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 January 31, 1995

[ ] 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 February 28, 1995 was 104,747,167 shares.

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SIGNATURES

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

ASSETS	January 31, 1995 (Unaudited)	April 30, 1994 (Audited)
CURRENT ASSETS		
Cash (including certificates of deposit of $15,354 and $23,519)	$ 59,998	$ 41,343
Marketable securities	109,750	473,043
Receivables, less allowance for doubtful accounts of $16,047 and $12,744	263,802	165,858
Prepaid expenses	31,872	19,551
TOTAL CURRENT ASSETS	465,422	699,795
INVESTMENTS AND OTHER ASSETS		
Investments in marketable securities	101,003	105,705
Excess of cost over fair value of net tangible assets acquired, net of amortization	68,337	67,679
Other	41,600	36,301
	210,940	209,685
PROPERTY AND EQUIPMENT, at cost less accumulated depreciation and amortization	201,629	165,224
	$ 877,991	$ 1,074,704
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	$ 90,624	$ -
Accounts payable, accrued expenses and deposits	121,631	160,592
Accrued salaries, wages and payroll taxes	41,941	55,195
Accrued taxes on income	22,082	120,425
TOTAL CURRENT LIABILITIES	276,278	336,212
OTHER NONCURRENT LIABILITIES	41,034	30,617
STOCKHOLDERS' EQUITY		
Common stock, no par, stated value $.01 per share	1,089	1,089
Additional paid-in capital	87,750	90,552
Retained earnings	628,727	719,724
	717,566	811,365
Less cost of 4,118,232 and 2,823,605 shares of common stock in treasury	156,887	103,490
	560,679	707,875
	$ 877,991	$ 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 January 31, 1995	Three Months Ended January 31, 1994
REVENUES		
Service revenues	$ 252,528	$ 213,787
Franchise royalties	8,931	9,551

Investment income	4,104	2,800
Other income	2,451	3,303
	268,014	229,441
EXPENSES		
Employee compensation and benefits	94,643	83,731
Occupancy and equipment	74,777	60,686
Marketing and advertising	17,649	9,730
Supplies, freight and postage	20,490	17,385
Other	47,353	44,292
Purchased research and development	-	25,072
	254,912	240,896
EARNINGS (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAX EXPENSE	13,102	(11,455)
Income tax expense	5,018	6,479
Net earnings (loss) from continuing operations	8,084	(17,934)
Net earnings from discontinued operations (less applicable income taxes of $2,920)	-	3,225
Gain on sale of discontinued operations (less applicable income taxes of $16,711)	-	27,265
NET EARNINGS	$ 8,084	$ 12,556
Weighted average number of common shares outstanding	105,658	106,892
EARNINGS (LOSS) PER SHARE		
From continuing operations	$ .08	$ (.17)
Net earnings	$ .08	$ .12
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

	Nine Months Ended January 31,	
	1995	1994
REVENUES		
Service revenues	$ 551,651	$ 434,886
Franchise royalties	13,560	13,725
Investment income	13,809	10,331
Other income	7,251	5,019
	586,271	463,961
EXPENSES		
Employee compensation and benefits	189,545	162,575
Occupancy and equipment	199,759	160,602
Marketing and advertising	37,972	23,486
Supplies, freight and postage	38,048	32,261
Other	114,671	93,662
Purchased research and development	-	25,072
	579,995	497,658
EARNINGS (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAX EXPENSE (BENEFIT)	6,276	(33,697)
Income tax expense (benefit)	2,404	(3,347)
Net earnings (loss) from continuing operations	3,872	(30,350)
Net earnings from discontinued operations (less applicable income taxes of $8,706)	-	9,268
Gain on sale of discontinued operations (less applicable income taxes of $16,711)	-	27,265

NET EARNINGS	$ 3,872	$ 6,183
Weighted average number of common shares outstanding	105,729	106,581
EARNINGS (LOSS) PER SHARE		
From continuing operations	$ .04	$ (.28)
Net earnings	$ .04	$ .06
Dividends per share	$ .905	$ .81

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

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

	Nine Months Ended January 31, 1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	$ 3,872	$ 6,183
Adjustments to reconcile net earnings to net cash used in operating activities:		
Depreciation and amortization	49,364	46,541
Gain on sale of subsidiaries	(2,796)	(27,265)
Purchased research and development	-	25,072
Other noncurrent liabilities	10,417	3,248
Changes in:		
Receivables	(97,944)	(249,504)
Prepaid expenses	(12,321)	(20,043)
Net assets of discontinued operations	-	(17,370)
Accounts payable, accrued expenses and deposits	(38,961)	1,154
Accrued salaries, wages and payroll taxes	(13,254)	(272)
Accrued taxes on income	(99,223)	(91,646)
NET CASH USED IN OPERATING ACTIVITIES	(200,846)	(323,902)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of marketable securities	(1,166,754)	(518,466)
Maturities of marketable securities	1,537,046	757,826
Purchases of property and equipment	(82,675)	(65,011)
Excess of cost over fair value of net tangible assets acquired	(6,042)	(49,938)
Other, net	(1,314)	(20,042)
NET CASH PROVIDED BY INVESTING ACTIVITIES	280,261	104,369
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of notes payable	(1,353,360)	(327,302)
Proceeds from issuance of notes payable	1,443,984	647,505
Dividends paid	(95,185)	(86,356)
Payments to acquire treasury shares	(110,668)	(68,899)
Proceeds from stock options exercised	54,469	47,180
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(60,760)	212,128
NET INCREASE (DECREASE) IN CASH	18,655	(7,405)
CASH AT BEGINNING OF PERIOD	41,343	43,417
CASH AT END OF PERIOD	$ 59,998	$ 36,012
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Income taxes paid	$ 101,627	$ 97,199
Interest paid	2,635	976

<FN>
See Notes to Consolidated Financial Statements.
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H&R BLOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

1. The Consolidated Balance Sheet as of January 31, 1995, the Consolidated Statements of Operations for the three and nine months ended January 31,

1995 and 1994, and the Consolidated Statements of Cash Flows for the nine months ended January 31, 1995 and 1994 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, 1995 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 nine 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. through an initial public offering of 10,000,000 shares at $20.00 per share. The Company recorded a net gain on the sale of $27.265 million, or $.26 per share. 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. Prior year amounts also include Interim's operating results, reported as discontinued operations.

3. The Company acquired MECA Software, Inc. (now Block Financial Software, Inc.) in November 1993 for $45.384 million in cash. The acquisition was accounted for as a purchase and, accordingly, the Consolidated Statements of Operations include MECA's results since the date of acquisition. The excess purchase price over fair value of the net tangible assets acquired was $55.978 million, of which $25.072 million was allocated to purchased research and development, $4.900 million was allocated to various other intangibles including technology, software and trademarks, and the remainder was allocated to goodwill. Fiscal 1994 results include a charge for purchased research and development which is not deductible for income tax purposes. The fair value of assets acquired, including intangibles, was $62.004 million; liabilities assumed were $16.620 million. Liabilities assumed in connection with the acquisition were non-cash items excluded from the Consolidated Statements of Cash Flows. Pro forma results assuming MECA had been acquired as of the beginning of the periods presented would not be materially different from reported results.

4. 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 nine months ended January 31, 1995, the net unrealized holding gain on available-for-sale securities decreased $4,109,000 to $1,417,000. Net earnings for the period were not affected by the accounting change.

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.

6. Net earnings (loss) per common share is 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 (loss) per share assuming full dilution has not been shown as there would be no material dilution.

7. During the nine months ended January 31, 1995 and 1994, the Company issued 1,496,273 and 1,546,551 shares, respectively, pursuant to provisions for exercise of its stock option plans; during the same periods, the Company acquired 2,790,900 and 1,883,816 shares of its common stock at an aggregate cost of $110,668,000 and $68,899,000, 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 $189.1 million at January 31, 1995. The working capital ratio at January 31, 1995 was 1.7 to 1 compared to 2.1 to 1 at April 30, 1994. 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 January 31, 1995, short-term borrowings used to fund credit card receivables and purchases of refunds in Canada totaled $90.6 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 nine 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 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 National Bank ("Beneficial"). As of January 1995, all Block company-owned offices, and most of its franchised offices, are offering the Beneficial RAL products. Previously, Beneficial served about 40% of Tax Services' company-owned offices, in addition to many of its franchises. As a result of the IRS's decision, more traditional credit underwriting methods are being used by Beneficial to determine eligibility of RAL customers, and the price of most RALs has risen significantly. A higher price and more limited availability will affect the number of RAL customers served in 1995, but the full extent of the effect can not be estimated with any assurance at this time. For the month of January 1995, worldwide Tax Services' volume for

company-owned and franchised offices decreased 6.2% as compared to the same month last year, and the number of taxpayers served was down 7.7%. From January 1 through February 15, worldwide Tax Services' volume decreased 9.7%, and the number of taxpayers served declined 11.5%, compared with the same period a year ago. The number of returns prepared by Tax Services in the United States for the period from January 1 through February 15 this year decreased 5.1% compared with last year, and the number of returns filed electronically for both company-owned and franchised offices was 3,829,966, a decrease of 22.2% compared with the same period a year ago.

Although it is difficult to predict the business results for an entire tax season based on the operating performance during the first six-week period, the Company continues to believe that pretax earnings for Tax Services will be lower than the preceding year. Additionally, 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. (See Note 2 of the Notes to Consolidated Financial Statements on page 7.) The results of Interim Services Inc. were previously reflected as the Temporary help services segment.

The Company acquired MECA Software, Inc. in November 1993. (See Note 3 of the Notes to Consolidated Financial Statements on page 7.) 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 JANUARY 31, 1995 COMPARED TO
THREE MONTHS ENDED JANUARY 31, 1994
(amounts in thousands)

	Revenues 1995	Revenues 1994	Earnings (loss) 1995	Earnings (loss) 1994
Tax services	$ 96,002	$ 104,557	$ (28,762)	$ (12,471)
Computer services	154,172	113,749	41,207	29,313
Financial services	10,211	8,230	(1,616)	222
Other services	6,990	2,848	2,268	(937)
Inter-segment eliminations	(3,465)	(2,850)	-	-
	263,910	226,534	13,097	16,127
Investment income	4,104	2,800	4,104	2,800
Unallocated corporate	-	107	(4,099)	(5,310)
	$ 268,014	$ 229,441		
Purchased research and development			-	(25,072)
			13,102	(11,455)
Income tax expense			5,018	6,479
Net earnings (loss) from continuing operations			8,084	(17,934)
Discontinued operations:				
Net earnings			-	3,225
Net gain on sale			-	27,265

Net earnings	$ 8,084	$ 12,556

Consolidated revenues for the three months ended January 31, 1995 increased 16.8% to $268.014 million from $229.441 million reported last year. The increase is primarily due to greater revenues reported by Computer services, partially offset by decreased revenues of Tax services.

Consolidated net earnings for the third quarter of fiscal 1995 were $8.084 million, compared to a net loss from continuing operations of $17.934 million in the third quarter of last year. The net loss from continuing operations for the quarter ended January 31, 1994 included a non-recurring charge for purchased research and development of $25.072 million, recognized in connection with the acquisition of MECA Software, Inc. Excluding purchased research and development, net earnings from continuing operations increased 13.3% due to higher earnings contributed by Computer services and Other services, offset by an increased loss reported by Tax services.

Third quarter net earnings decreased 35.6% to $8.084 million, or $.08 per share, from net earnings of $12.556 million, or $.12 per share, for the same period last year. The decrease was effected by both earnings from, and the gain on the sale of, discontinued operations which improved earnings by $.03 and $.26 per share, respectively, in the third quarter of fiscal 1994. The earnings from, and gain on the sale of, discontinued operations was substantially offset by the charge for purchased research and development amounting to $.24 per share.

An analysis of operations by segment follows.

TAX SERVICES

Third quarter revenues decreased 8.2% to $96.002 million from $104.557 million last year. The pretax loss increased 130.6% to $28.762 million from $12.471 million in the comparable period last year. Both revenues and operating results suffered as a result of the IRS's decision to eliminate the Direct Deposit Indicator, a key element of the electronic filing and Refund Anticipation Loan (RAL) programs. (See Management's Discussion and Analysis of Financial Condition on page 9.)

COMPUTER SERVICES

Revenues increased 35.5% to $154.172 million from $113.749 million in the comparable period last year, due to increases in both consumer and network revenues. Consumer services revenues were 47.2% better than last year. 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 36.7% better than last year, due to increasing usage and new customers. Third 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 41.5% as compared to the prior year.

Pretax earnings increased 40.6% to $41.207 million from $29.313 million in the third 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 43.1% as compared to the prior year. Pretax earnings as a percentage of revenues, excluding the software operations sold, was 26.7% for the third quarter of fiscal 1995, compared to 26.4% for the same period last year.

FINANCIAL SERVICES

Revenues increased 24.1% to $10.211 million from $8.230 million in the same period last year. The increase in revenues was due to increases in credit card fees and the personal finance software sales of Block Financial Software, Inc., formerly MECA Software, Inc., which was acquired in the third quarter last year. Fiscal 1994 third quarter results include only two months of personal financial software operations. These increases were significantly offset by a decrease in RAL participation fees, which is directly associated with the IRS's decision to eliminate the Direct Deposit Indicator. (See Management's Discussion and Analysis of Financial Condition on page 9.)

The pretax loss was $1.616 million, compared to earnings of $222 thousand in the third quarter of fiscal 1994, almost entirely attributable to the absence of earnings from investments in RALs. Results for the third quarter of fiscal 1995 and 1994 include goodwill amortization of $251 thousand and $773 thousand, respectively.

OTHER SERVICES
Since Legal Knowledge Systems, Inc. was acquired in November 1993, fiscal 1994 third quarter results include only two months of personal tax software operations. Third quarter revenues increased to $6.990 million from $2.848 million last year subsequent to the date of acquisition. Pretax earnings were $2.268 million, compared to last year's pretax loss of $937 thousand subsequent to the date of acquisition. Growth in revenues and earnings resulted from increases in sales to both recurring and new customers. Tax preparation software sales are seasonal and normally peak during both the third and fourth quarters of the fiscal year. Therefore, third quarter results are not indicative of expected annual results. Results include goodwill amortization of $247 thousand and $773 thousand for the third quarters of fiscal 1995 and 1994, respectively.

INVESTMENT INCOME
Investment income increased 46.6% to $4.104 million from $2.800 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 third quarter decreased 22.8% to $4.099 million from $5.310 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 a decrease in staff wages.

THREE MONTHS ENDED JANUARY 31, 1995 (THIRD QUARTER) COMPARED TO
THREE MONTHS ENDED OCTOBER 31, 1994 (SECOND QUARTER)
(amounts in thousands)

	Revenues		Earnings (loss)	
	3rd Qtr	2nd Qtr	3rd Qtr	2nd Qtr
Tax services	$ 96,002	$ 27,733	$ (28,762)	$ (35,114)
Computer services	154,172	136,631	41,207	34,336
Financial services	10,211	6,792	(1,616)	(1,308)
Other services	6,990	550	2,268	(2,020)
Inter-segment eliminations	(3,465)	(3,454)	-	-
	263,910	168,252	13,097	(4,106)
Investment income	4,104	4,554	4,104	4,554
Unallocated corporate	-	51	(4,099)	(2,477)
	$ 268,014	$ 172,857	13,102	(2,029)
Income tax expense (benefit)			5,018	(777)
Net earnings (loss)			$ 8,084	$ (1,252)

Consolidated revenues increased 55.0% to $268.014 million from $172.857 million in the second 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.

Consolidated pretax earnings were $13.102 million, compared to a consolidated pretax loss of $2.029 million in the second quarter of fiscal 1995. The improved operating results are due to Tax services, Computer services and Other services.

An analysis of operations by segment follows.

TAX SERVICES

Revenues increased to $96.002 million from $27.733 million reported in the second quarter of fiscal 1995. The pretax loss decreased 18.1% to $28.762 million from $35.114 million reported for the three months ended October 31, 1994. The improved results are due to the onset of the tax season in the United States and Canada in January.

COMPUTER SERVICES

Revenues increased 12.8% to $154.172 million from $136.631 million reported in the second quarter of fiscal 1995. The increase is due to the improved performance of the consumer services and network services divisions. The growth in consumer services' revenues is due to an increase in new customers in the United States and business development in Europe, and the growth in network services results from increasing usage and new customers.

Pretax earnings increased 20.0% to $41.207 million from $34.336 million reported in the second quarter of fiscal 1995. Pretax earnings as a percentage of revenues was 26.7% and 25.1% for the third and second quarters of fiscal 1995, respectively. 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 50.3% to $10.211 million from $6.792 million for the three months ended October 31, 1994. The increase resulted from increases in credit card fees and personal finance software sales. Sales of personal financial software 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 pretax loss increased 23.5% to $1.616 million, compared to $1.308 million for the second quarter of fiscal 1995, due to increased expenses associated with credit card operations, offset by an improvement in the results of personal finance software operations.

OTHER SERVICES

Revenues increased to $6.990 million from $550 thousand in the second quarter of fiscal 1995. Pretax earnings for the third quarter were $2.268 million, compared to a pretax loss of $2.020 million in the second quarter. Tax preparation software sales are highly seasonal, and normally peak in the third and fourth quarters of the fiscal year concurrent with the tax filing season.

INVESTMENT INCOME

Investment income decreased 9.9% to $4.104 million from $4.554 million earned for the three months ended October 31, 1994, due to the resources required to fund Tax Services' operations during its off-season period.

CORPORATE AND ADMINISTRATIVE EXPENSES

The corporate and administrative pretax loss increased 65.5% to $4.099 million from $2.477 million in the second quarter of fiscal 1995, due to increased staff wages, employee benefits and legal and audit fees.

NINE MONTHS ENDED JANUARY 31, 1995 (FYTD) COMPARED TO
NINE MONTHS ENDED JANUARY 31, 1994 (FYTD)
(amounts in thousands)

	Revenues		Earnings (loss)	
	1995	1994	1995	1994
Tax services	$ 133,298	$ 140,544	$ (103,874)	$ (81,973)
Computer services	418,699	308,180	109,455	75,343
Financial services	22,992	10,214	(2,713)	(50)
Other services	7,618	2,848	(1,791)	(937)
Inter-segment eliminations	(10,196)	(8,325)	-	-

	572,411	453,461	1,077	(7,617)
Investment income	13,809	10,331	13,809	10,331
Unallocated corporate	51	169	(8,610)	(11,339)
	$ 586,271	$ 463,961		
Purchased research and development			-	(25,072)
			6,276	(33,697)
Income tax expense (benefit)			2,404	(3,347)
Net earnings (loss) from continuing operations			3,872	(30,350)
Discontinued operations:				
Net earnings			-	9,268
Net gain on sale			-	27,265
Net earnings			$ 3,872	$ 6,183

Consolidated revenues for the nine months ended January 31, 1995 increased 26.4% to $586.271 million from $463.961 million last year. The increase is principally due to greater revenues from Computer services and Financial services.

Consolidated net earnings were $3.872 million for the nine months ended January 31, 1995, compared to a net loss from continuing operations of $30.350 million in the comparable period last year. Last year's net loss from continuing operations for the nine months ended January 31 included a non-recurring charge for purchased research and development of $25.072 million,

recognized in connection with the acquisition of MECA Software, Inc. in November 1993. Excluding purchased research and development, net results from continuing operations improved by $9.150 million, related almost entirely to the outstanding performance of the Computer services segment, which increased earnings by 44.2% (excluding the gain on sales of subsidiaries), offset by the increased losses of Tax services and Financial services.

Consolidated net earnings for the nine months ended January 31, 1995 decreased 37.4% to $3.872 million, or $.04 per share, from $6.183 million, or $.06 per share, in the comparable period last year. The decrease was effected by both earnings from, and the gain on the sale of, discontinued operations which improved earnings by $.09 and $.26 per share, respectively, in fiscal 1994. The earnings from, and the gain on the sale of, discontinued operations last year was substantially offset by the charge for purchased research and development amounting to $.24 per share.

An analysis of operations by segment follows.

TAX SERVICES

Revenues decreased 5.2% to $133.298 million from $140.544 million last year, and the pretax loss increased 26.7% to $103.874 million from $81.973 million last year, both as a result of the IRS's decision to eliminate the Direct Deposit Indicator. The Direct Deposit Indicator was a key element of the electronic filing and RAL programs. (See Management's Discussion and Analysis of Financial Condition on page 9).

COMPUTER SERVICES

Revenues increased 35.9% to $418.699 million from $308.180 million last year due to increases in both consumer and network revenues. Consumer services revenues were 48.0% better than last year, due to the increase in new customers and expansion of European operations. Network services revenues were 34.4% 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 41.2% from the comparable period last year.

Pretax earnings increased 45.3% to $109.455 million from $75.343 million last year. The increase in pretax earnings is attributable to the continued robust 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 44.2% from the comparable period last year. Pretax earnings as a percentage of revenues, excluding the gain and operating results of subsidiaries sold, was 25.7% for the nine months ended January 31, 1995, compared to 25.2% for the same period last year.

FINANCIAL SERVICES

Revenues increased 125.1% to $22.992 million from $10.214 million last year. The growth is due to a significant increase in credit card fees and the personal finance software sales of Block Financial Software, Inc., formerly MECA Software, Inc., which was acquired in November 1993. These increases were somewhat offset by the absence of revenues generated from RAL participation fees due to the IRS's decision to eliminate the Direct Deposit Indicator. (See Management's Discussion and Analysis of Financial Condition on page 9.)

The pretax loss increased to $2.713 million from a pretax loss of $50 thousand last year, due to the absence of earnings from investments in RALs and an increased loss from the personal finance software operations of Block Financial Software, Inc.

OTHER SERVICES

Revenues increased to $7.618 million from $2.848 million last year subsequent to the date of acquisition, due to increased sales to both new and recurring customers. The pretax loss increased to $1.791 million from $937 thousand last year subsequent to the date of acquisition. Personal tax software sales are seasonal, with nearly all revenues generated during the third and fourth quarters coincident with the tax filing period. Since Legal Knowledge Systems, Inc. was acquired in November 1993, the fiscal 1994 year-to-date pretax loss does not include the non-tax season operating expenses which are included in the fiscal 1995 pretax loss.

INVESTMENT INCOME

Investment income increased 33.7% to $13.809 million from $10.331 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 24.1% to $8.610 million from $11.339 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, in addition to decreased staff wages.

PART II - OTHER INFORMATION

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

(a) Exhibits

(11) Statement re Computation of Per Share Earnings.
(27) Financial Data Schedule.

(b) Reports on Form 8-K

The registrant did not file any reports on Form 8-K during the third 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 3/10/95 BY /s/ William P. Anderson

William P. Anderson
Senior Vice President and
Chief Financial Officer

DATE 3/10/95 BY /s/ Ozzie Wenich

Ozzie Wenich
Vice President, Finance
and Treasurer

Exhibit 11

CALCULATION OF PRIMARY EARNINGS PER SHARE

	Three Months Ended January 31, 1995	Three Months Ended January 31, 1994	Nine Months Ended January 31, 1995	Nine Months Ended January 31, 1994
Net earnings (loss) from continuing operations	$ 8,084,000	$ (17,934,000)	$ 3,872,000	$ (30,350,000)
Net earnings	$ 8,084,000	$ 12,556,000	$ 3,872,000	$ 6,183,000
Average number of shares outstanding - primary:				
Average number of common shares outstanding	105,311,000	105,919,000	105,104,000	105,802,000
Dilutive effect of stock options after application of treasury stock method	347,000	973,000	625,000	779,000
Average number of shares outstanding	105,658,000	106,892,000	105,729,000	106,581,000
Primary earnings (loss) per share:				
From continuing operations	$ .08	$ (.17)	$ .04	$ (.28)
Net earnings	$ .08	$ .12	$ .04	$ .06

CALCULATION OF FULLY DILUTED EARNINGS PER SHARE

	Three Months Ended January 31, 1995	Three Months Ended January 31, 1994	Nine Months Ended January 31, 1995	Nine Months Ended January 31, 1994
Net earnings (loss) from continuing operations	$ 8,084,000	$ (17,934,000)	$ 3,872,000	$ (30,350,000)
Net earnings	$ 8,084,000	$ 12,556,000	$ 3,872,000	$ 6,183,000
Average number of shares outstanding - fully diluted:				
Shares used in calculating primary earnings per share	105,658,000	106,892,000	105,729,000	106,581,000
Additional effect of stock options after application of treasury stock method	-	-	-	-
Average number of shares outstanding	105,658,000	106,892,000	105,729,000	106,581,000
Fully diluted earnings (loss) per share:				
From continuing operations	$ .08	$ (.17)	$ .04	$ (.28)
Net earnings	$ .08	$ .12	$ .04	$ .06

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