

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 quarterly period ended March 31, 2000

OR

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

For the transition period from Not Applicable to _____

Commission file number 0-25890

CENTURY BUSINESS SERVICES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

22-2769024

(State or Other Jurisdiction of
Incorporation or Organization)

(I.R.S. Employer Identification No.)

6480 Rockside Woods Boulevard South, Suite 330, Cleveland, Ohio 44131
(Address of Principal Executive Offices) (Zip Code)

(Registrant's Telephone Number, Including Area Code) 216-447-9000

Former Name, Former Address and Former Fiscal Year, if Changed since Last Report

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 proceeding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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

Class of Common Stock	Outstanding at April 30, 2000
Par value \$.01 per share	95,423,629

Exhibit Index is on page 15 of this report.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(In thousands)

	March 31, 2000		DECEMBER 31, 1999
	-----		-----
ASSETS			
Cash and cash equivalents	\$ 40,334	\$	48,906
Restricted cash	15,841		17,246
Accounts receivable, less allowance for doubtful accounts of \$13,997 and \$13,272	219,976		188,359
Notes receivable - current	2,869		3,209
Income taxes recoverable	4,789		14,835
Deferred tax asset	9,521		9,912
Other current assets	10,725		13,001
Net assets of discontinued operations	35,523		36,813
	-----		-----
Total current assets	339,578		332,281
Goodwill, net of accumulated amortization of \$25,466 and \$18,527	374,725		379,922
Fixed assets, net of accumulated depreciation of \$24,571 and \$21,792	60,919		56,148
Notes receivable - non-current	6,121		4,856
Other assets	18,485		14,136
	-----		-----
TOTAL ASSETS	\$ 799,828	\$	787,343
	=====		=====
LIABILITIES			
Accounts payable	\$ 36,031	\$	41,228
Notes payable and capitalized leases - current	11,600		6,534
Accrued expenses	45,860		50,833
	-----		-----
Total current liabilities	93,491		98,595
Bank debt	158,500		144,000
Notes payable and capitalized leases - long term	1,348		1,345
Deferred tax liability	11,396		11,968
Accrued expenses	16,988		18,303
	-----		-----
TOTAL LIABILITIES	281,723		274,211
	-----		-----
STOCKHOLDERS' EQUITY			
Common stock	933		933
Additional paid-in capital	438,788		443,052
Retained earnings	83,467		74,170
Unearned ESOP	(1,795)		(1,795)
Treasury stock	(754)		(754)
Accumulated other comprehensive loss	(2,534)		(2,474)
	-----		-----
TOTAL STOCKHOLDERS' EQUITY	518,105		513,132
	-----		-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 799,828	\$	787,343
	=====		=====

See the accompanying notes to the condensed consolidated financial statements.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
 (In thousands, except per share data)

	THREE MONTHS ENDED, MARCH 31,	
	2000	1999
	-----	-----
Revenue	\$ 172,120	\$ 138,372
Expenses:		
Operating	129,418	104,630
Corporate general and administrative	8,519	3,100
Merger-related	--	1,518
Depreciation and amortization	10,764	4,383
Interest expense	2,695	1,297
Other income, net	(902)	(1,384)
	-----	-----
Total expenses	150,494	113,544
Income from continuing operations before income tax expense	21,626	24,828
Income tax expense	11,246	9,636
	-----	-----
Income from continuing operations	10,380	15,192
Income from operations of discontinued business, net of tax	5	706
Loss on disposal of discontinued business, net of tax	(1,088)	-
	-----	-----
Net income	\$ 9,297	\$ 15,898
	=====	=====
Earnings (loss) per share:		
Basic:		
Continuing operations	\$ 0.11	\$ 0.19
Discontinued operations	(0.01)	0.01
	-----	-----
Net income	\$ 0.10	\$ 0.20
	=====	=====
Diluted:		
Continuing operations	\$ 0.11	\$ 0.17
Discontinued operations	(0.01)	0.01
	-----	-----
Net income	\$ 0.10	\$ 0.18
	=====	=====
Pro forma income data (from continuing operations)		
Net income as reported	\$ 10,380	\$ 15,192
Pro forma adjustment for income tax expense	-	368
	-----	-----
Pro forma net income	\$ 10,380	\$ 14,824
	=====	=====
Pro forma earnings per share:		
Basic	\$ 0.11	\$ 0.18
	=====	=====
Diluted	\$ 0.11	\$ 0.17
	=====	=====
Weighted average common shares	93,218	80,732
	=====	=====
Weighted average common shares and dilutive potential common shares	94,516	88,199
	=====	=====

See the accompanying notes to the condensed consolidated financial statements.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
 (In thousands)

	THREE MONTHS ENDED MARCH 31,	
	2000	1999
NET CASH USED IN CONTINUING OPERATING ACTIVITIES	\$ (11,771)	\$ (6,930)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from (additions to) notes receivable	(925)	350
Business acquisitions, net of cash acquired	(3,163)	(8,055)
Purchases of property and equipment	(8,940)	(8,181)
Proceeds from dispositions of property and equipment	711	32
Net cash used in investing activities	(12,317)	15,854
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from bank debt	35,200	42,000
Proceeds from notes payable	3,359	1,790
Payment of bank debt	(20,700)	(17,000)
Payment of notes payable and capitalized leases	(2,360)	(25,656)
Proceeds from stock issuances, net	-	24,860
Proceeds from exercise of stock options and warrants, net	17	302
Net cash provided by financing activities	15,516	26,296
Net increase (decrease) in cash and cash equivalents	(8,572)	3,512
Cash and cash equivalents at beginning of period	48,906	43,593
Cash and cash equivalents at end of period	\$ 40,334	\$ 47,105

See the accompanying notes to the condensed consolidated financial statements.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In the opinion of management, the accompanying unaudited condensed consolidated interim financial statements reflect all adjustments (consisting of only normal and recurring adjustments) necessary to present fairly the financial position of Century Business Services, Inc. and Subsidiaries ("Century") as of March 31, 2000 and December 31, 1999, and the results of their operations for the three-month periods ended March 31, 2000 and 1999, and cash flows for the three-month periods ended March 31, 2000 and 1999. The results of operations for such interim periods are not necessarily indicative of the results for the full year. The accompanying unaudited condensed consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial reporting and with instructions to Form 10-Q and accordingly do not include all disclosures required by generally accepted accounting principles. The 1999 condensed consolidated balance sheet was derived from Century's audited consolidated balance sheet which gives effect to the planned divestiture of its specialty insurance segment, which is being accounted for as a discontinued operation. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1999.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Certain reclassifications have been made to the 1999 financial statements to conform to the 2000 presentation.

2. ACQUISITIONS

During fiscal 1999, Century slowed its strategic acquisition program. During the first quarter of 2000, Century purchased one business solutions company, which was accounted for under the purchase method of accounting. Accordingly, the operating results of the acquired company have been included in the accompanying consolidated financial statements since the date of acquisition. The aggregate purchase price of this acquisition was approximately \$0.9 million, which includes a "holdback payment" of \$0.1 million in cash based upon the receipt of 50% of the aggregate value of the accounts receivable purchased. The excess of the purchase price over fair value of the net assets acquired (goodwill) was approximately \$0.6 million, and is being amortized over a 15 year period. As a result of the nature of the assets and liabilities of the business acquired, there were no material identifiable intangible assets or liabilities. Future contingent consideration is recorded as additional purchase price when performance goals have been met.

3. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents consist of funds held on deposit and short-term highly liquid investments with a maturity of three months or less at the date of purchase. At various times during the year, Century had deposits with financial institutions in excess of the \$100,000 federally insured limit.

Restricted cash represents funds on deposit from clients for which the Company is administering and settling claims. A related liability for these funds is recorded in accrued expenses and other liabilities in the balance sheet.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 (Unaudited) - (continued)

4. CONTINGENCIES

Century is involved in litigation, arising in the normal course of business. While it cannot be predicted with certainty, management believes that the outcome will not have a material adverse effect on Century's financial condition or results of operations. See "Part II - Other Information, Item 1. Legal Proceedings" for information regarding proceedings initiated during the current period.

5. COMPREHENSIVE INCOME

Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income", requires reporting the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in capital in the equity section of the Balance Sheet. Items considered other comprehensive income are the adjustments made for unrealized holding gains and losses on available-for-sale securities (primarily held by the discontinued operations) and foreign currency translation adjustments. Comprehensive income for the three months ended March 31, 2000 and 1999 was \$9.2 million and \$15.6 million, respectively.

6. EARNINGS PER SHARE

For the periods presented, Century presents both basic and diluted earnings per share. The following data shows the amounts (in thousands) used in computing earnings per share and the effect on the weighted average number of dilutive potential common shares. Included in potential dilutive common shares are contingent shares, which represent shares issued and placed in escrow that will not be released until certain performance goals have been met.

	THREE MONTHS ENDED	
	MARCH 31,	
	2000	1999
	-----	-----
Denominator		
Basic		
Weighted average common shares	93,218	80,732
	-----	-----
Diluted		
Warrants	916	6,702
Options	113	267
Contingent shares	269	498
	-----	-----
Total	94,516	88,199
	=====	=====

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 (Unaudited) - (continued)

7. CONSOLIDATION AND INTEGRATION CHARGES

During the fourth quarter of fiscal 1999, Century's Board of Directors approved a plan to consolidate several operations in multi-office markets and integrate certain back-office functions into a shared-services center. The plan included the consolidation of at least 60 office locations, the elimination of more than 200 positions (including Corporate), and the divestiture of four small, non-core businesses. Pursuant to the plan, Century recorded a consolidation and integration pre-tax charge of \$27.4 million, which included \$4.8 million for severance and \$9.4 million for obligations under various noncancellable leases that were committed to prior plan approval, for which no economic benefit to Century would be subsequently realized.

As a result of executive management changes (including Century's President and Chief Operating Officer) and certain strategic changes in the first quarter of fiscal 2000, Century revisited the extent of its planned integration and consolidation initiatives and extended the timing of certain office consolidations beyond one year. Century's Board of Directors approved the revision to the plan on March 31, 2000. Accordingly, Century reduced approximately \$4.4 million of accruals originally provided for in the plan related to the aforementioned noncancellable lease obligations. In addition, Century recorded, on a pre-tax basis, net charges of \$1.5 million for severance, and \$1.3 million for shared-service and consolidation charges. Lastly, Century recorded an additional write-down of \$1.0 million (pre-tax) relating to the divestiture of the four non-core businesses previously announced. The net effect of the reduction of the lease obligation accrual and the first-quarter 2000 consolidation and integration charges was a net pre-tax credit of \$643,000. Excluding the net effect of these unusual expenses and credits, Century reported from continuing operations net income and diluted earnings per share of \$10.0 million and \$0.11, respectively, for the three-month period ended March 31, 2000.

Consolidation and integration reserve balances as of December 31, 1999, activity during the three-month period ended March 31, 2000, and the remaining reserve balances as of March 31, 2000, were as follows (in thousands):

	Lease Consolidation(1)	Severance & Benefits(2)
	-----	-----
Reserve balance at December 31, 1999	\$ 9,400	4,150
Amounts charged to income	-	2,829
Amounts utilized	-	(789)
Amounts adjusted	(4,379)	(1,382)
	-----	-----
Reserve balance at March 31, 2000	\$ 5,021	4,808
	=====	=====

- (1) Amount designated as "adjusted" is included in operating expenses in the accompanying condensed consolidated statement of income for the three-month period ended March 31, 2000.
- (2) Amounts designated as "charged to income" and "adjusted" are included in corporate general and administrative expenses in the accompanying condensed consolidated statement of income for the three-month period ended March 31, 2000.

At March 31, 2000, Century had a \$5.0 million reserve for lease consolidation obligations, and a \$4.8 million reserve for severance and benefits, designated to cover 191 employees.

8. DISCONTINUED OPERATIONS

In April 1999, Century adopted a formal plan to divest its risk-bearing specialty insurance segment, which is no longer part of Century's strategic long-term growth objectives. The risk-bearing specialty insurance segment, which includes Century Surety Company, Evergreen National Indemnity, and Continental Heritage Insurance Company, is reported as a discontinued operation and its net assets and results of operations are reported separately in the unaudited condensed consolidated financial statements. Revenues from the discontinued operations for the three-month period ended March 31, 2000 and 1999 were \$11.3 million and \$11.7 million, respectively. The Company has signed a letter of intent and expects to complete the sale of the specialty insurance segment prior to June 30, 2000, subject to regulatory approval.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited) - (continued)

9. SEGMENT REPORTING

Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information," established standards for reporting selected information about operating segments, products and services, geographic areas and major customers.

Century's business units have been aggregated into four reportable segments: business solutions; benefits and insurance; performance consulting and technology solutions services. Segment information for the three-month periods ended March 31, 2000 and 1999 is as follows:

	For the Three Months Ended March 31, 2000						Total
	Business Solutions	Benefits & Insurance	Performance Consulting	Technology Solutions	Corporate and Other		
Revenue	\$ 108,010	\$ 46,873	\$ 5,224	\$ 12,013	\$ -	\$	172,120
Operating Income	31,425	9,814	1,692	(229)	-	-	42,702
Depreciation and amortization	1,685	596	38	119	8,326	-	10,764
Interest expense	66	68	8	(2)	2,555	-	2,695
Pre-tax income (loss)	27,674	8,120	1,646	(416)	(15,398)	-	21,626
Income tax expense (benefit)	\$ 12,182	\$ 3,199	\$ 526	\$ (297)	\$ (4,364)	\$	11,246

	For the Three Months Ended March 31, 1999						Total
	Business Solutions	Benefits & Insurance	Performance Consulting	Technology Solutions	Corporate and Other		
Revenue	\$ 86,740	\$ 36,365	\$ 3,957	\$ 11,310	\$ -	\$	138,372
Operating Income	25,400	5,689	1,570	1,083	-	-	33,742
Depreciation and amortization	1,175	661	25	84	2,438	-	4,383
Interest expense	113	158	-	86	940	-	1,297
Pre-tax income (loss)	27,112	6,728	1,545	913	(11,470)	-	24,828
Income tax expense (benefit)	\$ 10,049	\$ 2,439	\$ 520	\$ 345	\$ (3,717)	\$	9,636

10. SUBSEQUENT EVENTS

Divestitures

In December 1999, Century announced the divestiture of four smaller non-core business units. During the three-month period ended March 31, 2000, Century sold three of these business units for an aggregate price of \$1.2 million, resulting in a loss of \$0.6 million, which is included in operating expenses in the accompanying condensed consolidated statements of income. In addition, the assets of the remaining business have been adjusted to net realizable value (based on estimated sales proceeds), resulting in a loss of \$0.4 million.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Century Business Services, Inc. ("Century") is a diversified services company, which acting through its subsidiaries provides professional outsourced business services to small and medium-sized companies, as well as individuals, government entities, and not-for-profit enterprises predominantly throughout the United States. Century provides integrated services in the following areas: accounting, advisory, tax, and valuation; litigation advisory services; benefits administration and insurance; human resources and payroll; and information technology.

RESULTS OF OPERATIONS

Revenues

Business service fees and commissions increased to \$172.1 million for the three-month period ended March 31, 2000, from \$138.4 million for the comparable period in 1999, an increase of \$33.7 million, or 24.4%. The \$33.7 million increase was primarily attributable to (i) Century's acquisitions completed subsequent to the first quarter of 1999 that were accounted for under the purchase method of accounting, and (ii) internal growth.

For the companies with a full period of operations for the three-month period ended March 31, 2000 and 1999, Century achieved an internal growth rate of 10.1%. Internal growth rate is based on the increase in revenues of companies that have a full period of operations for the three-month period ended March 31, 2000, including companies that are accounted for as poolings-of-interests, as compared to the comparable periods in 1999.

Expenses

Total expenses increased to \$150.5 million for the three-month period ended March 31 2000, from \$113.5 million for the comparable period in 1999. As a percentage of revenue, total expenses were 87.4% for the three-month period ended March 31, 2000 compared to 82.1% for the three-month period ended March 31, 2000. Excluding the consolidation and integration credit (pre-tax) of \$0.6 million, total expenses as a percentage of revenue were 87.8% for the three-month period ended March 31, 2000, compared to 82.1% for the three-month period ended March 31, 1999, and is primarily related to the change in the goodwill amortization period from 40 years to 15 years adopted October 1, 1999, and increased interest expense associated with Century's bank debt.

Operating expenses increased to \$129.4 million for the three-month period ended March 31, 2000, from \$104.6 million for the comparable periods in 1999, primarily due to acquisitions completed subsequent to the first quarter of 1999 that were accounted for under the purchase method of accounting. As a percentage of revenue, operating expenses for the three-month period ended March 31, 2000 were 75.2%, compared to 75.6% for the comparable period. The primary components of operating expenses are personnel costs and occupancy expense. Personnel costs increased as a percentage of revenue to 53.4% for the three-month period ended March 31, 2000, from 50.8% in the comparable periods in 1999, due to purchase acquisitions, general increases for cost of living raises and incentives, and higher health care costs due to unfavorable claims experience. Excluding consolidation and integration expenses, operating expenses as a percentage of revenue were 77.0% for the three-month period ended March 31, 2000, compared to 75.6% for the three-month period ended March 31, 1999.

Corporate general and administrative expenses increased to \$8.5 million for the three-month period ended March 31, 2000, from \$3.1 million for the comparable periods in 1999. Excluding consolidation and integration expenses which consist primarily of costs related to severance payments and the new shared services center, corporate general and administrative expenses increased to \$5.9 million for the three-month period ended March 31, 2000, from \$3.1 million for the comparable periods in 1999. Such increase was attributable to the expansion of the corporate function to accommodate Century's infrastructure and corporate initiatives, health care costs due to unfavorable claims experiences, and costs to implement and support the LINC initiative and its initial roll out January 1, 2000. Excluding consolidation and integration expenses, corporate general and administrative expenses represented 3.5% of total revenues for the three-month period ended March 31, 2000, up from 2.2% for the comparable period in 1999, respectively.

For the three-month period ended March 31, 2000, there were no merger-related expenses as the acquisition program was significantly slowed down, as compared to merger-related expenses of \$1.5 million for the comparable period. Merger-related expenses are comprised primarily of professional fees incurred in transactions

accounted for as poolings-of-interests and the salaries of professional employees dedicated to those merger activities.

Depreciation and amortization expenses increased to \$10.8 million for the three-month period ended March 31, 2000, from \$4.4 million for the comparable periods in 1999, an increase of \$6.4 million, or 145.6%. The increase is a result of the goodwill associated with acquisitions completed in 1999, as well as the change in the goodwill amortization period from 40 to 15 years beginning October 1, 1999. The change in goodwill amortization resulted in of approximately \$4.4 million in additional goodwill amortization expense in the first quarter of 2000. The increase is also a result of increased depreciation for the Oracle application placed into service on January 1, 2000, and the overall increase in fixed asset costs. As a percentage of total revenues, depreciation and amortization expense was 6.3% for the three-month period ended March 31, 2000, compared to 3.2% for the comparable periods in 1999.

Century recorded income taxes from continuing operations of \$11.2 million on a pro forma basis (\$11.2 million actual) for the three-month period ended March 31, 2000 compared to \$10.0 million on a pro forma basis (\$9.6 million actual) for the comparable periods in 1999. The effective tax rate increased to 52.0% on a pro forma basis (52.0% actual) for the three-month period ended March 31, 2000, from 40.3% on a pro forma basis (38.8% actual) for the comparable periods in 1999. Income taxes are provided based on Century's anticipated annual effective rate. The increase in the effective tax rate is primarily attributable to the increased amortization expenses, the majority of which is not deductible for tax purposes.

OTHER

Total assets increased to \$799.8 million at March 31, 2000, from \$787.3 million at December 31, 1999, primarily attributable to purchase acquisitions completed during 1999. Total assets increased \$12.5 million, primarily due to increases in accounts receivable of \$31.6 million, offset by decreases in various other assets. Total liabilities increased approximately \$7.5 million, primarily due to the increase in bank debt of \$14.5 million. Total stockholders' equity increased \$5.0 million due to net income for the first three months of 2000 of \$9.3 million, offset by a decrease in additional paid-in-capital of \$4.3 million. The decrease in paid-in-capital in the first quarter of 2000 is primarily related to a change in the purchase price composition, (i.e., cash and common stock) of an acquisition that was completed near the end of 1999.

LIQUIDITY AND CAPITAL RESOURCES

During the three-month period ended March 31, 2000, cash and cash equivalents decreased \$8.6 million to \$40.3 million, from \$48.9 million at December 31, 1999, as cash provided by financing activities of \$1.5 million exceeded cash used by continuing operating activities of \$11.8 million and cash used in investing activities of \$12.3 million.

Cash used in investing activities consisted primarily of cash used in business acquisitions and purchases of property and equipment. Significant purchases of property and equipment in the first three months of 2000 are primarily attributable to the purchase of software from Oracle and related capital costs incurred to implement the enterprise-wide solution to integrate back office operations.

During the three months ended March 31, 2000, cash provided by financing activities consisted primarily of proceeds from the revolving credit facility of \$35.2 million, and the repayment of bank debt of \$20.7 million. The proceeds from these financing activities were used for general corporate purposes and working capital requirements.

Earnings before interest, taxes, depreciation and amortization (EBITDA) increased to \$34.4 million for the three-month period ended March 31, 2000, from \$29.6 million for the comparable period in 1999, an increase of \$4.8 million, or 16.2%. Such increases are primarily attributable to Century's acquisitions completed subsequent to the first quarter of 1999 that were accounted for under the purchase method of accounting.

Statements included in the Form 10-Q, which are not historical in nature, are forward-looking statements made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward looking statements are commonly identified by the use of such terms as "intends", "estimates", "expects", "projects", "anticipates", "foreseeable future," "seeks", "believes", and words and phrases of similar import. Such statements are subject to certain risks, uncertainties or assumptions. Should one or more of these risks or assumptions materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. Although the Company believes that the assumptions upon which such forward-looking statements are based are reasonable, it can give no assurance that such assumptions will prove to be correct. Factors that could cause actual results to differ materially from the Century's expectations ("Cautionary Statements") include: (i) Century's ability to acquire and finance additional businesses; (ii) Century's ability to adequately manage growth; (iii) Century's dependence on the current trend of outsourcing business services; (iv) Century's dependence on the services of key employees; (v) Century's ability to realize the full value of goodwill; (vi) the risk of professional errors and omissions; (vii) the nature of the competitive and fragmented outsourcing industry; (viii) market fluctuations in the values or returns on assets in Century's investment portfolios; (ix) government regulations and interpretations are subject to changes; (x) Century's principal shareholders have substantial control over its operations; (xi) shares eligible for future sale could adversely affect the price of Century's common stock; (xii) Century may not pay dividends; and (xiii) Century's ability to manage risks associated with its discontinued specialty insurance business, such as risk of inadequate insurance premiums, underestimating reserves, and the risk that reinsurers may fail. All forward-looking statements in this Form 10-Q are expressly qualified by the Cautionary Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE INFORMATION ABOUT MARKET RISK

The Company's exposure to market risk, including interest rate risk, is immaterial. If market interest rates were to increase or decrease immediately and uniformly by 100 basis points from the levels at March 31, 2000, in each case the impact on the Company's financial condition and results of operations would be immaterial. The Company does not engage in trading market risk sensitive instruments and does not purchase hedging instruments or "other than trading" instruments that are likely to expose the Company to market risk, whether interest rate, foreign currency exchange, commodity price or equity price risk. The Company has not issued debt instruments, entered into forward or futures contracts, purchased options or entered into swaps. The Company's primary market risk exposure is that of interest rate risk. A change in the Federal Funds Rate, or the Reference Rate set by the Bank of America (San Francisco), would affect the rate at which the Company could borrow funds under its Credit Facility.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Century is involved in certain legal proceedings as described in Part I, "Item 3 - Legal Proceedings" in our Annual Report on Form 10-K for 1999. In April 2000, the following class-action lawsuits were consolidated into a single case in the United States District Court for the Northern District of Ohio: Darby, et al. v. Century Business Services, Inc., et al.; and Marsh, et al. v. Century Business Services, Inc., et al. In April 2000, the Albert, et al. v. Century Business Services, Inc., et al. case was transferred to the United States District Court for the Northern District of Ohio. Century expects that the Albert class-action suit will be consolidated with the other aforementioned lawsuits.

On February 28, 2000, Century filed a lawsuit against certain former owners of a business acquired by it in the Circuit Court for St. Louis County, Missouri. Century claims that the former owners made material misrepresentations regarding their company to induce its purchase and breached certain contractual obligations arising out of the acquisition. On March 31, 2000, the former owners filed claims against Century alleging certain violations of federal and state securities laws, negligent and intentional misrepresentations and breach of contract. On May 10, 2000, the former owners also filed a parallel lawsuit against Century in the United States District Court for the Northern District of Ohio. Century intends to vigorously defend against the allegations set forth in the complaint.

On March 1, 2000, Devon Capital Management, L.P. (Devon), filed suit against Century in the United States District Court for the Northern District of Ohio. The case involves claims against Century for breach of contract, fraudulent inducement, indemnification and accounting. Century intends to vigorously defend against the allegations set forth in the complaint. Moreover, Century has filed counterclaims against Devon for fraud, breach of contract and declaratory relief. The case is in the early stages and discovery has not yet commenced.

On May 5, 2000, certain former owners of a business acquired by Century filed action against Century and one of its former officers, in the Court of Common Pleas, Cuyahoga County, Ohio. The case involves claims for misrepresentation, negligent misrepresentation, breach of contract, declaratory judgment and recession. The case is in the early stages and discovery has not yet commenced. Century intends to vigorously defend against the allegations set forth in the complaint.

In addition to the above described items, Century is from time to time subject to claims and suits arising in the ordinary course of business. Although the

ultimate disposition of such proceedings is not presently determinable, management does not believe that the ultimate resolution of these matters will have a material adverse effect on the financial condition, results of operations or cash flows of Century.

ITEM 2. CHANGES IN SECURITIES

(c) Issuances of unregistered shares during the three months ended March 31, 2000, were as follows:

All transactions listed below involve the issuance of shares of Common Stock by Century in reliance upon Section 4(2) of the Securities Act of 1933, as amended.

On January 7, 2000, in connection with the acquisition of Andrew M. Watkins, CPA, P.C., Century issued 39,474 shares of Common Stock and cash in exchange for all the outstanding shares of Andrew M. Watkins, CPA, P.C.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

27.1 Financial Data Schedule

(b) Reports on Form 8-K

The following Current Report on Form 8-K was filed during the three months ended March 31, 2000:

(i) On January 31, 2000, Century issued a press release to report lower-than-expected fourth quarter 1999 earnings, that it had terminated its

engagement with Merrill Lynch to explore strategic alternatives in order to focus on integration and growth of its core business, and that Fred M. Winkler, its President and Chief Operating Officer and a Director, had resigned.

SIGNATURE

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.

Century Business Services, Inc.

(Registrant)

Date: May 15, 2000

By: /s/ Charles D. Hamm, Jr.

Charles D. Hamm, Jr.
Chief Financial Officer

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
EXHIBIT INDEX

Exhibit Number:
- - - - -

27.1	Financial Data Schedule (SEC only).....	16
99.2	Amendment to the Amended and Restated 1996 Employee Stock Option Plan.....	17

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3-MOS

DEC-31-2000		
JAN-01-2000		
MAR-31-2000		
	56,175	
	0	
	236,842	
	13,997	
	0	
	339,578	
	85,490	
	24,571	
	799,828	
93,491		0
0		0
	0	933
	517,172	
799,828		0
	172,120	
		0
	129,418	
	18,381	
	0	
	2,695	
	21,626	
	11,246	
10,380		
(1,083)		
0		0
	9,297	
	.10	
	.10	

CENTURY BUSINESS SERVICES, INC.

SECRETARY'S CERTIFICATE

I, Barbara A. Rutigliano, hereby certify that I am the duly elected and incumbent Corporate Secretary of Century Business Services, Inc., a Delaware corporation (the "Company"), and that, as such, I am authorized to execute and deliver this certificate on behalf of the Company, and do hereby certify as follows:

The Board of Directors of Century Business Services, Inc. on February 29, 2000 duly adopted a certain resolution to further amend the Amended and Restated 1996 Employee Stock Option Plan (the "Plan"), to add 3,000,000 options to the Plan and reserve 3,000,000 shares of stock for issuance upon exercise of such options to bring the total number of options available under the Plan to 10,000,000; and

Section 4. of the Plan, GRANTING OF OPTIONS, has therefore been amended to read as follows:

"Options under which a total of not in excess of 10,000,000 shares of the \$.01 par value common stock of the Company ("Common Stock") may be purchased from the Company, subject to adjustment as provided in Section 10. In the event that an option expires or is terminated, canceled or unexercised as to any shares, such released shares may again be optioned (including a grant in substitution for a canceled option). Shares subject to options may be made available from unissued or reacquired shares of Common Stock. Nothing contained in the Plan or in any option granted pursuant thereto shall confer upon any Optionee any right to be continued in the employment of the Company or as a director or consultant to the Company, or interfere in any way with the right of the Company to terminate his employment or consulting relationship at any time."

Such resolutions are in full force and effect and have not been amended or modified as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Company's seal this 11th day of May, 2000.

[SEAL]

CENTURY BUSINESS SERVICES, INC.

By: /s/ Barbara A. Rutigliano

Barbara A. Rutigliano
Corporate Secretary