

CHECKERS DRIVE IN RESTAURANTS INC /DE
Form 10-K/A
April 28, 2006

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

FORM 10-K/A

AMENDMENT NO. 1

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended January 2, 2006

OR

.. 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: 0-19649

Checkers Drive-In Restaurants, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

4300 West Cypress St, Suite 600 Tampa, Florida

58-1654960
(I.R.S. Employer
Identification No.)

33607

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(Address of principal executive offices)

(Zip Code)

(813) 283-7000

(Registrant's telephone number, including area code)

None

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	None
Securities registered pursuant to Section 12(g) of the Act: Common Stock	

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes No

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 No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

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 20, 2005, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$156.2 million based on the \$13.75 as reported on the National Association of Securities Dealers Automated Quotation System National Market System.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at March 2, 2006
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[Common Stock, \$.001 par value per share]

11,500,200 shares

DOCUMENTS INCORPORATED BY REFERENCE

None

Amendment No. 1 to the Annual Report on Form 10-K

For the year ended January 2, 2006

Explanatory Note

Checkers Drive-In Restaurants, Inc. (Checkers) is filing this amendment to Form 10-K (the Amendment) for the fiscal year ended January 2, 2006, as filed with the Securities and Exchange Commission on March 17, 2006 (the Original Filing). The purpose of filing this Amendment is solely to correct certain typographical errors. This Amendment does not update any disclosures to reflect developments since the date of the Original Filing.

In accordance with Rule 12b-15 of the Securities Exchange Act of 1934, we are required to include in this Amendment each Item, as amended, in its entirety.

We are amending Item 8, Financial Statements and Supplementary Data, to correct a typographical error contained in the Report of Independent Registered Public Accounting Firm issued by KPMG LLP. The original report referred to the inclusion of an audited balance sheet for the year ended December 29, 2003. Since an audited balance sheet for the year ended December 29, 2003 is not included in the Original Filing, KPMG LLP has modified its report accordingly. We have included the modified report in this Amendment.

We are amending Item 10, Directors and Executive Officers of the Registrant, to correct a typographical error in the biography of Adam Noyes and Ron Levondosky by changing the word formally to formerly.

We are amending Item 12, Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters, to correct a typographical error (i) in footnote 4 by changing the sentence that reads, in pertinent part, Bank of America, NA reported sole and shared voting power as to 162,834 and 631 shares of Checkers common stock, respectively, to read Bank of America, NA reported sole and shared voting power as to 162,834 and 631,574 shares of Checkers common stock, respectively and (ii) in footnote 5 by deleting in its entirety the phrase and disclaimed beneficial ownership as to 996,906 shares .

Exhibit 23.1, Consent of Independent Registered Public Accounting Firm Grant Thornton, LLP, was amended to correct a typographical error with respect to the execution date, which was inadvertently dated March 16, 2006 rather than March 14, 2006.

Pursuant to Rule 12b-15 of the Securities Exchange Act of 1934, as a result of this Amendment, the certifications filed pursuant to the Sarbanes-Oxley Act of 2002, included as exhibits to the Original Filing, have been amended, restated, re-executed and re-filed as of the date of this Amendment and are included as Exhibits 31.1, 31.2, 32.1 and 32.2 hereto.

As such, we have filed the following exhibits herewith:

- 23.1 Consent of Independent Registered Public Accounting Firm - Grant Thornton, LLP.
- 23.2 Consent of Independent Registered Public Accounting Firm - KPMG LLP.
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated April 25, 2006.
- 31.2 Certification of Chief Financial (Accounting) Officer pursuant to Rule 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated April 25, 2006.
- 32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated April 25, 2006.
- 32.2 Certification of Chief Financial (Accounting) Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated

April 25, 2006.

Except as described above, no other changes have been made to the Original Filing and this Form 10-K/A does not amend, update or change the financial statements or any other items or disclosures in the Original Filing.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

(1) Index to Consolidated Financial Statements:

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders

Checkers Drive-In Restaurants, Inc.:

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting (Item 9A(b)), that Checkers Drive-In Restaurants, Inc. maintained effective internal control over financial reporting as of January 2, 2006 based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Checkers Drive-In Restaurants, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit 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 effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment, that Checkers Drive-In Restaurants, Inc. maintained effective control over financial reporting as of January 2, 2006, is fairly stated in all material respects, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also in our opinion, Checkers Drive-In Restaurants, Inc. maintained, in all material respects, effective internal control over financial reporting as of January 2, 2006, based on the criteria established in *Internal Control - Integrated Framework* issued by the COSO.

We have also audited, in accordance with standards of the Public Company Accounting Oversight Board (United States) the consolidated balance sheet of Checkers Drive-In Restaurants, Inc. as of January 2, 2006, and the related consolidated statements of income and comprehensive income, stockholder's equity and cash flows for the year ended January 2, 2006 and our report dated March 14, 2006 expressed an unqualified opinion on those financial statements.

/s/ Grant Thornton LLP
Tampa, Florida
March 14, 2006

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders

Checkers Drive-In Restaurants, Inc.:

We have audited the accompanying consolidated balance sheet of Checkers Drive-In Restaurants, Inc. and subsidiaries as of January 2, 2006, and the related consolidated statement of income and comprehensive income, stockholders' equity, and cash flows for the year ended January 2, 2006. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Checkers Drive-In Restaurants, Inc. and subsidiaries as of January 2, 2006 and the results of their operations and their cash flows for the year ended January 2, 2006, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Checkers Drive-In Restaurants, Inc. and subsidiaries' internal control over financial reporting as of January 2, 2006, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 14, 2006 expressed an unqualified opinion on management's assessment of, and an unqualified opinion on the effective operation of, internal control over financial reporting.

/s/ Grant Thornton LLP

Tampa, Florida

March 14, 2006

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders

Checkers Drive-In Restaurants, Inc.:

We have audited the accompanying consolidated balance sheet of Checkers Drive-In Restaurants, Inc. and subsidiaries as of January 3, 2005, and the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for each of the years in the two-year period ended January 3, 2005. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Checkers Drive-In Restaurants, Inc. and subsidiaries as of January 3, 2005, and the results of their operations and their cash flows for each of the years in the two-year period ended January 3, 2005, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG, LLP

Orlando, Florida

April 4, 2005

Certified Public Accountants

CHECKERS DRIVE-IN RESTAURANTS, INC.

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

	January 2, 2006	January 3, 2005
Current Assets:		
Cash and cash equivalents	\$ 15,104	\$ 7,075
Accounts, notes and leases receivable, net	3,790	2,633
Inventory	1,021	1,062
Prepaid rent	1,351	1,246
Deferred income tax assets	3,976	4,894
Property and equipment held for sale	1,553	1,560
Other current assets	439	383
Total current assets	27,234	18,853
Restricted cash	4,245	3,943
Property and equipment, net	55,125	55,309
Notes receivable, net - less current portion	6,221	5,082
Leases receivable, net - less current portion	4,179	4,555
Intangible assets, net	23,739	24,024
Deferred income tax assets	8,070	11,094
Other assets	984	1,170
Total assets	\$ 129,797	\$ 124,030
Current Liabilities:		
Current maturities of long-term debt and obligations under capital leases	\$ 1,868	\$ 2,064
Accounts payable	4,854	4,724
Current portion of reserves for restaurant relocations and abandoned sites	444	785
Accrued wages and benefits	2,193	2,890
Current portion of accrued self insurance	1,123	1,390
Accrued liabilities	4,337	6,180
Total current liabilities	14,819	18,033
Long-term debt, less current maturities	15,059	17,082
Obligations under capital leases, less current maturities	3,618	3,694
Reserves for restaurant relocations and abandoned sites, net of current portion	1,766	3,326
Deferred revenue	4,897	4,895
Accrued self insurance, net of current portion	2,229	2,860
Other long-term liabilities	1,100	1,188
Total liabilities	43,488	51,078
Stockholders Equity:		
Preferred stock, \$.001 par value, authorized 2,000,000 shares, none issued at January 2, 2006 and January 3, 2005		
Common stock, \$.001 par value, authorized 175,000,000 shares, issued 13,283,678 at January 2, 2006 and 12,812,826 at January 3, 2005	13	13
Additional paid-in capital	154,190	150,003

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Accumulated deficit	(49,922)	(59,092)
	104,281	90,924
Less: Treasury stock, 1,785,900 shares at January 2, 2006 and 1,785,900 shares at January 3, 2005, at cost	(17,972)	(17,972)
Total stockholders' equity	86,309	72,952
	\$ 129,797	\$ 124,030

See accompanying notes to the consolidated financial statements

CHECKERS DRIVE-IN RESTAURANTS, INC.

AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(Dollars in thousands, except per share amounts)

	Fiscal Year Ended		
	January 2, 2006	January 3, 2005	December 29, 2003
REVENUES:			
Restaurant sales	\$ 168,866	\$ 176,319	\$ 174,231
Franchise royalty revenue	17,942	17,125	15,136
Franchise fees and other income	346	805	952
Total revenues	187,154	194,249	190,319
COSTS AND EXPENSES:			
Restaurant food and paper costs	54,438	56,696	55,029
Restaurant labor costs	48,956	51,841	52,985
Restaurant occupancy expense	10,728	11,198	12,313
Restaurant depreciation	7,979	7,293	6,012
Other restaurant operating expenses	21,772	22,103	22,223
General and administrative expenses	15,857	13,802	14,752
Advertising	10,358	10,828	10,822
Non-cash compensation	840	544	46
Other depreciation and amortization	923	1,140	908
Impairment of long-lived assets	421	56	361
Restaurant retirement costs	(631)	(115)	(446)
(Gain) loss on sales of assets	295	(76)	(1,963)
Total costs and expenses	171,936	175,310	173,042
Operating income	15,218	18,939	17,277
OTHER INCOME (EXPENSE):			
Interest income	1,315	1,035	1,099
Interest expense	(2,094)	(2,329)	(2,629)
Income before minority interest, income tax expense (benefit) and cumulative effect of change in accounting principle	14,439	17,645	15,747
Minority interest in operations of joint ventures			(99)
Income before income tax expense (benefit) and cumulative effect of change in accounting principle	14,439	17,645	15,648
Income tax expense (benefit)	5,269	6,154	(186)
Income before cumulative effect of change in accounting principle	9,170	11,491	15,834
Cumulative effect of change in accounting principle (net of tax)			51
NET INCOME	\$ 9,170	\$ 11,491	\$ 15,783
COMPREHENSIVE INCOME	\$ 9,170	\$ 11,491	\$ 15,783
Basic earnings per share	\$ 0.81	\$ 0.99	\$ 1.31
Diluted earnings per share	\$ 0.74	\$ 0.92	\$ 1.23

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Weighted average number of common shares outstanding:

Basic	11,324	11,633	12,047
Diluted	12,353	12,491	12,845

See accompanying notes to the consolidated financial statements

CHECKERS DRIVE-IN RESTAURANTS, INC.

AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

(Dollars in thousands)

	Preferred stock	Common stock	Additional paid-in capital	Accumulated deficit	Treasury stock	Note receivable - officer	Total equity
Balances at December 30, 2002		12	145,678	(84,629)	(465)		