SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended October 31, 1994

[ ] 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.)

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 (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 December 5, 1994 was 105,596,045 shares.

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SIGNATURES

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

ASSETS	October 31, 1994 (Unaudited)	April 30, 1994 (Audited)
CURRENT ASSETS		
Cash (including certificates of deposit of $18,299 and $23,519)	$ 34,191	$ 41,343
Marketable securities	278,924	473,043
Receivables, less allowance for doubtful accounts of $13,042 and $12,744	163,375	165,858
Prepaid expenses	35,539	19,551
TOTAL CURRENT ASSETS	512,029	699,795
INVESTMENTS AND OTHER ASSETS		
Investments in marketable securities	103,895	105,705
Excess of cost over fair value of net tangible assets acquired, net of amortization	65,495	67,679
Other	39,691	36,301
	209,081	209,685
PROPERTY AND EQUIPMENT, at cost less accumulated depreciation and amortization	179,954	165,224
	$ 901,064	$ 1,074,704
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	$ 63,750	$ -
Accounts payable, accrued expenses and deposits	123,867	160,592
Accrued salaries, wages and payroll taxes	16,381	55,195
Accrued taxes on income	43,788	120,425
TOTAL CURRENT LIABILITIES	247,786	336,212
OTHER NONCURRENT LIABILITIES	37,619	30,617
STOCKHOLDERS' EQUITY		
Common stock, no par, stated value $.01 per share	1,089	1,089
Additional paid-in capital	87,501	90,552
Retained earnings	657,866	719,724
	746,456	811,365
Less cost of 3,407,082 and 2,823,605 shares of common stock in treasury	130,797	103,490
	615,659	707,875
	$ 901,064	$ 1,074,704

<FN>
See Notes to Consolidated Financial Statements.
</FN>

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

	Three Months Ended October 31,	
	1994	1993

REVENUES		
Service revenues	$ 163,404	$ 123,508
Franchise royalties	3,442	3,103
Investment income	4,554	3,464
Other income	1,457	1,131
	172,857	131,206
EXPENSES		
Employee compensation and benefits	49,908	41,948
Occupancy and equipment	64,072	51,647
Marketing and advertising	13,880	9,367
Supplies, freight and postage	10,878	9,562
Other	36,148	26,549
	174,886	139,073
LOSS FROM CONTINUING OPERATIONS BEFORE TAX BENEFIT	(2,029)	(7,867)
Income tax benefit	(777)	(3,694)
Net loss from continuing operations	(1,252)	(4,173)
Net earnings from discontinued operations (less applicable income taxes of $3,104)	-	3,241
NET LOSS	$ (1,252)	$ (932)
Weighted average number of common shares outstanding	105,000	105,677
LOSS PER SHARE		
From continuing operations	$ (.01)	$ (.04)
Net loss	$ (.01)	$ (.01)
Dividends per share	$ .3125	$ .28

<FN>
See Notes to Consolidated Financial Statements.
</FN>

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

	Six Months Ended October 31, 1994	1993
REVENUES		
Service revenues	$ 299,123	$ 221,099
Franchise royalties	4,629	4,174
Investment income	9,705	7,531
Other income	4,800	1,716
	318,257	234,520
EXPENSES		
Employee compensation and benefits	94,902	78,844
Occupancy and equipment	124,982	99,916
Marketing and advertising	20,323	13,756
Supplies, freight and postage	17,558	14,876
Other	67,318	49,370
	325,083	256,762
LOSS FROM CONTINUING OPERATIONS BEFORE TAX BENEFIT	(6,826)	(22,242)
Income tax benefit	(2,614)	(9,826)
Net loss from continuing operations	(4,212)	(12,416)
Net earnings from discontinued operations (less applicable income taxes of $5,786)	-	6,043
NET LOSS	$ (4,212)	$ (6,373)

Weighted average number of common shares outstanding	105,063	105,730
LOSS PER SHARE		
From continuing operations	$ (.04)	$ (.12)
Net loss	$ (.04)	$ (.06)
Dividends per share	$ .5925	$ .53

<FN>
See Notes to Consolidated Financial Statements.
</FN>

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

	Six Months Ended October 31, 1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (4,212)	$ (6,373)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	31,481	25,909
Gain on sale of subsidiaries	(2,796)	-
Other noncurrent liabilities	7,002	3,649
Changes in:		
Receivables	2,483	99,991
Prepaid expenses	(15,988)	(13,637)
Net assets of discontinued operations	-	(14,144)
Accounts payable, accrued expenses and deposits	(36,725)	(23,334)
Accrued salaries, wages and payroll taxes	(38,814)	(25,711)
Accrued taxes on income	(78,033)	(68,187)
NET CASH USED IN OPERATING ACTIVITIES	(135,602)	(21,837)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of marketable securities	(843,724)	(431,375)
Maturities of marketable securities	1,043,297	608,473
Purchases of property and equipment	(44,167)	(33,223)
Excess of cost over fair value of net tangible assets acquired	(2,150)	(3,820)
Other, net	4,750	(17,842)
NET CASH PROVIDED BY INVESTING ACTIVITIES	158,006	122,213
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of notes payable	(749,612)	(80,661)
Proceeds from issuance of notes payable	813,362	46,500
Dividends paid	(62,948)	(56,707)
Payments to acquire treasury shares	(83,112)	(53,944)
Proceeds from stock options exercised	52,754	40,813
NET CASH USED IN FINANCING ACTIVITIES	(29,556)	(103,999)
Net decrease in cash	(7,152)	(3,623)
Cash at beginning of period	41,343	43,417
Cash at end of period	$ 34,191	$ 39,794
Supplemental disclosures of cash flow information		
Income taxes paid	$ 74,023	$ 64,147
Interest paid	1,185	430

<FN>
See Notes to Consolidated Financial Statements.
</FN>

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

1. The Consolidated Balance Sheet as of October 31, 1994, the Consolidated Statements of Operations for the three and six months ended October 31, 1994 and 1993, and the Consolidated Statements of Cash Flows for the six months ended October 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 October

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, 1994 Annual Report to Shareholders.

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

2. During the third quarter of fiscal 1994, the Company sold 100% of the common stock of its wholly-owned subsidiary, Interim Services Inc. Prior year amounts include Interim's results, reported as discontinued operations. The Company acquired MECA Software, Inc. (now Block Financial Software, Inc.) in November 1993. The acquisition was accounted for as a purchase and, accordingly, the Consolidated Statements of Operations include MECA's results since the date of acquisition.

3. 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." This Standard addresses the reporting for debt and equity securities by requiring such investments to be classified in held-to-maturity, available-for-sale or trading categories. The Company adopted this Standard on May 1, 1994. All marketable debt and equity securities have been classified as current or noncurrent available-for-sale securities, and are carried at market value with unrealized gains and losses included in stockholders' equity. The adoption of this Standard resulted in an increase to stockholders' equity of $5,526,000 (net of taxes of $3,431,000), representing the aggregate excess market value over carrying value of the Company's securities on the date of adoption. During the six months ended October 31, 1994, the net unrealized holding gain on available-for-sale securities decreased $3,278,000 to $2,248,000. Net earnings for the period were not affected by the accounting change.

4. 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.

5. Net loss per common share is based on the weighted average number of shares outstanding during each period. The weighted average shares outstanding for the six months ended October 31, 1994 declined to 105,063,000 from 105,730,000 last year, due to repurchase of outstanding shares, offset by the issuance of treasury shares for stock option exercises.

6. During the six months ended October 31, 1994 and 1993, the Company issued 1,452,473 and 1,310,482 shares, respectively, pursuant to provisions for exercise of its stock option plans; during the same periods, the Company acquired 2,041,500 and 1,505,116 shares of its common stock at an aggregate cost of $83,112,000 and $53,944,000, respectively.

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 3 and 6, respectively.

Working capital decreased from $363.6 million at April 30, 1994 to $264.2 million at October 31, 1994. The working capital ratio at October 31, 1994 and April 30, 1994 was 2.1 to 1. The decrease in working capital 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 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 (BFC), a wholly-owned subsidiary of the Company, incurs short-term borrowings throughout the year to fund receivables associated with its credit card program. At October 31, 1994, short-term borrowings used to fund credit card receivables totaled $63.8 million. There were no borrowings outstanding at April 30, 1994. The Company also maintains a year-round $100 million line of credit to support various financial activities conducted by BFC.

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

On October 26, 1994, the Internal Revenue Service announced that, as a result of concerns relating to fraudulent tax refund claims by taxpayers, it was eliminating the Direct Deposit Indicator (DDI) beginning with the upcoming 1995 tax season. Previously, the IRS used the DDI to notify the electronic filer after receiving a taxpayer's electronically filed tax return that the direct deposit of the refund would be honored. The DDI was a key element of the Refund Anticipation Loan (RAL) program because it helped control the risk of loan losses and thus encouraged participating financial institutions to make RALs under relatively favorable terms to taxpayers. In response to the IRS's decision, the Company has amended its RAL agreement with Beneficial. Beginning in the 1995 tax season, all Block company-owned offices will offer the Beneficial RAL products, and most of its franchised offices are expected to also offer RALs through Beneficial. Previously, Beneficial served about 40% of H&R Block's company-owned offices, in addition to many of its franchises. As a result of the IRS's decision, more traditional credit underwriting methods will be used by Beneficial to determine eligibility of RAL customers and the price of most RALs will rise significantly. A higher price and more limited availability should affect the number of RAL customers served in 1995, but the extent of the effect can not be estimated with any assurance. However, the Company continues to believe that the earnings of H&R Block Tax Services, Inc. will decline in fiscal 1995 from last year. Additionally, Block Financial Corporation (BFC) will not participate in RALs made during the 1995 tax season. Consequently, BFC, which contributed $8.7 million to consolidated pretax earnings last year, will likely report a loss resulting from its other operations and start-up businesses. It is not possible, at this time, to quantify the overall impact of such changes on consolidated earnings.

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. Prior amounts include Interim's results, reported as discontinued operations. The results of Interim Services Inc. were previously reflected as the Temporary Help Services segment.

The Company acquired MECA Software, Inc. in November 1994. The transaction was accounted for as a purchase and, accordingly, results include MECA's operations subsequent to the date of acquisition. The personal finance software operations of MECA Software, Inc. (now Block Financial Software, Inc.) are included in the Financial Services segment; the personal tax software operations of Legal Knowledge Systems, Inc., formerly a subsidiary of MECA, are reported as Other Services.

The analysis that follows should be read in conjunction with the table below and the Consolidated Statements of Operations found on pages 4 and 5.

Three Months Ended October 31, 1994 Compared to
Three Months Ended October 31, 1993
(amounts in thousands)

	Revenues		Earnings (loss)	
	1994	1993	1994	1993
Tax services	$ 27,733	$ 26,315	$(35,114)	$(32,338)
Computer services	136,631	102,543	34,336	24,442
Financial services	6,792	1,447	(1,308)	(154)
Other services	550	-	(2,020)	-
Inter-segment eliminations	(3,454)	(2,625)	-	-
	168,252	127,680	(4,106)	(8,050)
Investment income	4,554	3,464	4,554	3,464
Unallocated corporate	51	62	(2,477)	(3,281)
	$172,857	$131,206	(2,029)	(7,867)
Income tax benefit			(777)	(3,694)
Net loss from continuing operations			(1,252)	(4,173)
Net earnings from discontinued operations			-	3,241
Net loss			$ (1,252)	$ (932)

Consolidated revenues for the three months ended October 31, 1994 increased 31.7% to $172.857 million from $131.206 million reported last year. The increase is primarily due to greater revenues reported by the Computer Services and Financial Services segments.

The consolidated pretax loss for the second quarter of fiscal 1995 improved 74.2% to $2.029 million from a pretax loss from continuing operations of $7.867 million in the second quarter of last year. The significant improvement in the second quarter loss is due to the improved operating results of the Computer Services segment, offset by increased losses reported by the other operating segments.

The net loss was $1.252 million, or $.01 per share, compared to a net loss from continuing operations of $4.173 million, or $.04 per share, for the same period last year. Discontinued operations which were sold in January 1994 contributed earnings of $.03 per share in the second quarter of fiscal 1994.

An analysis of operations by segment follows.

TAX SERVICES
Revenues increased 5.4% to $27.733 million from $26.315 million last year, due primarily to greater revenues generated by Australian tax operations during its tax season and an improvement in the Canadian exchange rate.

The pretax loss increased 8.6% to $35.114 million from $32.338 million in the second quarter of last year, as a result of increased employee compensation, employee benefits, rent and other facility expenses.

COMPUTER SERVICES
Revenues increased 33.2% to $136.631 million from $102.543 million in the comparable period last year, due to increases in both consumer and network revenues. Consumer Services revenues were 47.5% better than last year,

despite a price decrease in February 1994. The growth in consumer revenues is due to the increase in new customers in the United States and further expansion into Europe. Network Services revenues were 33.1% better than last year, due to increasing usage and new customers. Second quarter revenues for the prior fiscal year include the operations of two software subsidiaries which were sold in the first quarter of fiscal 1995. Exclusive of operations sold, revenues increased 40.7% as compared to the prior year.

Pretax earnings increased 40.5% to $34.336 million from $24.442 million in the second quarter of fiscal 1994. The increase in pretax earnings is attributable to the continued strong performances of the Consumer and Network divisions. Excluding the operating results of the software subsidiaries sold, pretax earnings increased 45.2% as compared to the prior year. Pretax earnings as a percentage of revenues, excluding the operations and gain on sales of subsidiaries, was 25.1% for the second quarter of fiscal 1995, compared to 24.3% for the same period last year. The increase in the pretax margin resulted primarily from the exceptional increases in revenues which outpaced expenses, a significant portion of which are not directly associated with revenues.

FINANCIAL SERVICES

Revenues increased to $6.792 million from $1.447 million in the same period last year. The increase in revenues was due to increases in credit card fees and refund loan participation fees, and the revenues of the personal finance software operations of MECA Software, Inc.

The pretax loss increased to $1.308 million from $154 thousand in the second quarter of fiscal 1994, due to the loss reported by the personal finance software business of MECA Software, Inc. which was acquired in November 1993, partially offset by increased earnings of credit card operations.

OTHER SERVICES

Other services represent the operations of the personal tax software business of Legal Knowledge Systems, Inc., formerly a subsidiary of MECA Software, Inc. The second quarter loss of $2.020 million is due to the seasonality of tax preparation software sales, which normally peak during the third and fourth quarters of the fiscal year. The loss includes amortization expense of $247 thousand.

INVESTMENT INCOME

Investment income increased 31.5% to $4.554 million from $3.464 million last year. The increase resulted primarily from greater funds available for investment, largely due to the proceeds from the sale of Interim Services Inc. received in the fourth quarter of fiscal 1994.

CORPORATE AND ADMINISTRATIVE EXPENSES

The corporate and administrative pretax loss for the second quarter decreased 24.5% to $2.477 million from $3.281 million in the comparable period last year. The improvement is the result of the first-time allocation to operating segments of certain employee benefit expenses paid at the corporate level, in addition to management's efforts to control corporate overhead expenses.

Three Months Ended October 31, 1994 (Second Quarter) Compared to
Three Months Ended July 31, 1994 (First Quarter)
(amounts in thousands)

	Revenues		Earnings (loss)	
	2nd Qtr	1st Qtr	2nd Qtr	1st Qtr
Tax services	$ 27,733	$ 9,563	$(35,114)	$(39,998)
Computer services	136,631	127,896	34,336	33,912
Financial services	6,792	5,989	(1,308)	211
Other services	550	78	(2,020)	(2,039)
Inter-segment eliminations	(3,454)	(3,277)	-	-

	168,252	140,249	(4,106)	(7,914)
Investment income	4,554	5,151	4,554	5,151
Unallocated corporate	51	-	(2,477)	(2,034)
	$172,857	$145,400	(2,029)	(4,797)
Income tax benefit			(777)	(1,837)
Net loss			$ (1,252)	$ (2,960)

Consolidated revenues increased 18.9% to $172.857 million from $145.400 million in the first quarter of fiscal 1995. The significant increase is due to higher revenues generated by all of the operating segments, with the majority of the increase due to Tax Services and Computer Services.

The consolidated pretax loss decreased 57.7% to $2.029 million from $4.797 million for the three months ended July 31, 1994. The improvement is due entirely to the Tax Services segment which decreased its operating loss by 12.2%.

The net loss was $1.252 million, or $.01 per share, compared to a net loss of $2.960 million, or $.03 per share, for the first quarter of fiscal 1995. The decreased loss largely resulted from a reduction in the loss reported by Tax Services, offset by a loss reported by Financial Services and lower investment income.

An analysis of operations by segment follows.

TAX SERVICES
Revenues increased $18.170 million to $27.733 million from $9.563 million reported in the first quarter of fiscal 1995. The increase partially resulted from the onset of the tax season in Australia, which contributed revenues of approximately $8.5 million. U.S. revenues increased approximately $9.5 million due to tuition tax school fees earned in the second quarter and increased sales of supplies to franchisees, both of which are seasonal.

The pretax loss decreased 12.2% to $35.114 million from $39.998 million reported for the three months ended July 31, 1994. The decrease is due to earnings reported by Australian tax operations from its fiscal 1995 tax season.

COMPUTER SERVICES
Revenues increased 6.8% to $136.631 million from $127.896 million reported in the first quarter of fiscal 1995. The increase is due to the improved performance of the Consumer Services and Network Services divisions, offset by the operating revenues and the gain on the sale of two software subsidiaries which were sold during the first quarter. Exclusive of the gain and the operating revenues of these subsidiaries, revenues for the second quarter increased 11.0% as compared to the first quarter. Consumer Services and Network Services revenues for the three months ended October 31, 1994 increased 12.8% and 8.8%, respectively, as compared to the first quarter of fiscal 1995. The growth in Consumer Services is due to an increase in new customers in the United States and business development in Europe, and the growth in Network Services resulted from increasing usage and new customers.

Pretax earnings increased 1.3% to $34.336 million from $33.912 million reported in the first quarter of fiscal 1995. Exclusive of the gain on the sale and the operating results of two software subsidiaries sold, pretax earnings increased 11.1% as compared to the first quarter of fiscal 1995. Pretax earnings as a percentage of revenues, excluding operating results and the gain on the sale of subsidiaries sold, was 25.1% for both the first and second quarters of fiscal 1995.

FINANCIAL SERVICES
Revenues increased 13.4% to $6.792 million from $5.989 million for the three

months ended July 31, 1994. The increase resulted primarily from increases in revenues from credit card operations and software sales, offset by a decrease in refund anticipation loan activity caused by seasonality.

The pretax loss was $1.308 million, compared to pretax earnings of $211 thousand for the first quarter of fiscal 1995, resulting primarily from decreased refund anticipation loan activity and increased general and administrative expenses, slightly offset by better results reported by the credit card operations.

OTHER SERVICES

Revenues increased to $550 thousand from $78 thousand in the first quarter of fiscal 1995. The pretax loss for the second quarter decreased .9% to $2.020 million from $2.039 million in the first quarter. The losses result from the seasonality of tax preparation software sales, which normally peak during the third and fourth quarters of the fiscal year.

INVESTMENT INCOME

Investment income decreased 11.6% to $4.554 million from $5.151 million earned for the three months ended July 31, 1994, due to the resources required to fund operations during the Tax Services segment's off-season.

CORPORATE AND ADMINISTRATIVE EXPENSES

The corporate and administrative pretax loss increased 21.8% to $2.477 million from $2.034 million in the first quarter of fiscal 1995, resulting from increased office expenses, consultant fees and stockholder expenses.

Six Months Ended October 31, 1994 (FYTD) Compared to
Six Months Ended October 31, 1993 (FYTD)
(amounts in thousands)

	Revenues		Earnings (loss)	
	1994	1993	1994	1993
Tax services	$ 37,296	$ 35,987	$(75,112)	$(69,502)
Computer services	264,527	194,431	68,248	46,030
Financial services	12,781	1,984	(1,097)	(272)
Other services	628	-	(4,059)	-
Inter-segment eliminations	(6,731)	(5,475)	-	-
	308,501	226,927	(12,020)	(23,744)
Investment income	9,705	7,531	9,705	7,531
Unallocated corporate	51	62	(4,511)	(6,029)
	$318,257	$234,520	(6,826)	(22,242)
Income tax benefit			(2,614)	(9,826)
Net loss from continuing operations			(4,212)	(12,416)
Net earnings from discontinued operations			-	6,043
			$ (4,212)	$ (6,373)

Consolidated revenues for the six months ended October 31, 1994 increased 35.7% to $318.257 million from $234.520 million reported last year. The increase is principally due to greater revenues reported by the Computer Services and Financial Services segments, including the gain on the sale of two software subsidiaries of $2.796 million.

The consolidated pretax loss improved 69.3% to $6.826 million from a loss from continuing operations of $22.242 million in the comparable period last year. The improvement is almost entirely related to the Computer Services segment which increased earnings by 48.3%, including the gain on sales of subsidiaries, offset by increased losses reported by Tax Services and Other Services.

The net loss was $4.212 million, or $.04 per share, compared to a net loss from continuing operations of $12.416 million, or $.12 per share, for the comparable period last year. Discontinued operations which were sold in January 1994 contributed earnings of $.06 per share for the six months ended October 31, 1993.

An analysis of operations by segment follows.

TAX SERVICES
Revenues increased 3.6% to $37.296 million from $35.987 million last year, due to higher revenues generated by Australian tax operations and increased tax preparation fees in the United States.

The pretax loss increased 8.1% to $75.112 million from $69.502 million last year, due to increased employee compensation, employee benefits, office rent and other facility and equipment expenses.

COMPUTER SERVICES
Revenues increased 36.1% to $264.527 million from $194.431 million last year due to increases in both consumer and network revenues. Consumer Services revenues were 48.5% better than last year, despite a price decrease in February 1994. The consumer revenues growth is due to the increase in new customers and expansion of European operations. Network Services revenues were 33.1% better than last year, due to increasing usage and new customers. Computer Services revenues include a pretax gain of $2.796 million on the sale of two small subsidiaries. Exclusive of the gain on the sale and the operating revenues of these subsidiaries, Computer Services revenues increased 41.0% from the comparable period last year.

Pretax earnings increased 48.3% to $68.248 million from $46.030 million last year. The increase in pretax earnings is attributable to the continued strong performances of the Consumer and Network divisions, in addition to the gains recorded on the sale of two subsidiaries. Excluding the gain and the operating results of the software subsidiaries sold, pretax earnings increased 44.9% from the comparable period last year. Pretax earnings as a percentage of revenues, excluding the gain and operating results of subsidiaries sold, was 25.1% for the six months ended October 31, 1994, compared to 24.5% for the same period last year. The increase in the pretax margin resulted primarily from revenue increases which outpaced expenses, a significant portion of which are not directly associated with revenues.

FINANCIAL SERVICES
Revenues increased to $12.781 million from $1.984 million last year. The increased activity of refund anticipation loan operations, credit card operations and the personal finance software operations of MECA Software, Inc., acquired in November 1993, all contributed to the revenues increase.

The pretax loss increased to $1.097 million from a pretax loss of $272 thousand last year. The increased loss is due to the personal finance software operations, which were acquired in the third quarter of fiscal 1994, partially offset by increased earnings from refund anticipation loan activity and credit card operations. Personal finance software sales are seasonal in nature, with sales increasing in the third and fourth quarters of the fiscal year due to the holiday season and filing of tax returns. The loss includes goodwill amortization expense of $502 thousand.

OTHER SERVICES
The pretax loss of $4.059 million for the six months ended October 31, 1994 is due to the seasonality of tax preparation software sales, which normally peak during the third and fourth quarters of the fiscal year. The loss includes goodwill amortization expense of $494 thousand.

INVESTMENT INCOME
Investment income increased 28.9% to $9.705 million from $7.531 million last year. The increase resulted primarily from greater funds available for investment, largely due to the proceeds from the sale of Interim Services Inc. received in the fourth quarter of fiscal 1994.

CORPORATE AND ADMINISTRATIVE EXPENSES
The corporate and administrative pretax loss decreased 25.2% to $4.511 million from $6.029 million last year. The improvement is the result of the first-time allocation to operating segments of certain employee benefit expenses paid at the corporate level.

PART II - OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The annual meeting of shareholders of the registrant was held on September 7, 1994. At such meeting, three Class II directors were elected to serve three-year terms. In addition, the resolutions set forth below were submitted to a vote of shareholders. With respect to the election of directors and the adoption of each resolution, the number of votes cast for, against or withheld, and the number of abstentions or nonvotes were as follows:

Election of Class II Directors

Nominee	Votes FOR	Votes WITHHELD
G. Kenneth Baum	86,030,089	846,605
Henry F. Frigon	86,028,230	848,465
Roger W. Hale	86,034,917	841,777

Approval of Amendment to Third Stock Option Plan for Seasonal Employees

The following resolutions were adopted by a vote of 84,432,404 shares in favor of such resolutions, 1,730,829 shares against such resolutions and 713,260 shares abstaining. In addition, there were 201 shares for which proxies were submitted for the meeting, but for which no vote was cast on the resolutions. The resolutions state:

"RESOLVED, That this corporation's Third Stock Option Plan for Seasonal Employees, as amended, be further amended by deleting the figure '80%' from the first sentence of Section C of Article 9 of said Plan and replacing such figure with the figure '50%'; and

"FURTHER RESOLVED, That said amendment shall be effective January 1, 1995, and shall apply to all options then outstanding under the Plan, as well as to all options thereafter granted under the Plan."

Appointment of Auditors

The following resolution was adopted by a vote of 86,396,813 shares in favor of such resolution, 153,779 shares against such resolution and 326,103 shares abstaining:

"RESOLVED, That the appointment of Deloitte & Touche as the independent auditors for H&R Block, Inc., and its subsidiaries for the year ending April 30, 1995, is hereby ratified, approved and confirmed."

At the close of business on July 19, 1994, the record date for the annual meeting of shareholders, there were 106,576,312 shares of Common Stock of the registrant outstanding and entitled to vote at the meeting. There were 86,876,694 shares represented at the annual meeting of shareholders held on September 7, 1994.

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

(a) Exhibits

(10)(a) Amendment No. 1 to H&R Block Supplemental Deferred Compensation Plan for Executives.

(10)(b) Employment Agreement between HRB Management, Inc. and William F. Evans.

(27) Financial Data Schedule.

(b) Reports on Form 8-K

The registrant did not file any reports on Form 8-K during the second quarter of fiscal year 1995.

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 12/09/94 BY /s/ William P. Anderson

William P. Anderson
Senior Vice President and
Chief Financial Officer

DATE 12/09/94 BY /s/ Ozzie Wenich

Ozzie Wenich
Vice President, Finance
and Treasurer

Exhibit (10)(a)

AMENDMENT NO. 1
TO H&R BLOCK
SUPPLEMENTAL DEFERRED COMPENSATION PLAN FOR EXECUTIVES

H&R BLOCK, INC. (the "Company"), adopted the H&R Block Supplemental Deferred Compensation Plan for Executives (the "Plan") effective as of May 1, 1994. The Company retained 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 7, 1994.

AMENDMENT

1. Section 2.1.4 of the Plan is deleted and replaced with the following new Section 2.1.4:

> 2.1.4 "ANNUAL DEFERRAL AMOUNT" means the amount a Participant elects to defer each Plan Year under one or more Permissible Deferrals. The Annual Deferral Amount is equal to (i) an amount or percentage of Base Salary that is not greater than 35% of the Participant's Base Salary and (ii) an amount or percentage of Bonus or Bonuses paid during the Plan Year.

2. Section 2.1.15 of the Plan is deleted and Sections 2.1.16, 2.1.17, 2.1.18, 2.1.19, 2.1.20, 2.1.21, 2.1.22, 2.1.23, 2.1.24, 2.1.25, 2.1.26, 2.1.27, 2.1.28, 2.1.29, 2.1.30, 2.1.31, 2.1.31 and 2.1.33 are renumbered as Sections 2.1.15, 2.1.16, 2.1.17, 2.1.18, 2.1.19, 2.1.20, 2.1.21, 2.1.22, 2.1.23, 2.1.24, 2.1.25, 2.1.26, 2.1.27, 2.1.28, 2.1.29, 2.1.30, 2.1.31 and 2.1. 32, respectively.

3. Section 2.1.17 of the Plan (Section 2.1.18 prior to this Amendment) is deleted and replaced with the following new Section 2.1.17:

> 2.1.17 "EARLY RETIREMENT DATE" of a Participant means the first day of the first calendar month commencing on or after the date on which (a) the Participant has reached Age 55 while in the employ of an Affiliate, and (b) the Participant has completed at least ten (10) Years of Service.

4. Section 2.1.22 of the Plan (Section 2.1.23 prior to this Amendment) is deleted and replaced with the following new Section 2.1.22:

> 2.1.22 "NORMAL RETIREMENT DATE" of a Participant means the last day of the calendar month in which the Participant reaches the Age of 65 while in the employ of an Affiliate.

5. Section 2.1.25 of the Plan (Section 2.1.26 prior to this Amendment) is deleted and replaced with the following new Section 2.1.25:

> 2.1.25 "PERMISSIBLE DEFERRAL" means, with respect to a Plan Year, a deferral in that Plan Year of an Annual Deferral Amount. The aggregate of all deferrals under this Plan may not exceed two hundred eighty percent (280%) of Base Salary.

Deferrals may be made from Base Salary for the Plan Year and/or from a Bonus or Bonuses paid during the Plan Year. Deferrals from Base Salary or from a Bonus or Bonuses are made in separate elections by the Participant during the Enrollment Period prior to the Plan Year during which Base Salary and Bonus would otherwise be paid to the Participant. Deferral elections must specify the percentages (stated as integers) or dollar amounts of the deferral that are intended to be deducted from Base Salary and Bonus or Bonuses, respectively. Deferrals made from Base Salary shall be made in installments, as instructed by the Participant and approved by the Committee. Deferrals made from each Bonus shall be made at the time or times during the Plan Year that the Bonus would otherwise be paid to the Participant. Each installment of a deferral shall be rounded to the nearest whole dollar amount.

6. Section 3.2 of the Plan is amended by deleting the phrase "or Plan Years" from the first sentence of said Section, by deleting the phrase "or Years" from the second sentence of said Section, and by deleting the phrase "Section 2.1.26" from said second sentence and replacing such phrase with "Section 2.1.25.".

7. Section 4.1.1 of the Plan is amended by deleting the second sentence thereof and replacing such sentence with the following new second sentence:

Deferrals from Base Salary (and the corresponding number of Deferred Compensation Units) shall be posted by pay period, and deferrals from Bonuses (and the corresponding number of Deferred Compensation Units) shall be posted at the time or times during the Plan Year that the Bonus would otherwise have been paid to the Participant.

8. Section 4.3 of the Plan is deleted and replaced with the following new Section 4.3:

SECTION 4.3 VALUATION FOR PURPOSES OF COMPUTING BENEFIT PAYMENTS. If a Participant terminates employment with all Affiliates, or dies prior to the termination of employment, his or her Account shall be valued for purposes of determining benefit payments under Article 6 as of the first business day of the calendar month which immediately follows the calendar month in which the termination of employment or death occurs, as described in Section 4.2. If a Participant is Disabled, his or her Account shall be valued for purposes of determining benefit payments under Article 6 as of the first business day of the first calendar month that immediately follows the later of (i) the calendar month in which his or her Early Retirement Date occurs, or (ii) the calendar month in which the last day of the 90-day period referred to in Section 4.1.3 occurs.

Except for distributions in the form of a lump sum and distributions pursuant to Section 6.6.2, a Participant's Account shall be valued on the first business day of each calendar year following the calendar year in which benefit payments commence, as described in Section 6.4.

A "business day" for purposes of this Plan is a day on which the Common Stock is traded on the New York Stock Exchange.

9. Section 4.4 is deleted from the Plan.

10. Section 6.2 of the Plan is amended by deleting the word "filing" from the third sentence of the second paragraph of such Section and replacing such word with the word "ruling."

11. Section 6.3 of the Plan is deleted and replaced with the following new Section 6.3:

SECTION 6.3 FORM OF BENEFITS UPON RESIGNATION OR DISCHARGE, OR TERMINATION OF EMPLOYMENT WITH ALL AFFILIATES AS A RESULT OF CHANGE OF CONTROL. Upon a Participant's termination of employment with all Affiliates following a Change of Control, or upon termination of employment with all Affiliates before the Normal Retirement Date or the Early Retirement Date for reasons other than Disability or death, payment from the Account shall be made in the form of a lump-sum cash payment within ninety (90) days after the date of termination of employment.

12. 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 semimonthly cash installments paid during the applicable payment period. The amount of each installment payment shall be level during the portion of the payment period ending on December 31 of the calendar year in which benefit payments commence, during each complete calendar year of the payment period thereafter, and during any remaining period of the payment period following the last complete calendar year of the payment period, but will vary from one such portion of the payment period to the next.

The amount of each level benefit payment for the portion of the payment period ending December 31 of the calendar year in which benefit payments commence shall be calculated using the balance in the Account as of the valuation date specified in Section 4.3 and dividing it by the total number of semimonthly periods remaining in the entire payment period. As of the January 1 immediately following the calendar year in which benefit payments commence, and as of each January 1 in the payment period thereafter, the amount of each level benefit payment for the calendar year commencing on such January 1 shall be adjusted to reflect the value of the Account as of the first business day falling on or after such January 1. The amount of each level benefit payment for each calendar year following the calendar year in which benefit payments commence shall be calculated by dividing the balance in the Account as of the first business day of such year by the total number of semimonthly periods remaining in the entire payment period.

Generally, the Account shall continue to be valued during the payment period as provided in Section 4.3. Except as provided otherwise, if a Participant dies, Section 6.6 shall apply.

13. The second sentence of the first paragraph of Section 6.5 is deleted and replaced with the following new sentence:

In the case of a Disabled Participant, benefits shall commence no later than the six (6) months after the later of (i) the Participant's Early Retirement Date or (ii) the last day of the 90-day period specified in Section 4.1.3.

14. Section 6.6.1 of the Plan is deleted and replaced with the following new Section 6.6.1:

6.6.1 DEATH AFTER BENEFIT COMMENCEMENT. In the event a Participant dies after benefit payments have commenced (other than payments made pursuant to Section 6.7), the remaining benefit payments, if any, shall be paid to the Participant's Beneficiary in the same manner such benefits would have been paid to the Participant had the Participant survived. A Beneficiary may petition the Committee for an alternative method of payment. The Account shall continue to be valued during the payment period as provided in Sections 4.2, 4.3 and 6.4. 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 such election.

15. Section 6.6.2 of the Plan is amended by deleting the second sentence of the first paragraph of said Section and replacing it with the following new sentence:

The amount of such pre-retirement death benefit is the Participant's Account as of the first business day of the calendar month which immediately follows the calendar month in which Participant's death occurs annuitized over a ten-year period at an interest rate set 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.

16. Section 6.6.2 of the Plan is further amended by deleting the third sentence of the second paragraph of said Section and replacing it with the following new sentence:

Earnings on the Account shall continue to be credited during the payment period at an interest rate set 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.

17. The second paragraph of Section 6.7 is deleted and replaced with the following new paragraph:

If a withdrawal of a Participant's total Account is permitted by the Committee under this Section 6.7, earnings on a Participant's deferrals shall be valued as described in Section 4.2 on such valuation date as is determined by the Committee. Withdrawals shall be distributed in the form of a lump sum as soon as is reasonably convenient.

18. Section 9.1 of the Plan is deleted and replaced with the following new Section 9.1:

SECTION 9.1 AMENDMENTS. The Company, by action of the Board, may amend the Plan, in whole or in part, at any time and from time to time. Any such amendment shall be filed with the Plan documents. No amendment, however, may be effective to eliminate or reduce the benefits of any retired Participant or the Beneficiary of any deceased Participant then eligible for benefits or the vested portion of the benefits, if any, in any active Participant's Account immediately before the effective date of such amendment, and each such Account will be credited to the date of such amendment in accordance with Section 4.2. 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.

19. The fifth sentence of the first paragraph of Section 9.2 of the Plan is deleted and replaced with the following new sentence:

Active Participants shall become vested in their accrued benefits to the extent and in the manner provided in Article 5 as of the effective date of such termination and each account of an active Participant shall be credited, to the date of distribution of all benefits in each such Account, in accordance with Section 4.2, as it may be amended from time to time pursuant to Section 9.1.

20. Except as modified above, the Plan 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 ------------------------

AGREEMENT Exhibit (10)(b)

THIS AGREEMENT, is entered into as of the 24th day of October, 1994, by and between HRB Management, Inc. ("HRB"), a Missouri corporation and an indirect wholly-owned subsidiary of H&R Block, Inc. ("Block"), and William F. Evans, 1020 West 55th Street, Kansas City, Missouri 64113 ("Evans").

WHEREAS, Evans has submitted to Block his resignation as Block's Senior Vice President, Corporate Operations, effective October 31, 1994; and

WHEREAS, HRB and Evans desire to establish a mutually beneficial future relationship whereby Evans shall remain in the employ of HRB to provide consultation services to the President and Chief Executive Officer of Block and such other persons as the President may designate, said relationship to be upon the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter set forth, the parties agree as follows:

1. Commencing November 1, 1994 and continuing during the term of this Agreement, HRB hires Evans to consult with the President and Chief Executive Officer of Block, and such other persons as said President and Chief Executive Officer may designate, in matters with which Evans is conversant relating to the business and operations of Block and its direct and indirect subsidiaries (each, including HRB, a "Block Subsidiary"). Such consultation shall be upon reasonable notice at such times and places as may be mutually convenient. In addition to the foregoing, during the term hereof, Evans shall fully cooperate with Block, HRB and the other Block Subsidiaries in all matters relating to winding up Evans' pending work on behalf of Block and such Block Subsidiaries and the orderly transfer of any such pending work to other employees of Block Subsidiaries, as such other employees may be designated by HRB. HRB shall at all times have complete control of the services which Evans will render under this Agreement.

2. The parties acknowledge that Evans is currently an employee of HRB and agree that his employment under the terms of this Agreement shall constitute a continuation of such employment, but under the terms of this Agreement.

3. During the term of this Agreement, Evans shall have the right to (a) accept employment with another entity and perform services pursuant to such employment, and (b) establish and conduct his own business.

4. Evans shall not make any contracts or commitments for or on behalf of Block or any Block Subsidiary, nor shall Evans incur any expenses on behalf of Block or any Block Subsidiary without HRB's prior written approval.

5. During the term of this Agreement, Evans shall be paid a salary at the annual rate of $260,000.00, said salary to be paid in equal semi-monthly installments of $10,833.33 each, commencing November 15, 1994. In addition to salary, in consideration of the covenants and agreements contained herein, Evans shall be paid the sum of $40,000.00 in cash on November 15, 1994. In connection with any services heretofore performed or performed during the term of this Agreement, Evans shall not be entitled to any payment of compensation (a) under any bonus or cash incentive compensation program in effect for Block and HRB's fiscal years

1995 and 1996, including, without limitation, Block's 1995 Management Incentive Plan or any similar plan adopted for Block's fiscal year 1996, or (b) for unused vacation, unused personal days, unused sick leave or unused reserved sick leave. At the termination of this Agreement, the payment to Evans of salary earned to the date of such termination shall be in full satisfaction of all claims for salary or other cash compensation under this Agreement.

6. During the term of Evans' employment under this Agreement, and thereafter if the applicable benefit plan so provides, Evans may continue to participate in the H&R Block Deferred Compensation Program for Executives, as amended ("DCP"), the H&R Block, Inc. Executive Survivor Plan, the Amended and Restated H&R Block Health Care Premium Plan, the H&R Block Health Care Plan, the Amended and Restated H&R Block Savings Plan ("401K Plan"), the Amended and Restated H&R Block Profit Sharing Plan and Trust ("P/S Plan") and the H&R Block Long-Term Disability Income Plan ("LTD"), in accordance with the terms of such benefit plans, with the following conditions and/or modifications:

a. Vesting in "Company Contributions" under the DCP shall continue during the course of Evans' employment hereunder regardless of the number of "Hours of Service" actually performed by Evans, provided that this Agreement does not terminate prior to October 31, 1995. The parties agree that no portion of the cash payment of $40,000.00 to be made to Evans on November 15, 1994, as specified in Section 5 above, shall be subject to deferral under the DCP and, therefore, no Company matching contribution under the DCP shall apply to such payment;

b. If Evans is employed by another entity during the term hereof, participation in the H&R Block Health Care Plan shall continue only until the date that Evans is eligible to participate in a health care plan of such other employer, provided that, if, because of a pre-existing medical condition of Evans or any member of his family currently covered under the H&R Block Health Care Plan, coverage for such condition is not provided by the health care plan of such other employer, participation in the H&R Block Health Care Plan shall continue until Evans' employment ceases under the terms of this Agreement;

c. Evans shall receive a contribution under the P/S Plan for the Plan Year ended April 30, 1995, and Company matching contributions under the 401K Plan for the Plan Year ended April 30, 1995, and Evans shall receive one-year of vesting credit under each such plan for the Plan Year ended April 30, 1995. Company contributions under the P/S Plan and the 401K Plan and vesting credit for the Plan Year ended April 30, 1996, is dependent upon the actual number of "Hours of Service" performed by Evans under this Agreement during such Plan Year; and

d. If, during the term of this Agreement, Evans receives any benefits under the LTD, each salary installment payment (as set forth in Section 5 above) for a pay period for which a LTD benefit payment is also being paid under the LTD shall be reduced by the amount of such LTD benefit payment. In such event, the provisions of Section 5 are hereby amended accordingly.

7. Incentive stock options and nonqualified stock options granted to Evans under either the 1984 Long-Term Executive Compensation Plan ("1984 Plan") or the 1993 Long-Term Executive Compensation Plan ("1993 Plan") that are outstanding on the date of this Agreement shall remain outstanding during the continuation of Evans' employment hereunder, subject to the terms of such options and the exercise thereof. Such outstanding

options that are not yet exercisable shall continue to vest during the continuation of Evans' employment hereunder in accordance with the terms of the applicable Stock Option Agreements. Block shall have no obligation to grant to Evans any further stock options or other awards under the 1993 Plan.

8. Performance units awarded to Evans as of May 1, 1993, and as of May 1, 1994, pursuant to the H&R Block Long-Term Performance Program (under the 1984 and 1993 Plans) shall continue in effect during the continuation of Evans' employment hereunder, but shall be forfeited in accordance with Section 9 of such Program upon any termination of Evans' employment with HRB and all other Block Subsidiaries prior to the end of the applicable performance periods specified in such awards.

9. During the term of this Agreement, until such time, if any, that Evans accepts employment or a long-term consulting arrangement with a third party, HRB shall provide Evans with reasonable secretarial services, including the receipt and relay of telephone calls and messages for Evans, such services to be provided without regard to any consulting services that may be performed by Evans pursuant to this Agreement.

10. Evans agrees that at no time will he communicate to any person, firm, corporation or other entity any confidential information, knowledge or trade secrets that Evans may have acquired in the past, or may from time to time acquire during his employment hereunder, with respect to the business of Block and the Block Subsidiaries, including, but not limited to, information concerning agreements with third parties, financial matters, marketing programs, systems, processes, methods of operations, future plans and strategies.

11. Evans, for himself and for his heirs, legal representatives and assigns, unconditionally releases and forever discharges HRB, Block and all other Block Subsidiaries, their respective directors, officers, employees, agents, successors and assigns, of and from any and all claims, demands, actions, causes of action and suits whether at law or in equity, which now exist or may hereafter arise from any matter, fact, circumstance, happening or thing whatsoever occurring or failing to occur prior to the date of this Agreement involving Evans' employment by Block or HRB, including, without limitation, Evans' hiring by Block, compensation earned as of or before the date of this

Agreement, other obligations of Block or HRB under any employment agreement or understanding, whether oral or written, heretofore existing, or Evans' resignation as Senior Vice President, Corporate Operations, of Block.

12. Unless terminated earlier pursuant to this Section 12, this Agreement shall be in effect from the date hereof until October 31, 1995, on which date this Agreement and Evans' employment hereunder shall terminate. This Agreement and HRB's obligations hereunder shall terminate immediately upon the death of Evans. In the event of such death, compensation under Section 5 of this Agreement shall be paid only to the date of death. In the event of any material violation by Evans of any of the terms of this Agreement, HRB may terminate this Agreement and Evans' employment hereunder without notice and, in such event, compensation under Section 5 of this Agreement shall be paid only to the date of such termination.

13. The failure of either party to insist upon the performance of any of the terms and conditions of this Agreement, or the waiver of any breach of any of the terms and conditions of this

Agreement, shall not be construed as thereafter waiving any such terms and conditions, but the same shall continue and remain in force and effect as if no such forebearance or waiver had occurred.

14. This Agreement may not be assigned by Evans.

15. This Agreement expresses fully the understanding and agreement by and between the parties and all prior understandings, agreements or commitments of any kind, oral or written, as to Evans' employment by HRB and any matter covered by this Agreement are hereby superseded and cancelled, with no further liabilities or obligations of the parties with respect thereto except as to any monies due and unpaid between the parties to this Agreement on the date hereof. Any modification of this Agreement or additional obligation assumed by either party in connection with this Agreement shall be binding only if evidenced in writing signed by each party.

16. It is agreed that this Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Missouri.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

HRB MANAGEMENT, INC.

By /s/Thomas M. Bloch	/s/ William F. Evans
Thomas M. Bloch, President	William F. Evans

<ARTICLE> 5
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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND THE CONSOLIDATED STATEMENTS OF OPERATIONS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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<F2>PP&E BALANCE IS NET OF ACCUMULATED DEPRECIATION AND AMORTIZATION.
</FN>