

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) October 26, 2004

CENTURY BUSINESS SERVICES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

0-25890

22-2769024

(State or Other Jurisdiction
of Incorporation)

(Commission
File Number)

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

6050 Oak Tree Boulevard South, Suite 500 Cleveland, Ohio

44131

(Address of Principal Executive Offices)

(Zip Code)

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

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))

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On October 26, 2004, Century Business Services, Inc. (CBIZ) announced its earnings for the third quarter ended September 30, 2004. A copy of the press release is filed herewith as Exhibit 99.1. In addition, on October 26, 2004, CBIZ conducted its earnings conference call for the quarter ended September 30, 2004. On this conference call, CBIZ disclosed the following additional information:

- o CBIZ has exceeded its incremental cross-serving revenue goal of \$9.0 million for 2004.
- o CBIZ entered into an agreement to acquire Gallery Asset Management, to be effective January 1, 2005, and acquired Hart Benefit Services, LLC effective October 1, 2004. These businesses are expected to aggregately contribute \$4.0 million in incremental first year revenue.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits

Exhibit 99.1 Press Release of Century Business Services, Inc. dated October 26, 2004, announcing its financial results for the third quarter ended September 30, 2004.

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.

CENTURY BUSINESS SERVICES, INC.

Date: November 1, 2004

/s/ Ware H. Grove

Ware H. Grove
Chief Financial Officer

Logo
Century Business Services, Inc.

PRESS RELEASE

FOR IMMEDIATE RELEASE

CONTACT: WARE GROVE
Chief Financial Officer
-or-
LORI NOVICKIS
Corporate Relations
Century Business Services, Inc.
Cleveland, Ohio
(216) 447-9000

CBIZ REPORTS THIRD-QUARTER 2004 RESULTS

Cleveland, Ohio (October 26, 2004)--CBIZ (Century Business Services, Inc.) (NASDAQ: CBIZ) today announced its financial results for the third quarter of 2004.

CBIZ reported revenue of \$121.6 million for the quarter ended September 30, 2004, an increase of approximately \$4.2 million over last year's third-quarter revenue of \$117.4 million. Same-unit revenue for the third quarter increased by 2.3%, or by \$2.7 million, compared with a year ago. Business units acquired since the third quarter a year ago added \$2.3 million to revenue, while units divested resulted in a revenue decline of \$860,000. Net income from continuing operations for the quarter was \$490,000, or \$0.01 per diluted share, compared with \$324,000, or \$0.00 per diluted share recorded for the third quarter of 2003.

As of September 30, 2004, bank debt stood at \$52.5 million compared with \$14.0 million at the beginning of 2004. In addition to the tender offer completed during the second quarter of 2004 which resulted in the repurchase of approximately 7.5 million shares, the Company has also completed open market purchases of approximately 1.8 million shares of its common stock for a total cost of \$45.3 million during 2004.

For the nine-month period ended September 30, 2004, CBIZ reported revenue of \$394.5 million compared with \$383.9 million for the nine-month period a year ago, an increase of \$10.6 million. Same-unit revenue increased by 3.4%, or by \$12.9 million, for the first nine months. Acquisitions have contributed \$7.5 million to revenue growth for the first nine months of 2004 and divested operations accounted for a decline in revenue of \$9.7 million compared with the first nine months a year ago. Net income from continuing operations was \$14.7 million in 2004, or \$0.18 per diluted share, compared with \$14.0 million for the first nine months of 2003, or \$0.15 per diluted share.

Operating expenses for the three months and nine months ended September 30, 2004, include additional restructuring expenses primarily associated with real estate leasing costs in the Chicago market. For the third quarter, restructuring expenses increased by \$380,000, and for the nine months, restructuring costs increased by \$744,000 compared with the same periods a year earlier. In addition, corporate general and administrative expenses for the three and nine months ended September 30, 2004 include higher legal fees associated with several long standing litigation issues as well as higher expenses associated with the company's compliance efforts in connection with Section 404 of the Sarbanes Oxley Act. For the third quarter, these expenses increased by approximately \$1.4 million, and for the nine months, these expenses increased by approximately \$2.0 million compared with the same periods a year earlier.

"During the third quarter, we announced the signing of a new \$100 million credit agreement for CBIZ which gives us added flexibility to fund our growth, make acquisitions and conduct share repurchases," stated Steven L. Gerard, Chairman and CEO. "We recently announced two acquisitions and for the year we have made four acquisitions that will strengthen our presence in the markets we serve. We continue to be encouraged by our same unit revenue growth, and our progress in developing cross-serving revenue is exceeding our expectations. However, we have continued to experience operating difficulties in one business unit due to its rapid growth over the past two years and that unit is performing well below our expectations. The pre-tax income contribution from that unit has declined by approximately \$4.0 million through the first nine months compared with a year ago, which is the equivalent of \$0.03 per share" continued Gerard. "Combined with the additional legal and other expenses we have incurred through the first nine months, the full year impact of these items on earnings per share is estimated to be about \$0.05 per share. Notwithstanding this, our current outlook for the full year is that we expect earnings per share will increase by 20% to 25% above the \$0.17 per share we reported for 2003", concluded Gerard.

CBIZ will host a conference call today at 11 a.m. (ET) to discuss these results. The call will be webcast in a listen-only mode over the Internet for the media and the public, and can be accessed at www.cbiz.com. Investors and analysts can participate in the conference call by dialing 1-888-862-6557 several minutes before 11:00 a.m. (ET). If you are dialing from outside the United States, dial 1-630-691-2748. A replay of the call will be available starting at 1:00 p.m. (ET) October 26, through midnight (ET), October 29, 2004. The dial-in number for the replay is 1-877-213-9653. If you are listening from outside the United States, dial 1-630-652-3041. The access code for the replay is 10012580. A replay of the webcast will also be available on the Company's web site at www.cbiz.com.

CBIZ is a provider of outsourced business services to small- and medium-sized companies throughout the United States. As the largest benefits specialist and one of the largest accounting, valuation and medical practice management companies in the United States, CBIZ provides integrated services in the following areas: accounting and tax; employee benefits; wealth management; property and casualty insurance; payroll; IS consulting; and HR consulting. CBIZ also provides valuation; litigation advisory; government relations; commercial real estate advisory; wholesale life and group insurance; healthcare consulting; medical practice management; property tax solutions; and capital advisory services. These services are provided throughout a network of more than 160 Company offices in 34 states and the District of Columbia.

Forward-looking statements in this release are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, but are not limited to, the Company's ability to adequately manage its growth; the Company's dependence on the current trend of outsourcing business services; the Company's dependence on the services of its CEO and other key employees; competitive pricing pressures; general business and economic conditions; and changes in governmental regulation and tax laws affecting its insurance business or its business services operations. A more detailed description of such risks and uncertainties can be found in the Company's filings with the Securities and Exchange Commission.

For further information regarding CBIZ, call the Investor Relations Office at (216) 447-9000 or visit www.cbiz.com.

CENTURY BUSINESS SERVICES, INC.
FINANCIAL HIGHLIGHTS (UNAUDITED)
THREE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(In thousands, except percentages and per share data)

	THREE MONTHS ENDED SEPTEMBER 30,			
	2004	%	2003 (1)	%
Revenue	\$ 121,550	100.0%	\$ 117,396	100.0%
Operating expenses	109,877	90.4%	107,394	91.5%
Gross margin	11,673	9.6%	10,002	8.5%
Corporate general and administrative expense (2)	6,841	5.6%	4,940	4.2%
Depreciation and amortization expense	4,105	3.4%	4,095	3.5%
Operating income	727	0.6%	967	0.8%
Other income (expense):				
Interest expense	(369)	-0.3%	(234)	-0.2%
Gain on sale of operations, net	78	0.1%	207	0.2%
Other income, net (2)	527	0.4%	452	0.4%
Total other income, net	236	0.2%	425	0.4%
Income from continuing operations before income tax expense ..	963	0.8%	1,392	1.2%
Income tax expense	473		1,068	
Income from continuing operations	490	0.4%	324	0.3%
Loss from operations of discontinued businesses, net of tax ..	(372)		(352)	
Gain (loss) on disposal of discontinued businesses, net of tax	238		(210)	
Net income (loss)	\$ 356	0.3%	\$ (238)	-0.2%
<hr style="border-top: 1px dashed black;"/>				
Diluted earnings (loss) per share:				
Continuing operations	\$ 0.01		\$ --	
Discontinued operations	--		--	
Net income	\$ 0.01		\$ --	
<hr style="border-top: 1px dashed black;"/>				
Diluted shares outstanding	79,373		88,971	
OTHER DATA FROM CONTINUING OPERATIONS:				
EBIT (3)	\$ 1,254		\$ 1,419	
EBITDA (3)	\$ 5,359		\$ 5,514	

(1) Certain amounts in the 2003 financial statements have been reclassified to account for discontinued operations.

(2) Corporate general and administrative expense includes legal settlements, which were previously classified as other income (expense), net.

(3) EBIT represents income from continuing operations before income taxes, interest expense, gain on divested operations, and impairment charges for a note receivable related to the divestiture of an operation in 1997. There were no impairment charges related to this note for the three months ended September 30, 2004 and 2003. EBITDA represents EBIT as defined above before depreciation and amortization expense. The Company has included EBIT and EBITDA data because such data is commonly used as a performance measure by analysts and investors and as a measure of the Company's ability to service debt. EBIT and EBITDA should not be regarded as an alternative or replacement to any measurement of performance under generally accepted accounting principles (GAAP).

CENTURY BUSINESS SERVICES, INC.
FINANCIAL HIGHLIGHTS (UNAUDITED)
NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(In thousands, except percentages and per share data)

	NINE MONTHS ENDED SEPTEMBER 30,			
	2004	%	2003 (1)	%
Revenue	\$ 394,515	100.0%	\$ 383,893	100.0%
Operating expenses	340,617	86.3%	332,034	86.5%
Gross margin	53,898	13.7%	51,859	13.5%
Corporate general and administrative expense (2)	18,275	4.6%	14,633	3.8%
Depreciation and amortization expense	12,216	3.1%	12,653	3.3%
Operating income	23,407	6.0%	24,573	6.4%
Other income (expense):				
Interest expense	(1,038)	-0.3%	(854)	-0.2%
Gain on sale of operations, net	996	0.3%	1,991	0.5%
Other income (expense), net (2)	1,358	0.3%	(558)	-0.1%
Total other income, net	1,316	0.3%	579	0.2%
Income from continuing operations before income tax expense ..	24,723	6.3%	25,152	6.6%
Income tax expense	10,053		11,155	
Income from continuing operations	14,670	3.7%	13,997	3.6%
Loss from operations of discontinued businesses, net of tax ..	(589)		(594)	
Gain (loss) on disposal of discontinued businesses, net of tax	238		(393)	
Net income	\$ 14,319	3.6%	\$ 13,010	3.4%
	=====		=====	
Diluted earnings (loss) per share:				
Continuing operations	\$ 0.18		\$ 0.15	
Discontinued operations	(0.01)		(0.01)	
Net income	\$ 0.17		\$ 0.14	
	=====		=====	
Diluted shares outstanding	82,480		94,267	
OTHER DATA FROM CONTINUING OPERATIONS:				
EBIT (3)	\$ 24,765		\$ 25,640	
EBITDA (3)	\$ 36,981		\$ 38,293	

(1) Certain amounts in the 2003 financial statements have been reclassified to account for discontinued operations.

(2) Corporate general and administrative expense includes legal settlements, which were previously classified as other income (expense), net.

(3) EBIT represents income from continuing operations before income taxes, interest expense, gain on divested operations, and impairment charges for a note receivable related to the divestiture of an operation in 1997. Impairment charges for the nine months ended September 30, 2004 and 2003 were \$0 and \$1,625, respectively. EBITDA represents EBIT as defined above before depreciation and amortization expense. The Company has included EBIT and EBITDA data because such data is commonly used as a performance measure by analysts and investors and as a measure of the Company's ability to service debt. EBIT and EBITDA should not be regarded as an alternative or replacement to any measurement of performance under generally accepted accounting principles

(GAAP).

CENTURY BUSINESS SERVICES, INC.
 FINANCIAL HIGHLIGHTS (UNAUDITED)
 (In thousands, except percentages and ratios)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2004	2003 (3)	2004	2003 (3)
REVENUE				
Accounting, Tax & Advisory Services	\$ 45,144	\$ 41,619	\$ 163,760	\$ 158,578
Benefits & Insurance Services	36,449	37,364	113,382	115,734
National Practices - Other	17,695	18,910	53,051	53,817
Medical Practice Management	22,262	19,503	64,322	55,764
TOTAL	\$ 121,550	\$ 117,396	\$ 394,515	\$ 383,893
GROSS MARGIN				
Accounting, Tax & Advisory Services	\$ 2,615	\$ (176)	\$ 27,563	\$ 25,220
Benefits & Insurance Services	5,306	6,517	18,072	22,083
National Practices - Other	1,563	1,071	5,417	154
Medical Practice Management	4,333	4,141	11,181	10,005
TOTAL (1)	\$ 11,673	\$ 10,002	\$ 53,898	\$ 51,859

SELECT BALANCE SHEET DATA AND RATIOS

	SEPTEMBER 30, 2004	DECEMBER 31, 2003 (3)
Cash and cash equivalents	\$ 3,977	\$ 3,791
Restricted cash	\$ 13,807	\$ 10,880
Accounts receivable, net	\$ 112,116	\$ 109,436
Total current assets before funds held for clients	\$ 145,215	\$ 140,050
Funds held for clients	\$ 48,027	\$ 44,917
Goodwill and other intangible assets	\$ 170,924	\$ 167,280
TOTAL ASSETS	\$ 420,639	\$ 402,145
Current liabilities before client fund obligations	\$ 64,762	\$ 63,499
Client fund obligations	\$ 48,027	\$ 44,917
Bank debt	\$ 52,500	\$ 14,000
TOTAL LIABILITIES	\$ 171,567	\$ 124,307
Treasury stock	\$ (80,518)	\$ (35,087)
TOTAL STOCKHOLDERS' EQUITY	\$ 249,072	\$ 277,838
Bank debt to equity	21.1%	5.0%
Days sales outstanding (2)	78	81
Shares outstanding	76,621	85,371
	=====	=====
Basic shares outstanding	80,200	90,400
	=====	=====
Diluted shares outstanding	82,480	92,762
	=====	=====

(1) Includes operating expenses recorded by corporate and not directly allocated to the business units of \$2,144 and \$1,551 for the three months ended, and \$8,335 and \$5,603 for the nine months ended September 30, 2004 and 2003, respectively.

(2) Days sales outstanding (DSO) represent accounts receivable at the end of the period (before the allowance for doubtful accounts) divided by daily revenue

(year-to-date revenue divided by number of days in the period). The Company has included DSO data because such data is commonly used as a performance measure by analysts and investors and as a measure of the Company's ability to collect on receivables in a timely manner. DSO should not be regarded as an alternative or replacement to any measurement of performance under generally accepted accounting principles (GAAP).

(3) Certain amounts in the 2003 financial statements have been reclassified to account for discontinued operations.