
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): September 20, 2007

H&R BLOCK, INC.

(Exact name of registrant as specified in charter)

Missouri

(State of Incorporation)

1-6089

(Commission File Number)

44-0607856

(I.R.S. Employer
Identification Number)

One H&R Block Way, Kansas City, MO 64105

(Address of Principal Executive Offices) (Zip Code)

(816) 854-3000

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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TABLE OF CONTENTS

[Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement](#)

[Item 4.01. Changes in Registrant's Certifying Accountant](#)

[Item 9.01. Financial Statements and Exhibits](#)

[SIGNATURES](#)

[EXHIBIT INDEX](#)

[Letter from KPMG to the SEC](#)

[Press Release](#)

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement.

As previously disclosed in a Form 8-K filed on August 22, 2007, Block Financial Corporation (“BFC”), a wholly-owned subsidiary of H&R Block, Inc. (the “Company”), is a party to a \$1.0 billion Five-Year Credit and Guarantee Agreement dated August 10, 2005 and a \$1.0 billion Amended and Restated Five-Year Credit and Guarantee Agreement dated August 10, 2005 (collectively, the “BFC Credit Facilities”).

On September 24, 2007, BFC drew a combined \$250.0 million under the BFC Credit Facilities. The draws provide a more stable source of funds to support BFC’s short-term needs in light of recent market conditions that have negatively impacted the availability and term of commercial paper. The combined \$250.0 million draws bear interest at the Eurodollar Rate (as defined in the BFC Credit Facilities) plus an applicable margin and are subject to adjustments as set forth in the BFC Credit Facilities. The amounts to be borrowed under the BFC Credit Facilities become due and payable on August 10, 2010.

The BFC Credit Facilities contain representations, warranties, covenants and events of default customary for financings of this type. One such covenant requires the Company to maintain a certain level of Adjusted Net Worth, which currently is at least \$650.0 million at the last day of any fiscal quarter (Adjusted Net Worth of \$1.0 billion reduced by the Company’s repurchases of its own Capital Stock subsequent to April 30, 2005 in an aggregate amount not exceeding \$350.0 million). The BFC Credit Facilities also include, without limitation, covenants restricting the Company’s and BFC’s ability to incur additional debt, incur liens, merge or consolidate with other companies, sell or dispose of their respective assets (including equity interests), liquidate or dissolve, make investments, loans, advances, guarantees and acquisitions, and engage in certain transactions with affiliates.

In the event of a default by the Company or BFC under the BFC Credit Facilities, the Administrative Agent may, or at the direction of the requisite lenders shall, terminate the applicable Credit Facility and declare the loans then outstanding, together with any accrued interest thereon and all fees and other obligations of the Company and BFC under such Credit Facility, to be due and payable immediately.

Item 4.01. Changes in Registrant’s Certifying Accountant.

(a) KPMG LLP (“KPMG”) served as the independent registered public accounting firm for the Company from July 10, 2003 until September 20, 2007, at which time the Company dismissed KPMG as the Company’s independent registered public accounting firm. The decision to dismiss KPMG was recommended and approved by the Audit Committee of the Board of Directors of the Company (the “Audit Committee”). The Company announced this event in a press release issued on September 24, 2007, which is attached as Exhibit 99.1 hereto and is incorporated herein by reference.

Table of Contents

The audit reports of KPMG on the consolidated financial statements as of April 30, 2007 and 2006 and for the years then ended contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principle. The audit reports of KPMG on management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting as of April 30, 2007 and 2006 did not contain any adverse opinion or disclaimer of opinion nor were they qualified or modified as to uncertainty, audit scope or accounting principle.

During the Company's two most recent fiscal years and through September 20, 2007, (i) there was no "disagreement" (as defined in Item 304(a)(1)(iv) of Regulation S-K and related instructions) with KPMG on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreement, if not resolved to the satisfaction of KPMG, would have caused KPMG to make reference to the subject matter of the disagreement in connection with its report and (ii) there were no "reportable events" (as defined in Item 304(a)(1)(v) of Regulation S-K), except for the material weakness in internal control in financial reporting related to the valuation of certain residual interests in securitizations, which KPMG advised the Company of and was reported by the Company in its quarterly report on Form 10-Q for the quarter ended January 31, 2007. The material weakness was remediated as of April 30, 2007 and, as indicated above, KPMG issued an unqualified report on the Company's internal control over financial reporting as of April 30, 2007. The Audit Committee discussed the material weakness with KPMG, and the Company has authorized KPMG to respond fully to inquiries from KPMG's successor regarding the material weakness.

The registrant requested that KPMG furnish it with a letter addressed to the Securities and Exchange Commission stating whether or not it agrees with the above statements. A copy of such letter dated September 24, 2007, is attached hereto as Exhibit 16.1 to this Form 8-K.

(b) The Audit Committee has begun the process of selecting a new independent registered public accounting firm for the fiscal year ending April 30, 2008 and expects to make this selection during the Company's fiscal quarter ending October 31, 2007. Once an independent registered public accounting firm has been selected, another Form 8-K will be filed.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
16.1	Letter from KPMG to the Securities and Exchange Commission dated September 24, 2007
99.1	Press release, issued September 24, 2007.

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 hereunto duly authorized.

H&R BLOCK, INC.

Date: September 24, 2007

By: /s/ Bret G. Wilson

Bret G. Wilson

Vice President and Secretary

EXHIBIT INDEX

Exhibit 16.1	Letter from KPMG to the Securities and Exchange Commission dated September 24, 2007.
Exhibit 99.1.	Press release, issued September 24, 2007.



KPMG LLP
Suite 1000
1000 Walnut Street
Kansas City, MO 64106-2182

September 24, 2007

Securities and Exchange Commission
Washington, D.C. 20549

Ladies and Gentlemen:

We were previously principal accountants for H&R Block, Inc. and, under the date of June 29, 2007, we reported on the consolidated financial statements of H&R Block, Inc. as of and for the years ended April 30, 2007 and 2006, management's assessment of the effectiveness of internal control over financial reporting as of April 30, 2007, and the effectiveness of internal control over financial reporting as of April 30, 2007. On September 20, 2007 we were dismissed. We have read H&R Block Inc.'s statements included under Item 4.01(a) of its Form 8-K, dated September 24, 2007, and we agree with such statements except that we are not in a position to agree or disagree with H&R Block, Inc.'s statement that the decision to dismiss KPMG was recommended and approved by the Audit Committee of the Board of Directors of the Company, or the information set forth in the press release incorporated by reference in the Form 8-K, other than the advice of KPMG set forth in the fourth paragraph of that press release.

Very truly yours,

KPMG LLP



H&R BLOCK®

News Release

For Further Information

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**H&R BLOCK ANNUAL MEETING ELECTION RESULTS CERTIFIED;
AUDIT COMMITTEE DETERMINES KPMG NO LONGER ABLE TO SERVE AS COMPANY'S INDEPENDENT AUDITOR**

Company Working to Engage New Auditor As Soon As Possible

FOR RELEASE Sept. 24, 2007

KANSAS CITY, Mo. – H&R Block Inc. (NYSE:HRB) announced today that IVS Associates Inc., an independent inspector of elections, has certified the preliminary results of shareholder voting on proposals presented at the company's annual meeting on Sept. 6.

As a result, Richard C. Breeden, L. Edward Shaw and Robert A. Gerard have now joined the company's board of directors.

The company also announced that the audit committee of its board of directors has completed its previously announced review of the independence of its current auditor, KPMG LLP, in light of the election of the three new directors. Mr. Breeden serves as the monitor of KPMG under its deferred prosecution agreement with the Department of Justice and Mr. Shaw is also engaged in the monitorship.

The audit committee, consistent with the advice of KPMG, determined that, as a result of this relationship, the participation of the new directors either as members of the audit committee or in a manner that would be equivalent to being audit committee members, would impair KPMG's independence. Accordingly, the audit committee concluded that it was necessary to replace KPMG as the company's independent auditor so that the new directors would be able to participate fully on the board.

In reaching its conclusion, the audit committee was assisted by its independent legal counsel and other independent experts in the fields of auditor independence and corporate governance, and received the input of the new directors.

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“In light of the possibility that a change in auditors might be required, the audit committee instructed management to prepare for such a contingency,” said Bill Trubeck, executive vice president and chief financial officer. “The company has begun the process to select a new independent auditor and expects to announce the appointment of a new audit firm expeditiously. The company will do everything it can to provide an efficient transition to a new independent auditor and minimize the impact of this change on company operations and financial reporting.”

About H&R Block

H&R Block Inc. (NYSE: HRB) is a leading provider of tax, accounting and related financial products and services. H&R Block is the world’s largest tax services provider, having prepared more than 400 million tax returns since 1955. The company and its subsidiaries reported revenues of \$4.0 billion and net income from continuing operations of \$374.3 million in fiscal year 2007. The company has continuing operations in three principal business segments: Tax Services (income tax return preparation and related services and products via in-office, online and software solutions); Business Services (accounting, tax and business consulting services primarily for midsized companies); and Consumer Financial Services (tax-related banking services along with brokerage services, investment planning and related financial advice). Headquartered in Kansas City, Mo., H&R Block markets its continuing services and products under two leading brands – H&R Block and RSM McGladrey. For more information visit our Online Press Center at www.hrblock.com.

Forward Looking Statements

This release may contain forward-looking statements, which are any statements that are not historical facts. These forward-looking statements are based upon the current expectations of the company and there can be no assurance that such expectations will prove to be correct. Because forward-looking statements involve risks and uncertainties and speak only as of the date on which they are made, the company’s actual results could differ materially from these statements. These risks and uncertainties relate to, among other things, the company’s pending sale of Option One Mortgage Corp. and uncertainty regarding its closing; the uncertainty of the impact and effect of changes in the non-prime mortgage market including changes in interest rates, loan origination volumes, levels of early payment defaults and secondary market pricing and liquidity; competitive factors; regulatory capital requirements; uncertainties pertaining to the commercial paper market; litigation; changes in market, economic, political or regulatory conditions; and uncertainty associated with engaging a new independent auditor. Information concerning certain of these risks and uncertainties is contained in Item 1A of the company’s 2007 annual report on Form 10-K and in other filings by the company with the Securities and Exchange Commission.

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