, the effect of common shares contingently issuable from stock options. Earnings per share assuming full dilution have not been shown as there would be no material dilution.

7. During the nine months ended January 31, 1994 and 1993, the Company issued 1,546,551 and 2,303,907 shares, respectively, pursuant to provisions for exercise of its stock option plans; during the same period, the Company acquired 1,883,816 and 2,028,000 shares of its common stock at an aggregate cost of $68,899,000 and $70,606,000,

respectively.

8. In May 1993, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The Statement expands the use of fair value accounting for "trading" and "available-for-sale" securities, but retains the use of the amortized cost method for investments in debt securities that the enterprise has the positive intent and ability to hold to maturity. The Company currently accounts for all such investments using the amortized cost method. Adoption of the Statement is required for fiscal years beginning after December 15, 1993. Adoption of this Statement will not be material to the Company's financial position or results from operations.

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 4, respectively.

Working capital decreased from $260.012 million at April 30, 1993 to $207.959 million at January 31, 1994. The working capital ratio at January 31, 1994 was 1.4 to 1 compared to 1.8 to 1 at April 30, 1993. The decrease in working capital and working capital ratio must be viewed in the context of the Company's business which is seasonal, with peak activity in the fourth quarter, due to the nature of the Company's largest segment, Tax Services. Tax return preparation occurs almost entirely in the fourth quarter and has the effect of increasing certain assets and liabilities during this time. The decrease in working capital and working capital ratio was primarily due to the increase in short-term borrowings, as discussed below, significantly offset by the receivable recorded for the proceeds from the sale of Interim Services Inc. (see Note 2 of Notes to Consolidated Financial Statements).

The Company has no long-term debt. However, 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. Additionally, Block Financial Corporation, a wholly-owned subsidiary of the Company, incurs short-term borrowings during the months of January through April to purchase interests in a trust to which certain Refund Anticipation Loans made by Mellon Bank are sold. The amount outstanding in connection with such activities at April 30, 1993 of $37.167 million was repaid during the first quarter of fiscal 1994. At January 31, 1994, short-term borrowings of $357.370 million were used to fund the Block Financial Corporation program discussed above. The Company also maintains a year-round $100 million line of credit to support various financial activities to be conducted by Block Financial Corporation in the future that may require further borrowing.

On December 8, 1993 the Company announced its intention to purchase from time to time, at market, up to 10,000,000 shares of its outstanding stock. The Company intends to purchase shares on a periodic basis depending upon market conditions, and expects that 4he authorization will extend beyond two years. Internally generated funds, in addition to proceeds from the sale of Interim Services Inc., will be used to purchase these shares.

The Company's acquisition of MECA Software, Inc., acquisition of treasury shares, capital expenditures and dividend payments during the first nine months were funded primarily through internally-generated funds.

In May 1993, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The Statement expands the use of fair value accounting for "trading" and "available-for-sale" securities, but retains the use of the amortized cost method for investments in debt securities that the enterprise has the positive intent and ability to hold to maturity. The Company currently accounts for all such investments using the amortized cost method. Adoption of the Statement is required for fiscal years beginning after December 15, 1993. Adoption of this Statement will not be material to the Company's financial position or results from operations.

RESULTS OF OPERATIONS

During the third quarter of fiscal 1994, the Company sold 100% of the common stock of its wholly-owned subsidiary, Interim Services Inc. and acquired MECA Software, Inc. (See Notes 2 and 3 of the Notes to Consolidated Financial Statements.) The results of Interim Services Inc. were previously reflected as the Temporary Help Services segment. Other Services includes the operations of Block Financial Corporation and MECA Software, Inc.

The analysis of operations for the three and nine months ended January 31, 1994 compared to the same periods last year, and the three months ended January 31, 1994 compared to the three months ended October 31, 1993, follows. The analysis should be read in conjunction with the tables below and the Consolidated Statements of Operations found on pages 2 and 3.

Three Months Ended January 31, 1994 Compared to Three Months Ended January 31, 1993

Results by segment are summarized below, amounts in thousands.

	Revenues		Earnings (loss)	
	1994	1993	1994	1993
Tax services....................	$104,557	$105,221	$(12,471)	$(10,817)
Computer services...............	113,749	81,179	29,313	19,092
Other services..................	11,078	4,477	(715)	827
Inter-segment eliminations......	(2,850)	(3,280)	-	-
	226,534	187,597	16,127	9,102
Investment income...............	2,800	3,048	2,800	3,048
Unallocated corporate...........	107	102	(5,310)	(4,105)
	$229,441	$190,747		
Purchased research and development..................			(25,072)	-
			(11,455)	8,045
Provision for tax expense.......			6,479	2,350

Net earnings (loss) from continuing operations.........	(17,934)	5,695
Discontinued operations:		
Net earnings..................	3,225	2,888
Net gain on sale..............	27,265	-
Net earnings....................	$ 12,556	$ 8,583

Consolidated revenues from continuing operations for the three months ended January 31, 1994 increased 20.3% to $229.441 million from $190.747 million reported last year. The increase is due to greater revenues reported by the Computer Services segment, in addition to revenues contributed by MECA Software, Inc. which was acquired in the third quarter of fiscal 1994. The Computer Services segment revenues increased $32.570 million, or 40.1%, over the comparable period last year due to continued strong demand in the consumer and network services markets. MECA Software, Inc. reported revenues of $4.501 million for the third quarter of fiscal 1994.

Pretax earnings from continuing operations for the third quarter of fiscal 1994, excluding the non-recurring charge for purchased research and development, increased 69.3% to $13.617 million from $8.045 million last year. The increase in earnings resulted from the increase in earnings reported by the Computer Services segment of $10.221 million, or 53.5%, due to strong revenue growth. In connection with the acquisition of MECA Software, Inc., in-process research and development, which had not reached the stage of technological feasibility, was valued at $25.072 million and recorded as a non-recurring charge against earnings from continuing operations.

Tax Services segment revenues decreased .6% to $104.557 million from $105.221 million last year, due primarily to a 53.2% decrease in Canadian discounted return fees. The significant decrease in discounted return fees is attributable to Canadian tax changes that affect the Company's tax refund discounting business. Tax preparation and Rapid Refund fees increased 3.3% and 6.8%, respectively, as compared to last year.

Computer Services segment revenues increased 40.1% to $113.749 million from $81.179 million in the comparable period last year. The large increase resulted from the success of consumer services and Wide Area Network services, the revenues from which increased 57.6% and 31.0%, respectively, over the comparable period last year. The growth in these services resulted from greater usage.

Other Services revenues increased $6.601 million, primarily due to the MECA acquisition completed on November 20, 1993. MECA contributed revenues of $4.501 million for the third quarter of fiscal 1994.

Investment income decreased 8.1% to $2.800 million from $3.048 million last year. The decrease resulted primarily from lower yields and less funds available for investment.

Consolidated expenses from continuing operations, excluding the non-recurring charge for purchased research and development, increased 18.1% to $215.824 million from $182.702 million in the comparable quarter last year. Computer Services segment expenses increased $22.349 million, or 36.0%, to $84.436 million from $62.087 million in last year's comparable period and are associated with the greater revenues. The Tax Services segment's expenses were affected by the lower revenues, increasing .9% over the comparable period last year. Other Services expenses increased from $3.650 million to $11.793 million as a result of the MECA acquisition.

The net loss from continuing operations for the third quarter of fiscal 1994 was $17.934 million, or $.17 per share, compared to net income of $5.695 million, or $.05 per share, for the same period last year. The significant change in net results from continuing operations is due to the non-recurring charge for purchased research and development discussed above. Excluding this charge, the net earnings from continuing operations for the third quarter was $7.138 million, or $.07 per share, an increase of 25.3%. Net earnings from discontinued operations of $.03 per share were equal to earnings per share for the same period last year. The weighted average shares outstanding for the third quarter of fiscal 1994 declined to 106,892,000 from 107,447,000 last year, due to repurchase of outstanding shares in the first nine months of this year, offset by treasury shares issued for stock option exercises.

Three Months Ended January 31, 1994 (Third Quarter) Compared to Three Months Ended October 31, 1993 (Second Quarter)

Results by segment are summarized below, amounts in thousands.

	Revenues		Earnings (loss)	
	3rd Qtr	2nd Qtr	3rd Qtr	2nd Qtr
Tax services	$104,557	$ 26,315	$(12,471)	$(32,338)
Computer services	113,749	102,543	29,313	24,442
Other services	11,078	1,447	(715)	(154)
Inter-segment eliminations	(2,850)	(2,625)	-	-
	226,534	127,680	16,127	(8,050)
Investment income	2,800	3,464	2,800	3,464
Unallocated corporate	107	62	(5,310)	(3,281)
	$229,441	$131,206		
Purchased research and development			(25,072)	-
			(11,455)	(7,867)
Provision for tax expense (benefit)			6,479	(3,694)
Net loss from continuing operations			(17,934)	(4,173)
Discontinued operations:				
Net earnings			3,225	3,241
Net gain on sale			27,265	-
Net earnings (loss)			$ 12,556	$ (932)

Consolidated revenues from continuing operations during the third quarter increased 74.9% to $229.441 million from $131.206 million reported for the second quarter. The increase was primarily due to the start of the 1994 tax filing period, the improved performance of the Computer Services segment and the acquisition of MECA.

The Company reported a pretax loss from continuing operations of $11.455 million for the third quarter, compared to a $7.867 million loss for the second quarter of fiscal 1994. The increase in the reported loss resulted from the non-recurring charge for purchased research and development recorded in the third quarter. Excluding this charge, the pretax results from continuing operations increased to $13.617 million in earnings from a $7.867 million loss for the second quarter. The significant improvement in pretax results from continuing operations excluding the non-recurring charge was due primarily to the Tax Services segment as a result of the start of the tax filing period. Additionally, earnings from the Computer Services segment increased 19.9% over the second quarter of fiscal 1994.

Tax Services segment revenues increased 297.3% to $104.557 million from $26.315 million in the second quarter. The increase is attributable to increased tax preparation fees, Rapid Refund fees and Canadian discounted return fees caused by the onset of the tax filing period, slightly offset by a decrease in tuition tax school fee revenues which are typically earned in the fall preceding the tax filing season.

Computer Services segment revenues increased 10.9% to $113.749 million from $102.543 million in the preceding quarter. The increase is essentially due to an increase in consumer revenues by $10.507 million, resulting from increases in the number of customer and usage hours in the United States, in addition to an increase in European consumer revenues.

Other Services revenues increased to $11.078 million from $1.447 million in the preceding quarter. In addition to the acquisition of MECA Software, Inc., the increase was due to Block Financial Corporation's participation in Refund Anticipation Loans made by Mellon Bank.

Investment income decreased 19.2% to $2.800 million from $3.464 million in the second quarter. The decrease resulted from lower funds available for investment.

Consolidated expenses from continuing operations, excluding the non-recurring charge for purchased research and development, increased 55.2% to $215.824 million from $139.073 million in the second quarter. The Tax Services segment expenses increased 99.5%, representing the expenses associated with the increased revenues. Computer Services segment expenses increased 8.1% compared to the second quarter, also matching the increase in related segment revenues. Other Services expenses increased from $1.601 million in the second quarter to $11.793 million, due to the MECA acquisition and the increased activity of Block Financial Corporation's participation in Refund Anticipation Loans.

The net loss from continuing operations in the third quarter was $17.934 million, or $.17 per share, compared to a net loss of $4.173 million, or $.04 per share, in the second quarter. The significant change in the net results from operations was due to the non-recurring charge for purchased research and development previously discussed. Excluding this charge, net earnings from continuing operations were $7.138 million, or $.07 per share, compared to the per share loss of $.04 in the preceding quarter. The lower net loss was due to greater earnings from the Computer Services and Tax Services segments. The net earnings per share from discontinued operations during the third quarter were $.03 per share, the same as in the second quarter.

Nine Months Ended January 31, 1994 (FYTD) Compared to
Nine Months Ended January 31, 1993 (FYTD)

Results by segment are summarized below, amounts in thousands.

	Revenues		Earnings (loss)	
	1994	1993	1994	1993
Tax services....................	$140,544	$143,447	$(81,973)	$(76,510)
Computer services...............	308,180	224,907	75,343	53,062
Other services..................	13,062	4,477	(987)	704
Inter-segment eliminations.......	(8,325)	(9,280)	-	-
	453,461	363,551	(7,617)	(22,744)
Investment income...............	10,331	11,681	10,331	11,681
Unallocated corporate...........	169	170	(11,339)	(9,370)
	$463,961	$375,402		
Purchased research and development...................			(25,072)	-
			(33,697)	(20,433)
Provision for tax benefit........			(3,347)	(9,701)
Net loss from continuing operations....................			(30,350)	(10,732)
Discontinued operations:				
Net earnings..................			9,268	8,197
Net gain on sale..............			27,265	-
Net earnings (loss).............			$ 6,183	$ (2,535)

Consolidated revenues from continuing operations increased 23.6% to $463.961 million from $375.402 million reported last year. The increase resulted primarily from the Computer Services segment and Other Services.

The pretax loss from continuing operations increased 64.9% to $33.697 million from $20.433 million last year, due primarily to the non-recurring charge for purchased research and development. Excluding this charge, the pretax loss from continuing operations decreased 57.8% to $8.625 million as compared to the prior year. The Computer Services segment earnings increased $22.281 million, or 42.0%, to $75.343 million from $53.062 million in the preceding year, offset by the Tax Services segment pretax loss, which increased $5.463 million, or 7.1%, to $81.973 million compared to $76.510 million last year.

Tax Services segment revenues decreased 2.0% to $140.544 million from $143.447 million last year. Tax preparation and Rapid Refund fees increased 2.9% and 6.5%, respectively, due to an increase in fee structure, which was more than offset by Canadian discounted return and tuition tax school fees, which decreased 52.4% and 7.5%, respectively. The decrease in discounted return fees resulted from tax law changes related to child care credits in Canada. Tax tuition school fees decreased due to lower enrollment as compared to the prior year.

Computer Services segment revenues increased 37.0% to $308.180 million from $224.907 million last year. The increase was due to consumer services revenues, which increased by $66.884

million, or 54.3%, and network services revenues, which increased 34.0% to $20.324 million. The increase in consumer services revenues was due to increases in the number of customers and usage hours, and increased European revenues. The increase in network services revenues was due to growth in existing packet network customers.

Other Services revenues increased to $13.062 million from $4.477 million in the preceding year. The increase resulted primarily from the MECA acquisition, in addition to the increased activity of Block Financial Corporation.

Investment income decreased 11.6% to $10.331 million from $11.681 million last year. The decrease resulted from lower interest rates and less funds available for investment.

Consolidated expenses from continuing operations, excluding the non-recurring charge for purchased research and development, increased 19.4% to $472.586 million from $395.835 million last year. Computer Services segment expenses increased 35.5% to $232.837 million from $171.845 million in the prior year and was associated with the greater revenues. Tax Services segment expenses increased 1.2% to $222.517 million from $219.957 million in the preceding year. Other Services expenses increased from $3.773 million to $14.049 million as a result of the MECA acquisition and increased activity of Block Financial Corporation.

The net loss from continuing operations for the nine months was $30.350 million, or $.28 per share, compared to a net loss of $10.732 million, or $.10 per share, for the comparable period last year. The significant variance was caused by the non-recurring charge for purchased research and development recorded in the third quarter. Excluding this charge, the net loss from continuing operations was $5.278, or $.05 per share. The earnings per share from discontinued operations was $.09 this year, compared to $.08 last year. The weighted average shares outstanding this year declined to 106,581,000 from 106,647,000 last year, due to repurchase of outstanding shares in the first nine months of this year, offset by the issuance of treasury stock for exercises of stock options.

PART II - OTHER INFORMATION

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

(a) Exhibits

- (10)(a) Amendment No. 3 to H&R Block, Inc. Deferred Compensation Plan for Executives.
- (b) Amendment No. 4 to H&R Block, Inc. Deferred Compensation Plan for Executives.
- (11) Statement re Computation of Per Share Earnings.

(b) Reports on Form 8-K

During the quarter ended January 31, 1994, the registrant filed a current report on Form 8-K dated December 2, 1993 pertaining to the completion of the acquisition of MECA Software, Inc.

No other current reports on Form 8-K were filed during the quarter ended January 31, 1994.

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)

BY /s/ William P. Anderson

William P. Anderson
Vice President, Corporate
Development and Chief
Financial Officer

DATE 03/11/94

BY /s/ Ozzie Wenich

Ozzie Wenich
Vice President, Corporate
Controller and Treasurer

DATE 03/11/94

Exhibit (10)(a)

AMENDMENT NO. 3

TO

H&R BLOCK, INC.

DEFERRED COMPENSATION PLAN FOR EXECUTIVES

H&R BLOCK, INC. (the "Company"), adopted the H&R Block, Inc. Deferred Compensation Plan for Executives (the "Plan") effective as of August 1, 1987. The Company amended the Plan by Amendment No. 1 effective December 15, 1990, and by Amendment No. 2 effective January 1, 1990. The Company continues to retain the right to amend the Plan, pursuant to action by the Company's Board of Directors. The Company hereby exercises that right. This Amendment is effective as of September 11, 1991.

AMENDMENT

1. Section 2.1.27 of the Plan is deleted and replaced with the following new Section 2.1.27:

2.1.27. "Standard Form of Benefit" as to any Participant means semimonthly payments for a fifteen (15) year period.

2. Section 4.4.1 of the Plan is deleted and replaced with the following new Section 4.4.1:

Section 4.4.1. Except as described in Section 4.4.2, if a Participant terminates employment before Normal Retirement Date or Early Retirement Date for reasons other than death or Disability, gains and losses shall be credited as described in Section 4.2 up to the date of termination of employment to that Participant's Accounts that represent Completed Deferral Cycles. Crediting for Accounts that do not represent Completed Deferral Cycles shall be at an interest rate set annually by the Chief Financial Officer of the Company in his discretion, which shall not be less than the rate then payable on Investment Savings Accounts of $1,000 or less at Commerce Bank of Kansas City, N.A., Kansas City, Missouri, or any successor thereto.

3. Section 6.2 of the Plan is deleted and replaced with the following new Section 6.2:

Section 6.2. Form of Benefits Upon Retirement or Disability. Payments from the Account shall be made in accordance with the Standard Form of Benefit for Participants who terminate employment on or after Normal Retirement Date or Early Retirement Date or are Disabled. However, no less than 13 months prior to such termination of employment, the Participant may petition the Committee for, and the Committee may approve at such time, an optional form of benefit.

Notwithstanding any other provisions of the Plan, a Participant who terminates employment on or after Normal Retirement Date or Early Retirement Date may, at any time before or after a Change in Control, as defined in Section 10.2, elect to receive an immediate lump-sum payment of the balance of said Participant's Account reduced by a penalty, which shall be forfeited to the Company, in lieu of payments in accordance with the Standard Form of Benefit or such optional form of benefit as may have previously been approved by the Committee under this Section 6.2. The penalty shall be equal to ten percent (10%) of the balance of such Account if the election is made before a Change in Control and shall be equal to five percent (5%) of the balance of such Account if the election is made after a Change in Control. However, the penalty shall not apply if the Committee determines, based on advice of counsel or a final determination or ruling by the Internal Revenue Service or any court of competent jurisdiction, that by reason of the provisions of this paragraph any Participant has recognized or will recognize gross income for federal income tax purposes under this Plan in advance of payment to the Participant of Plan benefits. The Company shall notify all Participants of any such determination by the Committee and shall thereafter refund all penalties which were imposed hereunder in connection with any lump-sum payments made at any time during or after the first year to which the Committee's determination applies (i.e., the first year for which, by reasons of the provisions of this paragraph, gross income under this Plan is recognized for federal income tax purposes in advance of payment of benefits). Interest compounded annually shall be paid by the Company to the Participant (or the Participant's Beneficiary if the Participant is deceased) on any such refund from the date of the Company's payment of the lump sum at an annual rate set at the time of the refund by the Chief Financial Officer of the Company in his discretion, which rate shall not be less than the rate then payable

on Investment Savings Accounts of $1,000 or less at Commerce Bank of Kansas City, N.A., Kansas City, Missouri, or any successor thereto. The Committee may also reduce or eliminate the penalty if it determines that the right to elect an immediate lump-sum payment under this paragraph, with the reduced penalty or with no penalty, as the case may be, will not cause any Participant to recognize gross income for federal income tax purposes under this Plan in advance of payment to the Participant of Plan benefits.

4. Section 6.3 of the Plan, as amended on March 13, 1991, is further amended by deleting the word "monthly" in the second sentence thereof and replacing such word with the word "semimonthly."

5. Section 6.4 of the Plan is deleted and replaced with the following new Section 6.4:

Section 6.4. Amount of Benefit. Except for distributions in the form of a lump sum, benefit payments shall be in the form of equal semimonthly installments paid during the applicable payment period, such installments to be computed at the commencement of benefit payments based upon the balance in the Account at such time, together with an estimate of the gains to be credited to the Account during the payment period. Such estimated gains shall be calculated using an assumed interest rate equal to (a) nine percent (9%) per annum if the Participant elected the fixed rate investment option pursuant to Section 4.2; (b) five percent (5%) per annum if the Participant elected the variable rate investment option pursuant to Section

4.2; or (c) the annual interest rate set by the Chief Financial Officer of the Company in accordance with Section 4.4.1 if the Participant receives benefits pursuant to Section 6.3. If the Participant is not receiving benefits pursuant to Section 6.3 and has elected different crediting rates for separate Permissible Deferral elections, the estimated gains shall be calculated separately for each separate Account applicable to each such separate Permissible Deferral election.

Generally, the Account shall continue to be credited during the payment period with gains and losses as provided in Section 4.3. However, if a Participant receives benefits pursuant to Section 6.3, the Account shall be credited with gains and losses as provided in Section 4.4.1. Except as provided otherwise, if a Participant dies, Section 6.6 shall apply.

If, at the end of 12 consecutive months after the date that benefit payments commence, or at the end of any subsequent 12-consecutive-month period, the actual crediting rate for such period is more than the assumed interest rate, the additional gain resulting from the difference shall be paid to the Participant in a single payment on or before the next December 31 following the end of such period. If, at the end of any such 12-consecutive-month period, the actual crediting rate for such period is less than the assumed interest rate, the amount of the reduced gain resulting from the difference shall be deducted from succeeding payments due to the Participant in such manner as the Committee shall determine.

Notwithstanding anything in this Plan to the contrary, the Committee may, in its sole discretion, increase or reduce any assumed interest rate set forth in this Section 6.4 and any such assumed interest rate, as so adjusted, shall be effective for calculating equal semimonthly installments for Participants whose benefit payments commence after the date of such adjustment.

6. The first paragraph of Section 6.6.1 is amended by adding the following sentence to the end of said paragraph:

If such benefits were payable pursuant to Section 6.2 to a Participant whose employment terminated on or after Normal Retirement Date or early Retirement Date, the Participant's Beneficiary may make the election to receive an immediate lump-sum payment of the balance of said Participant's Account in accordance with the provisions of Section 6.2 and all provisions set forth therein relating to penalties shall apply to any such election.

7. The second paragraph of Section 6.6.1 is amended by deleting the word "monthly" in the second sentence of such second paragraph and replacing such word with the word "semimonthly."

8. Section 6.6.2 is amended by deleting the word "monthly" in the third sentence thereof and replacing such word with the word "semimonthly."

9. Section 9.1 of the Plan is amended by adding the following sentence to the end of said Section 9.1:

Notwithstanding anything in this Section 9.1 to the contrary, the Committee may, in its discretion, amend the Plan to reduce or eliminate the penalty described in Section 6.2 in accordance with the provisions of such Section 6.2, and amend the Plan to increase or reduce any assumed interest rate set forth in Section 6.4, in accordance with the provisions of such Section 6.4.

10. Except as modified in this Amendment No. 3, the Plan, as previously amended, shall remain in full force and effect, including the Company's right to amend or terminate the Plan as set forth in Article 9 of the Plan, amended as provided above.

H&R BLOCK, INC.

By__________________________

Its_________________________

Exhibit (10)(b)

AMENDMENT NO. 4
TO
H&R BLOCK, INC.
DEFERRED COMPENSATION PLAN FOR EXECUTIVES

H&R BLOCK, INC. (the "Company"), adopted the H&R Block, Inc. Deferred Compensation Plan for Executives (the "Plan") effective as of August 1, 1987. The Company amended the Plan by Amendment No. 1 effective December 15, 1990, by Amendment No. 2 effective January 1, 1990, and by Amendment No. 3 effective September 11, 1991. The Company continues to retain the right to amend the Plan, pursuant to action by the Company's Board of Directors. The Company hereby exercises that right. This Amendment is effective as of January 1, 1994.

AMENDMENT

1. Section 4.3 of the Plan is amended by changing the title to such Section to "Crediting Rate Upon Retirement, Death, Disability or Termination of Employment With All Affiliates as a Result of a Change of Control" and by adding the following sentence at the end of such Section 4.3:

"If a Participant terminates employment with all Affili-ates before Normal Retirement Date or Early Retirement Date as a result of a Change of Control, gains and losses to all of that Participant's Accounts, regardless of whether or not such Accounts represent Completed Deferral Cycles, shall be credited as described in Section 4.2 up to the date of the Change of Control and crediting for such Accounts after the date of the Change of Control shall be at an interest rate set annually by the Chief Financial Officer of the Company in his discretion, which shall not be less than the rate then payable on Invest-ment Savings Accounts of $1,000 or less at Commerce Bank of Kansas City, N.A., Kansas City, Missouri, or any successor thereto."

2. Section 4.4.1 of the Plan, as previously amended, is further amended by deleting the first sentence thereof in its entirety and replacing such sentence with the following sentence:

"Except as described in Section 4.4.2, if a Participant terminates employment with all Affiliates before Normal Retirement Date or Early Retirement Date for reasons other than death, Disability or a Change of Control, gains and losses shall be credited as described in Section 4.2 up to the date of termination of employment to that Participant's Accounts that represent Completed Deferral Cycles."

3. Section 6.6.1 of the Plan, as previously amended, is further amended by deleting the third sentence of the first paragraph thereof in its entirety and replacing such sentence with the following sentence:

"If such benefits were payable pursuant to Section 6.3, the Account shall continue to be credited during the payout period as provided in Section 4.4, except that, if such benefits were payable because of the Participant's termination of employment with all Affiliates following a Change of Control, the Account shall continue to be credited as provided in Section 4.3."

4. Except as modified in this Amendment No. 4, the Plan, as previously amended, shall remain in full force and effect, including the Company's right to amend or terminate the Plan as set forth in Article 9 of the Plan, amended as provided above.

H&R BLOCK, INC.

By_____________________________

Its____________________________

Exhibit 11

CALCULATION OF PRIMARY EARNINGS PER SHARE

	Three Months Ended January 31, 1994	Three Months Ended January 31, 1993	Nine Months Ended January 31, 1994	Nine Months Ended January 31, 1993
Net earnings (loss) from continuing operations..........	$(17,934,000)	$ 5,695,000	$(30,350,000)	$(10,732,000)
Net earnings (loss)....	$ 12,556,000	$ 8,583,000	$ 6,183,000	$ (2,535,000)
Average number of shares outstanding - primary:				
Average number of common shares outstanding.........	105,919,000	107,064,000	105,802,000	106,647,000
Dilutive effect of stock options after application of treasury stock method.............	973,000	383,000	779,000	-
Average number of shares outstanding...	106,892,000	107,447,000	106,581,000	106,647,000
Primary earnings per share:				
From continuing operations.........	($.17)	$.05	$(.28)	$(.10)
Net earnings (loss)..	$.12	$.08	$.06	$(.02)

CALCULATION OF FULLY DILUTED EARNINGS PER SHARE

	Three Months Ended January 31, 1994	Three Months Ended January 31, 1993	Nine Months Ended January 31, 1994	Nine Months Ended January 31, 1993
Net earnings (loss) from continuing operations..........	$(17,934,000)	$ 5,695,000	$(30,350,000)	$(10,732,000)
Net earnings (loss)....	$ 12,556,000	$ 8,583,000	$ 6,183,000	$ (2,535,000)
Average number of shares outstanding - fully diluted:				
Shares used in				

calculating primary earnings per share..	106,892,000	107,447,000	106,581,000	106,647,000
Additional effect of stock options after application of treasury stock method..............	-	-	-	-
Average number of shares outstanding...	106,892,000	107,447,000	106,581,000	106,647,000
Fully diluted earnings per share:				
From continuing operations.........	($.17)	$.05	$(.28)	$(.10)
Net earnings (loss)..	$.12	$.08	$.06	$(.02)