HOME BANCSHARES INC
Form 11-K
June 09, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 11-K

(Mark One)

þ **Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934**
For the Fiscal Year Ended December 31, 2008

or

o **Transition Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934**
For the transition period from __________ to __________

Commission file number: 000-51904

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

HOME BANCSHARES, INC. 401(K) PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Home BancShares, Inc.
719 Harkrider, Suite 100
Conway, Arkansas 72032

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Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of
Home BancShares, Inc. 401(k) Plan

We have audited the accompanying statement of net assets available for benefits of the Home BancShares, Inc. 401(k) Plan (the Plan) as of December 31, 2008 and 2007, and the related statement of changes in net assets available for benefits for the year ended December 31, 2008. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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. We were not engaged to perform an audit of the Plan s internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis of designing audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. 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 financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2008, and the changes in net assets available for benefits for the year ended December 31, 2008, in conformity with accounting principles generally accepted in the United States. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2008 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Hancock Askew & Co., LLP

Hancock Askew & Co., LLP
Savannah, Georgia
June 9, 2009

Home BancShares, Inc. 401(k) Plan
Statements of Net Assets Available for Benefits

	December 31, 2008	December 31, 2007
Assets		
Investments, at fair value:		
Cash	$ 942,459	$ 247,917
Mutual funds	5,557,641	7,588,496
Guaranteed investment contracts	259,225	266,960
Common stock	4,306,129	2,949,178
Total investments	11,065,454	11,052,551
Participant loans at estimated fair value	486	1,988
Receivables:		
Employer s contributions	108	
Participants contributions	203	
Total receivables	311	
Total assets	11,066,251	11,054,539
Liabilities		
Operating payable	6,137	10,023
Net assets available for benefits	$ 11,060,114	$ 11,044,516

See accompanying notes.

Home BancShares, Inc. 401(k) Plan
Statements of Changes in Net Assets Available for Benefits

	Year Ended December 31, 2008
Additions to net assets attributed to:	
Net depreciation in fair value of investments	$ (1,893,813)
Interest and dividends	707,477
Total investment loss	(1,186,336)
Contributions:	
Employer s	513,545
Participants	1,393,440
Rollovers	129,642
Total contributions	2,036,627
Total additions	850,291
Deductions from net assets attributed to:	
Benefit payments to participants	1,117,707
Administrative expenses and fees	83,597
Total deductions	1,201,304
Net decrease	(351,013)
Transfers from other plans	366,611
Net assets available for benefits beginning of year	11,044,516
Net assets available for benefits end of year	$ 11,060,114

See accompanying notes.

Home BancShares, Inc. 401(k) Plan
Notes to Financial Statements
December 31, 2008

1. Description of the Plan

The following description of Home BancShares, Inc. 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan s provisions.

General

The Plan is a defined contribution plan which covers substantially all employees of Home Bancshares, Inc. and its subsidiaries (the Employer) who has attained age 21. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each year participants may contribute a portion of their annual compensation, as defined by the Plan and subject to IRS limitations. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants are eligible to receive discretionary matching contributions upon meeting eligibility requirements to participate in the Plan. During the years ended December 31, 2008 and 2007, participants received a match of 50% of the first 6% of their deferrals.

The Employer may also make a discretionary contribution on behalf of eligible participants based on the classification of the employees of each participating employer and determined by management. The Employer did not make a discretionary contribution for 2008 or 2007. Participants are eligible to share in the allocation of employer contributions, if during the year the participant has been credited with at least 1,000 hours of service and is employed on the last day of the year, (unless termination of employment was a result of retirement, disability, or death).

Participants are permitted to direct their contributions into various investment options offered by the Plan.

Participant Accounts

Each participant s account is credited with the participant s contributions and allocations of (a) the Employer s contribution and (b) Plan earnings and losses, and charged with any benefit payments and administrative expenses, for which they are directly responsible. Plan earnings and losses are allocated based on participant account balances, as defined by the Plan. The benefit to which a participant was entitled is the benefit that can be provided from the individual participant s vested account.

Payment of Benefits

Upon retirement, disability, death, or termination of service, a participant may elect to receive a payment in a lump-sum amount equal to the vested value of his or her account. If the value of a participant s vested balance does not exceed $1,000, the distribution is automatically made. The Plan also has provisions for withdrawals for certain hardships, subject to approval.

Vesting

Participants are always fully vested in their contributions plus actual earnings thereon. Employer contributions become fully vested after a participant has completed his or her fifth year of service based on a graduated vesting schedule as follows:

Years of Service	**Employer Contributions Vested Percentage**
Less than 1	0%
2	25%
3	50%
4	75%
5	100%

Administrative Expenses

Processing fees of the Plan are charged against the individual participant account balance that was responsible for the expense. Other administrative expenses are paid be the Employer unless paid by the Plan.

Forfeitures

Forfeitures of matching contributions shall be reallocated as discretionary matching contributions. Forfeitures of profit sharing contributions shall be reallocated as additional profit sharing contributions. Unallocated forfeitures at December 31, 2008 and 2007 are $89,528 and $148,270, respectively. Forfeitures of $99,944 were reallocated during 2008. No forfeitures were reallocated during 2007.

Plan Termination

Although it has not been expressed any intent to do so, the Plan Sponsor had the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of termination of the Plan, all participants would become fully vested in the employer s matching portion of their account. Employee contributions and their related earnings are always 100% vested.

2. Summary of significant accounting policies

Basis of Accounting

The accompanying financial statements were prepared on the accrual basis of accounting.

In September 2006, the Financial Accounting Standards Board (FASB) issues SFAS No. 157, *Fair Value Measurements.* SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 applies to reporting periods beginning after November 15, 2007. As of January 1, 2008, the Plan has adopted SFAS 157 (see note 4 Fair Value Measurements). There was no material impact to the financial statements of the Plan upon adoption of SFAS 157.

Payment of Benefits

Benefit payments were recorded when paid.

Valuation of Investments

Investments are stated at fair value. Investments in registered investment companies (mutual funds) are based upon quoted prices. Investments in the common stock of Home BancShares, Inc. are valued at their closing price on the NASDAQ Global Select Market as on December 31, 2008. Participant loans are valued at cost which approximates fair value.

The Plan accounts for investment contracts in accordance with the Financial Accounting Standards Board (FASB) Staff Position AAG INV-1 and SOP 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans (the FSP). The FSP defines the circumstances in which an investment contract is considered fully benefit responsive and provides certain reporting and disclosure requirements for fully benefit responsive investment contracts in defined contribution health and welfare and pension plans. As required by the FSP, investments in the accompanying Statements of Net Assets Available for Benefits include fully benefit responsive investment contracts recognized at fair value which approximates contract value.

Purchases and sales of securities were recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management of the Plan is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. Investments

During 2008, the Plan s investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

Common Stock	$ 905,666
Mutual Funds	(2,799,479)
Net depreciation in fair value of investments	$ (1,893,813)

The following table summarizes the Plan s investments at December 31, 2008 and 2007. Investments with fair values that represent 5% or more of the Plan s net assets for 2008 and/or 2007 are as follows:

	2008	**2007**
Cash		
Fidelity Cash Reserves	$ 942,459	$ 247,917
Mutual funds		
Balanced Strategy Fund	2,004,017	2,730,763
Growth Strategy Fund	822,053	1,166,466
Moderate Strategy Fund	813,330	977,570
Julius Baer International Equity Fund	311,943	610,288
Employer stock	4,306,129	2,949,178

4. Fair Value Measurements

Effective January 1, 2008, the Company adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (FAS 157). FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FAS 157 has been applied prospectively as of the beginning of the period.

FAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FAS 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

A financial instrument s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

All investments in the Plan are classified as Level 1 except for Guaranteed investment contracts and participant loans which are considered Level 2. As required by SFAS No. 157, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

5. Investment Contracts

The Plan, through the ABM AMRO Income Plus Fund (the Fund) invests in fixed income securities which consist of common collective trusts, short-term securities and binds. To reduce the risk of market losses on these investments, the Fund enters into guaranteed investment contracts (GICs) or wrapper contracts with financial institutions or insurance companies, which enable the participants to transact at a specified contract value by protecting the principal amount invested over a specified period of time.

The investment contracts earn interest at interest crediting rates that are typically reset on a monthly or quarterly basis. These interest crediting rates use a formula that is based on the characteristics of the underlying fixed income portfolio. The minimum interest crediting rate for all investment contracts is zero percent. Factors that can influence the future average crediting rates are (i) the level of market interest rates; (ii) the amount and timing of participant contributions, transfers and withdrawals into/out of the investment contracts; (iii) the investment returns generated by the fixed income investments that underlie the investment contracts; and (iv) the duration of the investments underlying the investment contracts. The crediting rate formula amortizes the realized and unrealized market value gains and losses over the duration of the underlying investments.

The crediting yield earned by the participants during the year ended December 31, 2008 was 4.57% and the average yield of the underlying assets at December 31, 2008 was 4.88%.

6. Income Tax Status

The Plan obtained its latest determination letter on October 29, 2001, in which the Internal Revenue Service has stated that the Plan as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (the IRC). The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan s tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC.

7. Risks and Uncertainties

The Plan primarily invests in various investment securities which are exposed to various risks, such as market and credit risk. Due to the level of risk associated with such investment securities and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near term could materially affect the participants account balances and the amount reported in the statements of net assets available for benefits and the statements of changes in net assets available for benefits.

8. Related-Party Transactions

The Plan s investments in pooled separate accounts are managed by the Trustee. The transactions qualify as party-in-interest transactions. FirsTrust, the trustee of the Plan, is an affiliate of the sponsor.

Additionally, the Plan holds an investement in the common stock of the sponsor.

9. Plan Transfers

Bank of Mountain View was acquired by the Plan Sponsor on September 1, 2005. As result of that acquisition, the Retirement Plan and Trust for Employees of Bank of Mountain View benefiting eligible employees of Bank of Mountain View was frozen. On June 5, 2008 this plan was terminated and $74,224 in assets was transferred into the Plan which was allocated to the affected employees.

The Plan Sponsor acquired Centennial Bancshares, Inc. on January 1, 2008. As a result of that acquisition, the Centennial Bancshares, Inc. 401(k) Profit Sharing Plan and Trust was terminated and $292,387 in assets merged into the Plan on December 31, 2008. This plan merge became effective January 1, 2009.

Home BancShares, Inc. 401(k) Plan
Schedule H, Line 4i Schedule of Assets (Held at End of Year)
December 31, 2008

	Identity of issue, borrower, lessor or similar party	Description of investment including maturity date, rate of interest collateral, par or maturity value	Cost	Current Value
*	ABN AMRO Income Plus	Value of interest in guaranteed investment contracts	**	$ 259,225
*	American Funds Growth Fund	Value of interest in registered investment companies	**	189,312
*	Balanced Strategy Fund	Value of interest in registered investment companies	**	2,004,017
*	Baron Small Cap Fund	Value of interest in registered investment companies	**	99,246
*	Columbia Mid-Cap Value	Value of interest in registered investment companies	**	13,466
*	Conservative Strategy Fund	Value of interest in registered investment companies	**	167,407
*	Equity Aggressive Strategy Fund	Value of interest in registered investment companies	**	145,134
*	Fidelity Cash Reserves	Interest-bearing cash	**	942,459
*	Fidelity Institutional Short Int Govt	Value of interest in registered investment companies	**	29,299
*	Growth Strategy Fund	Value of interest in registered investment companies	**	822,053
*	Janus Orion Fund	Value of interest in registered investment companies	**	93,394
*	Home BancShares, Inc. Stock	Employer securities	**	4,306,129
*	Julius Baer International Equity	Value of interest in registered investment companies	**	311,943
*	Keeley Small Cap Value Fund	Value of interest in registered investment companies	**	3,683
*	Moderate Strategy Fund	Value of interest in registered investment companies	**	813,330
*	PIMCO Total Return	Value of interest in registered investment companies	**	234,928
*	Royce Premier Fund	Value of interest in registered investment companies	**	339,597
*	Selected American Shares	Value of interest in registered investment companies	**	72,373
*	T. Rowe Price Equity Income	Value of interest in registered investment companies	**	217,798
*	U.S. 6-10 Value	Value of interest in registered investment companies	**	661
	Total investments			11,065,454

Participant loans (secured by vested benefits and bearing interest at 6%)	486
	$ 11,065,940

* Indicates party-in-interest to the Plan

** Cost is not applicable for participant-directed investments

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustee (or other person who administers the employee benefit plan) has duly caused this annual report to be signed by the undersigned hereunto duly authorized.

Home BancShares, Inc. 401(k) Plan

By: /s/ Randy E. Mayor
Chief Financial Officer and Treasurer of
Home BancShares, Inc.

Date: June 9, 2009