

BRANTLEY CAPITAL CORP

Form 10-Q

November 15, 2002

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF

**THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2002**

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: 814-00127

BRANTLEY CAPITAL CORPORATION

(Exact name of registrant as specified in its charter)

Maryland

34-1838462

(State or other Jurisdiction of
Incorporation or Organization)

(I.R.S. Employer Identification Number)

3201 Enterprise Parkway, Suite 350, Cleveland, Ohio 44122

(Address of principal executive offices including zip code)

(216) 464-8400

(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 of common stock, \$.01 par value, outstanding as of September 30, 2002 was 3,810,535.

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****BRANTLEY CAPITAL CORPORATION****BALANCE SHEETS**

	September 30, 2002 (Unaudited)	December 31, 2001 (Audited)
ASSETS		
Investments at fair value		
Companies 5% to 25% owned	\$ 59,612,969	\$ 56,482,013
Companies less than 5% owned	2,935,496	3,829,094
Cash and cash equivalents	151,440	5,369,345
Restricted cash	6,000,000	6,000,000
Receivable for investments sold	318,709	
Dividends and interest receivable	4,844,649	3,493,059
Other assets	399,957	360,158
	<hr/>	<hr/>
Total Assets	\$ 74,263,220	\$ 75,533,669
	<hr/>	<hr/>
LIABILITIES AND STOCKHOLDERS EQUITY		
Note payable	\$ 6,000,000	\$ 6,000,000
Payable for investments purchased	285,853	200,000
Advisory fee payable	478,734	487,931
Accrued professional fees	463,138	53,163
Distributions payable		736,455
Other liabilities	99,196	49,806
	<hr/>	<hr/>
Total Liabilities	7,326,921	7,527,355
	<hr/>	<hr/>
Stockholders Equity:		
Common Stock, \$0.01 par value; 25,000,000 shares authorized and 3,810,535 shares issued and outstanding at September 30, 2002 and December 31, 2001, respectively	38,105	38,105
Additional paid in capital	37,484,895	37,484,895
Retained earnings	29,413,299	30,483,314
	<hr/>	<hr/>
Total Stockholders Equity	66,936,299	68,006,314
	<hr/>	<hr/>
Total Liabilities and Stockholders Equity	\$ 74,263,220	\$ 75,533,669
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Net Asset Value Per Share	\$ 17.57	\$ 17.85
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The accompanying notes to the financial statements are an integral part of these statements.

Table of Contents**BRANTLEY CAPITAL CORPORATION****STATEMENTS OF OPERATIONS****(Unaudited)**

	For the nine months ended September 30, 2002	For the nine months ended September 30, 2001
Investment Income:		
Interest and Dividends		
Companies owned 5% to 25%	\$ 1,626,575	\$ 1,209,953
Companies less than 5% owned	61,327	34,962
	<u>1,687,902</u>	<u>1,244,915</u>
Total investment income	1,687,902	1,244,915
Operating Expenses:		
Advisory fees	1,419,601	1,124,410
Administration fees	56,096	55,891
Professional fees	666,437	287,358
Interest and other expenses	550,685	638,226
	<u>2,692,819</u>	<u>2,105,885</u>
Total operating expenses	2,692,819	2,105,885
Investment Loss, net	(1,004,917)	(860,970)
Net Realized and Unrealized Gains (Losses) on Investments:		
Net realized gains (losses)		
Companies less than 5% owned	(318,939)	998,050
Net unrealized gains on investments	253,841	1,625,803
	<u>(65,098)</u>	<u>2,623,853</u>
Net realized and unrealized gains (losses) on investment transactions	(65,098)	2,623,853
Net increase (decrease) in net assets resulting from operations	\$(1,070,015)	\$1,762,883
Net increase (decrease) in net assets from operations per share, basic and diluted	\$ (0.28)	\$ 0.46
Weighted average number of shares outstanding, basic and diluted	3,810,535	3,810,535

The accompanying notes to the financial statements are an integral part of these statements.

Table of Contents**BRANTLEY CAPITAL CORPORATION****STATEMENTS OF CHANGES IN NET ASSETS****(Unaudited)**

	Common Stock	Additional Paid in Capital	Retained Earnings	Total Stockholders Equity
Balance at December 31, 1999	\$ 38,105	\$ 37,505,433	\$ 14,896,797	\$ 52,440,335
Net increase in net assets from operations:				
Net investment income			145,082	145,082
Net realized gain			1,564,206	1,564,206
Net unrealized gain			170,027	170,027
Distributions from:				
Net investment income		(20,538)	(112,831)	(133,369)
Net realized gain			(2,243,262)	(2,243,262)
Balance at December 31, 2000	\$ 38,105	\$ 37,484,895	\$ 14,420,019	\$ 51,943,019
Net increase in net assets from operations:				
Net investment loss			(1,207,676)	(1,207,676)
Net realized gain			1,155,843	1,155,843
Net unrealized gain			16,851,583	16,851,583
Distributions from:				
Net investment income				
Net realized gain			(736,455)	(736,455)
Balance at December 31, 2001	\$ 38,105	\$ 37,484,895	\$ 30,483,314	\$ 68,006,314
Net decrease in net assets from operations:				
Net investment loss			(1,004,917)	(1,004,917)
Net realized loss			(318,939)	(318,939)
Net unrealized gain			253,841	253,841
Balance at September 30, 2002	\$ 38,105	\$ 37,484,895	\$ 29,413,299	\$ 66,936,299

The accompanying notes to the financial statements are an integral part of these statements.

Table of Contents**BRANTLEY CAPITAL CORPORATION****STATEMENTS OF CASH FLOWS****(Unaudited)**

	For the nine months ended September 30, 2002	For the nine months ended September 30, 2001
Cash Flows from Operating Activities:		
Net change in net assets resulting from operations:	\$ (1,070,015)	\$ 1,762,883
Adjustments to reconcile net change in net assets resulting from operations to net cash used for operations:		
Net realized gains (losses) from investments	318,939	(998,050)
Net unrealized gains on investments	(253,841)	(1,625,803)
Changes in assets and liabilities:		
Dividend and interest receivable	(1,351,590)	(1,053,933)
Receivable for investments sold	(318,709)	
Other assets	(39,799)	6,642
Payable for investments purchased	85,853	
Advisory fee payable	(9,197)	2,208
Accrued professional fees	409,975	26,337
Dividends payable	(736,455)	
Accrued interest		40,328
Other liabilities	49,390	(30,782)
Net cash used for operating activities	(2,915,449)	(1,870,170)
Cash Flows from Investing Activities:		
Purchases of investment securities	(9,117,416)	(5,441,940)
Sales/ Maturities of investment securities	6,814,960	3,404,077
Purchases of short-term investments		(514,412,500)
Sales/ Maturities of short-term investments		514,416,321
Net cash used for investing activities	(2,302,456)	(2,034,042)
Net change in cash and cash equivalents for the period	(5,217,905)	(3,904,212)
Cash, cash equivalents and restricted cash, beginning of period	11,369,345	14,882,432
Cash, cash equivalents and restricted cash, end of the period	\$ 6,151,440	\$ 10,978,220

The accompanying notes to the financial statements are an integral part of these statements.

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BRANTLEY CAPITAL CORPORATION

STATEMENT OF INVESTMENTS

September 30, 2002

(unaudited)

Name of Issuer and Title of Issue	Shares/Par	Value
Avionics		