
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 1-6089

H&R Block Retirement Savings Plan
(Full title of the Plan)

H&R BLOCK, INC.

4400 Main Street
Kansas City, Missouri 64111
(Name of issuer of the securities held pursuant to the plan and
the address of its principal executive office)

**The H&R Block Retirement Savings Plan
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* Prepared in accordance with the filing requirements of ERISA. Other Schedules required by Section 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of
the H&R Block Retirement Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the H&R Block Retirement Savings Plan (the "Plan") as of December 31, 2004 and 2003, and the related statement of changes in net assets available for benefits for the year ended December 31, 2004. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2004 and 2003, and the changes in net assets available for benefits for the year ended December 31, 2004 in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule H, line 4i-schedule of assets (held at end of year) as of December 31, 2004 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP

Kansas City, Missouri
June 6, 2005

The H&R Block Retirement Savings Plan

Statements of Net Assets Available for Benefits December 31, 2004 and 2003

| | December 31, | |
|-----------------------------------|----------------------|----------------------|
| | 2004 | 2003 |
| Assets | | |
| Investments, at fair value: | | |
| H&R Block, Inc. common stock fund | 13,391,454 | 13,627,982 |
| Mutual funds | 381,505,908 | 293,114,266 |
| Common collective trust | 40,794,958 | 37,459,911 |
| Self-directed brokerage accounts | 8,634,357 | 6,721,478 |
| Participant loans | 10,932,760 | 7,242,971 |
| Total investments | 455,259,437 | 358,166,608 |
| Receivables: | | |
| Employer contributions | 4,726,486 | 3,854,039 |
| Participant contributions | 2,324,970 | 1,817,045 |
| Dividends | 233,847 | 984,670 |
| Other | 10,382 | — |
| Total receivables | 7,295,685 | 6,655,754 |
| Total assets | 462,555,122 | 364,822,362 |
| Liabilities | | |
| Accrued expenses | — | 65,179 |
| Net assets available for benefits | <u>\$462,555,122</u> | <u>\$364,757,183</u> |

See accompanying notes to financial statements

The H&R Block Retirement Savings Plan

Statement of Changes in Net Assets Available for Benefits For the Year Ended December 31, 2004

| | For the Year Ended December 31, 2004 |
|---|---|
| Additions: | |
| Investment income: | |
| Dividends and interest | \$ 8,294,605 |
| Net appreciation in fair value of investments | 36,860,382 |
| Other | 117,914 |
| | <u>45,272,901</u> |
| | |
| Contributions: | |
| Employer | 31,212,595 |
| Participant | 53,526,398 |
| | <u>84,738,993</u> |
| | |
| Total additions | 130,011,894 |
| | |
| Deductions: | |
| Distributions to participants | 31,791,469 |
| Administrative expenses | 422,486 |
| | <u>32,213,955</u> |
| | |
| Total deductions | 32,213,955 |
| | |
| Net increase | 97,797,939 |
| | |
| Net assets available for benefits | |
| Beginning of year | 364,757,183 |
| End of year | <u>\$ 462,555,122</u> |

See accompanying notes to financial statements.

The H&R Block Retirement Savings Plan

Notes to Financial Statements December 31, 2004 and 2003

1. Description of the Plan

General

The H&R Block Retirement Savings Plan (the "Plan") is a defined contribution plan sponsored by HRB Management, Inc. (the "Company") for its employees and the employees of certain of its affiliates. The Plan became effective on January 1, 1985 and is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

The Plan provides for selection of an administrative committee, a plan administrator and a trustee by the Board of Directors of the Company. The administrative committee is responsible for the general administration of the Plan and the interpretation of its provisions. The plan administrator is responsible for the reporting and disclosure requirements under ERISA. BNY Western Trust Company is the Plan's trustee.

The following description provides only general information. Participants should refer to the Plan document for a more complete description of the Plan.

Investment Option Change

Effective July 1, 2003, the Strong Funds, Strong Blue Chip 100 Fund was replaced with the American Funds, Growth Fund of America as an investment option of the Plan. Participant balances remaining in the Strong Blue Chip 100 Fund existing on July 1, 2003 were transferred into the Growth Fund of America.

Eligibility

The timing of an employee's eligibility for participation in the Plan depends on whether the employee is classified as a nonseasonal employee or seasonal employee. With respect to participant contributions and employer matching contributions: (a) nonseasonal employees are automatically enrolled in the Plan beginning the first day of the month following or coinciding with the date they complete 90 "Days of Service," as such term is defined in the Plan, and (b) seasonal employees are automatically enrolled in the Plan beginning with the first participation date (January 1 or July 1) following or coinciding with the date they complete a "Year of Service," as such term is defined in the Plan. With respect to employer profit sharing contributions, both nonseasonal and seasonal employees are eligible to participate beginning the first day of the Plan year that immediately precedes or is coincident with the date the employee completes a "Year of Service."

Contributions

Participants may make pre-tax contributions from two to fifty percent of their compensation, subject to Internal Revenue Code limitations. The Company may make discretionary matching contributions of up to one hundred percent of a participant's contributions, not to exceed five percent of the participant's compensation. All participant and matching contributions are invested at the participant's direction. The Company may also elect to make discretionary profit sharing contributions, which would

The H&R Block Retirement Savings Plan
Notes to Financial Statements
December 31, 2004 and 2003

be allocated among participant accounts based on the participant's eligible compensation. For the year ended December 31, 2004, the Company contributed \$31,212,595 for the matching contribution. No discretionary profit sharing contributions were made during the year ended December 31, 2004.

Vesting

Participant contributions, and earnings thereon, are fully vested and nonforfeitable at all times. Beginning January 1, 2002 for participants in the Investment Services line of business, and beginning July 1, 2002 for all other participants, employer matching contributions made after such applicable effective date, and earnings thereon, are fully vested and nonforfeitable at all times. All contributions made prior to 2002 are substantially vested.

Forfeitures

Forfeitures for the plan year are used to reduce the administrative expenses of the Plan or to reduce employer matching contributions. For the year ended December 31, 2004 the amount forfeited was \$332,329. Forfeitures of \$363,483 were used to pay Plan administrative expenses and reduce employer matching contributions during the year ended December 31, 2004. The forfeiture balance of \$258,593 as of December 31, 2004, will be used to reduce matching contributions and pay Plan administrative expenses in the future.

Earnings

Earnings are allocated each day to participant accounts based upon the participant's balance in each investment option as a percentage of the Plan's balance in the respective investment option.

Loans

Participant loans must be at least \$1,000 and are limited to the lesser of \$50,000 less the highest outstanding loan balance in the previous 12 months or fifty percent of the participant's vested account balance. Interest is prime plus one percent. Loans are payable over one to five years except for loans for the purchase of a residence, which may be longer.

Distributions

Generally, distributions may not be made to a participant, or in the case of death, a participant's beneficiary, until administratively feasible following the earliest of the participant's death, disability, or severance from employment. Distributions are in the form of a lump sum cash payment.

Termination

Although the Company has not expressed any intent to do so, it has the right to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in the Plan and under ERISA.

2. **Significant Accounting Policies**

Basis of Accounting

The financial statements of the Plan have been prepared on the accrual basis of accounting.

Investment Valuation and Income Recognition

H&R Block, Inc. Common Stock is stated at fair value as determined by the market closing price on the last business day of the plan year. Mutual funds, including those in self-directed brokerage accounts, are stated at fair value as determined by quoted market prices. Participant loans are valued at cost, which approximates fair value. The Plan presents in the statement of changes in net assets available for benefits the net appreciation (depreciation) in the fair value of its investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments. Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date.

Expenses

All administrative expenses incurred by the Plan are paid by the Plan, except to the extent paid by the Company. To the extent forfeitures are not used to pay administrative expenses of the Plan, such expenses are covered using participant account balances.

Payment of Benefits

Distributions to participants are recorded when they have been paid.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions to and deductions from net assets available for benefits during the reporting period. Actual results could differ from those estimates.

3. **Investments**

The Plan's investments (including investments bought, sold, and held during the year) appreciated (depreciated) in fair value as follows:

| | For the Year Ended December 31, 2004 |
|---|---|
| H&R Block, Inc. common stock fund | \$ (1,576,338) |
| Mutual funds, Common Collective Trust, and Self-directed brokerage accounts | 38,436,720 |
| | <u>\$ 36,860,382</u> |

The H&R Block Retirement Savings Plan
Notes to Financial Statements
December 31, 2004 and 2003

The H&R Block, Inc. Common stock fund uses “unit” accounting. As a unitized stock fund, the Common stock Fund holds primarily H&R Block, Inc. common stock and a small percentage of cash and short-term investments, while participants hold units of the fund.

Individual investments that represent five percent or more of the fair value of the Plan’s net assets are as follows:

| | December 31, | |
|-----------------------------------|---------------|-------------|
| | 2004 | 2003 |
| American Funds Growth Fund | \$ 24,540,716 | * |
| SEI Stable Asset Fund | 40,794,958 | 37,459,911 |
| Dodge & Cox Stock Fund | 65,966,876 | 48,943,789 |
| Vanguard Institutional Index Fund | 53,774,543 | 45,260,287 |
| Vanguard Wellington Fund | 129,987,366 | 105,774,619 |

* Less than 5% of Plan’s assets in the applicable year.

4. Income Tax Status of the Plan

The Plan received its latest determination letter dated November 11, 2003 in which the Internal Revenue Service stated the Plan is in compliance with the applicable requirements of the internal revenue code. The plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan’s financial statements.

5. Related Party Transactions

As of December 31, 2004 and 2003, the Plan’s investment portfolio includes an investment in the Common Stock of H&R Block, Inc., a party-in-interest to the Plan.

The Plan’s recordkeeper, RSM McGladrey (“RSM”), is an affiliate of the Company and was paid \$370,474 in administrative fees and reimbursements during the year ended December 31, 2004.

The Plan’s custodian, H&R Block Financial Advisors, Inc., is an affiliate of the Company.

6. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants’ account balances and the amounts reported in the statement of net assets available for benefits.

7. Other

In 2004, the Company identified possible operational defects in the administration of the Plan while conducting an internal review of the Plan. None of the operational items identified had or will have a material impact on the Plan's financial statements. On December 21, 2004, the Company requested from the IRS a compliance letter and approval of the correction methods used to fix the operational items. The request was made under the IRS Voluntary Correction Program (VCP), which allows the Company to take corrective measures for the items identified. The Company will take such corrective measures as may be required in connection with the VCP request to maintain the Plan's qualified tax-exempt status.

The H&R Block Retirement Savings Plan
EIN: 43-1910017, Plan Number: 002

Schedule H, Line 4i — Schedule of Assets (Held at End of Year)
December 31, 2004

| (a) | (b) Identity of Issuer or Borrower | (c) Description of Investment | Shares Held | (e) Current Value |
|---------------|---------------------------------------|------------------------------------|-------------|----------------------|
| * | H&R Block, Inc. Common | H&R Block, Inc. Common Stock | 258,512 | \$ 12,667,088 |
| | Stock Fund | Cash and other assets, net | 724,366 | 724,366 |
| | | | | <u>13,391,454</u> |
| Mutual funds: | | | | |
| | AIM Family of Funds | AIM Constellation Fund Class A | 108,422 | 2,476,370 |
| | AIM Family of Funds | AIM Premier Equity Fund Class A | 87,287 | 862,399 |
| | AIM Family of Funds | AIM Technology Fund Class A | 32,919 | 845,682 |
| | AIM Family of Funds | AIM Weingarten Fund Class A | 22,766 | 296,862 |
| | Columbia Funds | Columbia Small Cap Growth Fund | 331,796 | 8,553,689 |
| | Calamos Funds | Calamos Growth Fund | 344,859 | 18,270,649 |
| | Dodge & Cox Funds | Dodge & Cox Stock Fund | 506,580 | 65,966,876 |
| | American Funds Group | EuroPacific Growth Fund | 624,418 | 22,247,998 |
| | Franklin Templeton Investments | Franklin DynaTech Fund A | 25,153 | 613,236 |
| | Franklin Templeton Investments | Franklin Small-Mid Cap Fund | 45,557 | 1,556,216 |
| | American Funds Group | Growth Fund of America Class A | 51,107 | 1,399,321 |
| | American Funds Group | Growth Fund of America Class R5 | 896,628 | 24,540,716 |
| | American Funds Group | Investment Company of America Fund | 31,310 | 962,787 |
| | Lord Abbett Family of Funds | Lord Abbett Mid-Cap Value A Fund | 959,054 | 21,703,384 |
| | American Funds Group | New Perspective Fund | 31,068 | 861,216 |
| | PIMCO Funds | PIMCO Total Return Fund | 1,667,850 | 17,795,965 |
| | ICM Series Trust | ICM Small Company Fund | 171,118 | 6,280,032 |
| | Vanguard Group | Vanguard Institutional Index Fund | 485,724 | 53,774,543 |
| | Vanguard Group | Vanguard Wellington Fund | 4,305,643 | 129,987,366 |
| | American Funds Group | Washington Mutual Fund | 73,103 | 2,250,113 |
| | The Reserve Funds | Reserve Primary Institutional Fund | 260,488 | 260,488 |
| | | | | <u>381,505,908</u> |

See accompanying report of independent registered accounting firm.

The H&R Block Retirement Savings Plan
EIN: 43-1910017, Plan Number: 002
Schedule H, Line 4i — Schedule of Assets (Held at End of Year)
December 31, 2004

| (a) | (b) Identity of Issuer or Borrower | (c) Description of Investment | Shares Held | (e) Current Value |
|---|---------------------------------------|--|-------------|-----------------------------|
| Common Collective Trust: | | | | |
| | SEI Investments | SEI Stable Asset Fund | 40,794,958 | 40,794,958 |
| Self-directed brokerage accounts | | | | 8,634,357 |
| * | Plan participants | Participant Loans, Interest range: 3.7% to 10.5% | | 10,932,760 |
| Total investments | | | | <u>\$455,259,437</u> |

Column (d) omitted as cost information is not required for participant directed assets.

* Indicates party-in-interest to the Plan.

See accompanying report of independent registered accounting firm.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

H&R Block Retirement Savings Plan

Date June 23, 2005

By: /s/ Melanie K. Coleman
Melanie K. Coleman
Corporate Controller
H&R Block, Inc.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the registration statement on Form S-8 (No. 333-56400) of H&R Block, Inc. of our report, dated June 6, 2005, relating to the statements of net assets available for benefits as of December 31, 2004 and 2003, the related statement of changes in net assets available for benefits for the year ended December 31, 2004, and the supplemental schedule H, line 4i— schedule of assets (held at end of year) as of December 31, 2004 of the H&R Block Retirement Savings Plan, which report appears in this Form 11-K.

/s/ KPMG LLP

Kansas City, Missouri
June 23, 2005