

GENESCO INC
Form 10-Q
June 14, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the Quarter Ended May 5, 2018

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from _____ to _____
Commission File No. 1-3083

Genesco Inc.
(Exact name of registrant as specified in its charter)

Tennessee 62-0211340
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

Genesco Park, 1415 Murfreesboro Road 37217-2895
Nashville, Tennessee
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (615) 367-7000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer; an accelerated filer; a non-accelerated filer; a smaller reporting company; or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the

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Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

As of June 1, 2018, 19,915,132 shares of the registrant's common stock were outstanding.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

Genesco Inc.

and Subsidiaries

Condensed Consolidated Balance Sheets

(In thousands, except share amounts)

Assets	May 5, 2018	February 3, 2018	April 29, 2017
Current Assets:			
Cash and cash equivalents	\$30,880	\$39,937	\$43,371
Accounts receivable, net of allowances of \$5,584 at May 5, 2018, \$4,593 at Feb. 3, 2018 and \$3,764 at April 29, 2017	51,421	43,292	54,314
Inventories	552,475	542,625	578,102
Prepays and other current assets	71,720	67,234	63,899
Total current assets	706,496	693,088	739,686
Property and equipment:			
Land	7,954	8,065	7,847
Buildings and building equipment	81,347	79,587	56,032
Computer hardware, software and equipment	222,155	213,335	188,818
Furniture and fixtures	179,407	179,008	163,117
Construction in progress	25,616	33,625	44,835
Improvements to leased property	440,293	440,719	415,043
Property and equipment, at cost	956,772	954,339	875,692
Accumulated depreciation	(579,409)	(571,710)	(533,082)
Property and equipment, net	377,363	382,629	342,610
Deferred income taxes	24,842	25,077	15,289
Goodwill	96,086	100,308	272,880
Trademarks, net of accumulated amortization of \$5,582 at May 5, 2018, \$5,593 at Feb. 3, 2018 and \$5,563 at April 29, 2017	86,303	87,898	84,387
Other intangibles, net of accumulated amortization of \$17,372 at May 5, 2018, \$17,439 at Feb. 3, 2018 and \$16,448 at April 29, 2017	1,578	1,794	2,165
Other noncurrent assets	24,757	24,559	22,359
Total Assets	\$1,317,425	\$1,315,353	\$1,479,376

Genesco Inc.
and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands, except share amounts)

	May 5, 2018	February 3, 2018	April 29, 2017
Liabilities and Equity			
Current Liabilities:			
Accounts payable	\$146,375	\$140,962	\$175,588
Accrued employee compensation	23,557	20,616	19,761
Accrued other taxes	14,008	16,114	18,400
Accrued income taxes	67	1,488	8,746
Current portion – long-term debt	1,690	1,766	1,617
Other accrued liabilities	53,502	72,220	65,424
Provision for discontinued operations	1,804	1,902	3,164
Total current liabilities	241,003	255,068	292,700
Long-term debt	103,994	86,619	136,390
Pension liability	—	—	6,094
Deferred rent and other long-term liabilities	141,882	141,255	129,617
Provision for discontinued operations	1,707	1,707	1,713
Total liabilities	488,586	484,649	566,514
Commitments and co Closing Spot Rate.			

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NAV per Share; Valuation of the Swedish Krona

The following chart illustrates the movement in the price of the Shares based on (1) NAV per Share, (2) the bid and ask midpoint offered on the NYSE Arca and (3) the Closing Spot Rate, expressed as a multiple of 1,000 Swedish Kronor:

Table of Contents**Liquidity**

The Sponsor is not aware of any trends, demands, conditions or events that are reasonably likely to result in material changes to the Trust's liquidity needs. The Trust's Depository, JPMorgan Chase Bank, N.A., London Branch, maintains two deposit accounts for the Trust, a primary deposit account that may earn interest and a secondary deposit account that does not earn interest. Interest on the primary deposit account, if any, accrues daily and is paid monthly. The interest rate in effect as of April 30, 2014 was an annual nominal rate of 0.53%. The following chart provides the daily rate paid by the Depository since April 30, 2009:

In exchange for a fee, the Trust's Sponsor bears most of the expense incurred by the Trust. As a result, the only ordinary expense of the Trust during the periods covered by this report was the Sponsor's fee. Each month the Depository deposits into the secondary deposit account accrued but unpaid interest, if any, and the Trustee withdraws Swedish Kronor from the secondary deposit account to pay the accrued Sponsor's fee for the previous month plus other Trust expenses, if any. When the interest deposited, if any, exceeds the sum of the Sponsor's fee for the prior month plus other Trust expenses, if any, the Trustee converts the excess into USD at a prevailing market rate and distributes the USD as promptly as practicable to Shareholders on a pro rata basis (in accordance with the number of Shares that they own). Distributions paid during the current reporting period follow (annualized yield reflects the estimated annual yield an investor would receive if a monthly distribution stayed the same for the entire year going forward, and is calculated by annualizing the monthly distribution and dividing by the Trust NAV for the dates listed below):

FXS Distribution History				
Date	Value	NAV	Yield	Annualized Yield
4/1/2014	\$ 0.00530	\$ 153.46	0.00%	0.04%
3/3/2014	\$ 0.00630	\$ 155.33	0.00%	0.05%
2/3/2014	\$ 0.00672	\$ 151.99	0.00%	0.05%

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Critical Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Sponsor's management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period covered by this report.

In addition to the description below, please refer to Note 2 to the consolidated financial statements for further discussion of our accounting policies.

The functional currency of the Trust is the Swedish Krona in accordance with ASC 830, Foreign Currency Translation.

Results of Operations

As of October 31, 2013, the number of Swedish Kronor owned by the Trust was 397,971,473, resulting in a redeemable capital share value of \$61,516,024. During the six months ended April 30, 2014, no Shares were created and 100,000 Shares were redeemed in exchange for 99,492,868 Swedish Kronor. As of April 30, 2014, the number of Swedish Kronor owned by the Trust was 298,478,605, resulting in a redeemable capital Share value of \$45,801,464.

The decrease in the Trust's redeemable capital Share value from \$61,516,024 at October 31, 2013 to \$45,801,464 at April 30, 2014, was primarily the result of a decrease in the number of Shares outstanding from 400,000 at October 31, 2013 to 300,000 at April 30, 2014 coupled with a decrease in the Closing Spot Rate from 0.15453 at October 31, 2013 to 0.15345 at April 30, 2014.

Interest income decreased from \$125,440 for the three months ended April 30, 2013 to \$55,226 for the three months ended April 30, 2014, and decreased from \$272,125 for the six months ended April 30, 2013 to \$139,417 for the six months ended April 30, 2014, attributable primarily to a decrease in the weighted-average Swedish Kronor in the Trust coupled with a decrease in the annual nominal interest rate paid by the Depository, as set forth in the chart above.

The Sponsor's fee accrues daily at an annual nominal rate of 0.40% of the Swedish Kronor in the Trust. Due primarily to a decrease in the weighted-average Swedish Kronor in the Trust, the Sponsor's fee decreased from \$70,331 for the three months ended April 30, 2013 to \$50,422 for the three months ended April 30, 2014 and decreased from \$138,752 for the six months ended April 30, 2013 to \$108,068 for the six months ended April 30, 2014. The only expense of the Trust during the three months and six months ended April 30, 2014 was the Sponsor's fee.

The Trust's net income for the three months ended April 30, 2014 was \$4,804 due to interest income of \$55,226 exceeding the Sponsor's fee of \$50,422. The Trust's net income for the six months ended April 30, 2014 was \$31,349 due to interest income of

\$139,417 exceeding the Sponsor's fee of \$108,068.

Cash dividends per Share decreased from \$0.12 for the three months ended April 30, 2013 to \$0.02 per Share for the three months ended April 30, 2014, and decreased from \$0.33 for the six months ended April 30, 2013 to \$0.13 per Share for the six months ended April 30, 2014. This decrease in cash dividends per Share was primarily due to a decrease in the annual nominal interest rate paid by the Depository.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Except as described above with respect to the Swedish Krona/USD exchange rate and the nominal annual interest rate paid by the Depository on Swedish Kronor held by the Trust, the Trust is not subject to market risk. The Trust does not hold securities and does not invest in derivative instruments.

Table of Contents**Item 4. Controls and Procedures.**

The Trust maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) designed to ensure that material information relating to the Trust is recorded, processed and disclosed on a timely basis. The Trust's disclosure controls and procedures are designed by or under the supervision of the Sponsor's chief executive officer and chief financial officer, who exercise oversight over the Trust as the Trust has no officers. The chief executive officer and chief financial officer of the Sponsor have evaluated the effectiveness of the Trust's disclosure controls and procedures as of April 30, 2014. Based on that evaluation, the chief executive officer and chief financial officer of the Sponsor have concluded that the disclosure controls and procedures of the Trust were effective as of the end of the period covered by this report.

There were no changes in the Trust's internal control over financial reporting that occurred during the Trust's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Trust's internal control over financial reporting.

PART II OTHER INFORMATION**Item 1. Legal Proceedings**

None.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the Risk Factors section of the Trust's Annual Report on Form 10-K filed with the Securities and Exchange Commission on January 14, 2014.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) None.

(b) Not applicable.

(c) During the quarter ended April 30, 2014, 1 Basket (50,000 Shares registered pursuant to Section 12 of the Securities Exchange Act of 1934) was redeemed by the Trust, as follows:

Period	Total Number of Registered Shares Redeemed	Average Price Per Share
02/01/2014		
02/28/2014		\$

03/01/2014		
03/31/2014		\$
04/01/2014		
04/30/2014	50,000	\$ 152.19

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

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No.	Description
31.1	Certification by Principal Executive Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.
31.2	Certification by Principal Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.
32.1	Certification by Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

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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.

CURRENCYSHARES® SWEDISH KRONA
TRUST

By Guggenheim Specialized Products, LLC
Sponsor of the CurrencyShares® Swedish
Krona Trust

Date: June 9, 2014

By: /s/ JOSEPH ARRUDA
Joseph Arruda
Chief Financial Officer
(principal financial officer)