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TRADING SOLUTIONS COM INC
Form 10-Q
February 13, 2001

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

FORM 10-Q

(Mark One)

X QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For quarterly period ended December 31, 2000

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

Commission file number -001-14889

TRADING SOLUTIONS.COM, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

880425691

(IRS Employer Identification No.)

200 Camino Aguajito, #200, Monterey, California

(Address of principal executive offices)

93940

(Zip Code)

Registrant's telephone number, including area code:

(831) 375-6229

Indicate by check mark whether the registrant: (1) has filed all reports required 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 for the past 90 days. Yes No

The number of shares of the Registrant's Common Stock, \$.001 par value, as of December 31, 2000 was 2,861,000 outstanding.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

TRADING SOLUTIONS.COM, INCORPORATED
BALANCE SHEET
December 31, 2000 and 1999
(See Accountant's Review Report)

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| | 2000 ---- | 1999 ---- |
|---|--------------|--------------|
| ASSETS | | |
| Current assets | | |
| Cash in bank | \$ 23,382 | \$ 15,312 |
| Other receivable | 1,695 | |
| Prepaid rent | | 78 |
| Total current assets | 25,077 | 15,390 |
| Furniture and equipment | | |
| Equipment | 2,606 | 2,206 |
| Furniture | 916 | 600 |
| | 3,522 | 2,806 |
| Accumulated depreciation | (576) | (132) |
| | 2,946 | 2,674 |
| Total assets | \$ 28,023 | \$ 18,064 |
| LIABILITIES AND STOCKHOLDER'S EQUITY | | |
| Current liabilities | | |
| Accounts payable | \$ 1,372 | \$ 2,500 |
| State corporate tax liability | | 800 |
| Total current liabilities | 1,372 | 3,300 |
| Total liabilities | 1,372 | 3,300 |
| Stockholders' equity | | |
| Common stock, 20,000,000 shares authorized at a par value of .001. 2,861,000 outstanding | 28,610 | #REF! |
| Paid in capital | 207,380 | #REF! |
| Retained earnings | (209,339) | #REF! |
| Total stockholder's equity | 26,651 | #REF! |
| Total liabilities and stockholder's equity | \$ 28,023 | \$ #REF! |

TRADING SOLUTIONS.COM, INCORPORATED
STATEMENT OF OPERATIONS
For the nine months ended December 30,2000
and from date of inception to December 31, 1999
(See Accountant's Review Report)

| | 2000 ---- | 1999 ---- |
|----------|--------------|--------------|
| Income | \$ 11,363 | \$ 1, |
| Expenses | | |

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| | | |
|--|-------------|----------|
| Advertising | 6,931 | 3, |
| Accounting fees | 10,580 | 4, |
| Bank charges | 120 | |
| Consulting fees | 43,600 | 39, |
| Compensation expense | | 34, |
| Depreciation | 400 | |
| Education | | 1, |
| Management fees | | 5, |
| Miscellaneous | 153 | 6, |
| Office supplies | 2,256 | 4, |
| Postage | 659 | |
| Promotions | | |
| License and taxes | 180 | 1, |
| Legal fees | 6,560 | 11, |
| Organizational costs | | |
| Rent | 2,700 | 2, |
| Telephone | 2,490 | 1, |
| Travel | 15,209 | 2, |
| Total expenses | 91,838 | 122, |
| Loss from operations | (80,475) | (120, |
| Other (expenses) | | |
| Interest | 0 | |
| Loss prior to income taxes | (80,475) | (120, |
| Income taxes | | |
| State corporate tax | 0 | |
| Net loss | \$ (80,475) | \$ (121, |
| Loss per common share | \$ (0.03) | \$ (0 |
| Weighted average of shares outstanding | 2,785,295 | 2,668, |

TRADING SOLUTIONS.COM, INCORPORATED
STATEMENT OF STOCKHOLDER'S EQUITY
December 31, 2000 and 1999
(See Accountant's Review Report)

| | Common Stock | | Paid In Capital | Retained Earnings |
|---------------------|--------------|--------|-----------------|-------------------|
| | Shares | Amount | | |
| | ----- | ----- | ----- | ----- |
| September 30, 1999 | #REF! | \$ | #REF! | \$ |
| November 23, 1999 | 2,000 | | 20 | 980 |
| November 29, 1999 | 2,000 | | 20 | 980 |
| December 3, 1999 | 20,000 | | 200 | 9,800 |
| December 9, 1999 | 2,000 | | 20 | 980 |
| December 13, 1999 | 10,000 | | 100 | 4,900 |
| December 20, 1999 | 20,000 | | 200 | 9,800 |
| December 21, 1999 | 6,000 | | 60 | 2,940 |
| Net loss per period | | | | |
| Total | #REF! | \$ | #REF! | \$ |

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| | 2000 | | | | | |
|---------------------|-----------|----|--------|----|---------|----|
| | ---- | | | | | |
| March 31, 2000 | 2,760,000 | \$ | 27,600 | \$ | 107,390 | \$ |
| June 26, 2000 | 35,000 | | 350 | | 34,650 | |
| July 18, 2000 | 21,000 | | 210 | | 20,790 | |
| July 19, 2000 | 3,000 | | 30 | | 2,970 | |
| July 21, 2000 | 25,000 | | 250 | | 24,750 | |
| August 1, 2000 | 13,000 | | 130 | | 12,870 | |
| August 4, 2000 | 2,000 | | 20 | | 1,980 | |
| November 21, 2000 | 2,000 | | 20 | | 1,980 | |
| Net loss per period | 2,861,000 | \$ | 28,610 | \$ | 207,380 | \$ |

TRADING SOLUTIONS.COM, INCORPORATED
STATEMENT OF CASH FLOWS-INDIRECT METHOD
For the nine months ended December 31, 2000
and from date of inception to December 31, 1999
(See Accountant's Review Report)

| | 2000 |
|---|-------------|
| | ---- |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Net income | \$ (80,475) |
| Adjustment to reconcile net income to net cash provided by operating activities | |
| Depreciation | 400 |
| Compensation expense | |
| (Increase) Decrease in other receivable | (1,519) |
| (Increase) Decrease in prepaid rent | |
| Increase (Decrease) in accounts payable | 1 |
| Increase (Decrease) in taxes payable | |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | (81,593) |
| INVESTING ACTIVITIES | |
| Purchase of furniture and equipment | 716 |
| NET CASH USED IN INVESTING ACTIVITIES | |
| FINANCING ACTIVITIES | |
| Sale of common stock | 101,000 |
| Short term borrowing | |
| Payment of short term borrowing | |
| NET CASH REALIZED FROM FINANCING ACTIVITIES | 101,000 |
| INCREASE IN CASH AND CASH EQUIVALENTS | 18,691 |
| Cash and cash equivalents at the beginning of the period | 4,691 |
| CASH AND CASH EQUIVALENTS | \$ 23,382 |
| Supplemental disclosure of financing activities | |
| Interest paid during the period from date of inception to June 30, 1999 | |

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Trading Solutions.Com, Incorporated
Notes to Financial Statements
September 30, 2000 and 1999

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the business - Trading Solutions.Com, Inc (the "Company") is designed to provide education for people interested in on line investing. The Company also intends to establish a corporate trading account and manage money. The Company further intends to establish or acquire an e-commerce business to link with the trading school.

Development Stage Company - In the prior fiscal year the Company was a development stage company, as defined in the Financial Accounting Standards Board No. 7. The Company devoted substantially all of its efforts in securing and establishing a new business. During the first six months of the current fiscal year, the Company commenced operations.

Persuasiveness of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and cash equivalents - For financial statement presentation purposes, the Company considers all short term investments with a maturity date of three months or less to be cash equivalents.

Property and equipment - Property and equipment are recorded at cost. Maintenance and repairs are expensed as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Depreciation is provided using the straight-line method, over the useful lives of the assets.

Income taxes - Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the recorded book basis and the tax basis of assets and liabilities for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (con't)

Income taxes (con't)

recovered or settled. Deferred taxes are also recognized for operating losses that are available to offset future taxable income.

Stock options -Stock that is issued for services rendered are recorded at

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the fair value of the stock in the year that the stock is given and recorded as an expense in the same year.

NOTE 2: BACKGROUND

The Company was incorporated under the laws of the State of Nevada on May 14, 1999. The principal activities of the Company, from the beginning of the development stage, have been organizational matters and the sale of stock.

NOTE 3: EQUIPMENT AND FURNITURE

The following is a summary of fixed asset classifications, accumulated depreciation and depreciable lives for the Company at September 30, 2000 and 1999.

| | Useful life Years ----- | 2000 ---- | 1999 ---- |
|-----------------------------|-------------------------------|--------------|--------------|
| Computer equipment | 5 | \$ 2,606 | \$ 2,206 |
| Office furniture | 10 | 916 | 600 |
| Total | | 3,522 | 2,806 |
| Accumulated depreciation | | (526) | (88) |
| Net equipment and furniture | | \$ 2,996 | \$ 2,718 |

Depreciation expense for the six months ended September 30, 2000 was \$350 and 1999 the expense was \$88.

NOTE 4: COMMON STOCK

Founders stock - At incorporation the Company issued stock to the founders of the corporation. These shares totaled 2,495,000 shares and were issued for consideration of \$.001 per share. Proceeds from these sales were \$2,495.

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NOTE 4: COMMON STOCK (con't)

Stock options - At the organizational meeting of the board of directors it was voted on to issue stock options of the Company's common stock to certain officers of the corporation, a key employee of a non affiliated company and the non affiliated company. These options are to be exercised at \$.10 a share and have an expiration date of December 31, 2002. These options are callable at \$.02 per share by the Company with a 30 day notice. A total of 85,000 shares were voted on for the options of which 60,000 shares of the options were exercised Prior to September 30, 1999. Total proceeds from these sales were \$5,500. The fair market value at the date the options were granted was \$.50 a share. Therefore, the Company has recognized \$ 34,000 in compensation expense for the period ended September 30, 1999.

Public stock offering - During the period ended June 30, 1999 the Company sold solely to accredited and/or sophisticated investors its common stock. Each share had a par value of \$.01 a share and was offered to the investors at \$.50 a share. The stock was sold during various times during the period

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from date of inception to September 30, 1999 to 30 different investors buying a total of 120,000 shares of common stock. Total proceeds, from the offering, as of the period ended September 30, 2000 were \$60,000.

Initial Public Offering - During the six-month period ended September 30, 2000, the Company initiated a public stock offering of three hundred thousand of its common shares. As of September 30, 2000 \$99,000.00 had been raised.

NOTE 5: INCOME TAXES

The benefit for income taxes from operations consisted of the following components: current tax benefit of \$26,250 resulting from a net loss before income taxes, and a deferred tax expense of \$26,250 resulting from a valuation allowance recorded against the deferred tax asset resulting from net operating losses. Net operating loss carryforward will expire in 2014.

The valuation allowance will be evaluated at the end of each year, considering positive and negative evidence about whether the asset will be realized. At that time, the allowance will either be increased or reduced; reduction would result in the complete elimination of the allowance if positive evidence indicates that the value of the deferred tax asset is no longer required.

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NOTE 6: RELATED PARTY TRANSACTIONS

The Company entered into an agreement with one of its shareholders to provide assistance to the Company in the formation of its corporate structure and to use their contacts in assisting with the development of a public market for the Company's common stock. The agreement calls for the shareholder to be paid a total of \$22,000 of which \$2,000 and \$5,000 was paid for the periods ended September 30, 2000 and 1999. The Company is to further provide support services such as office space and telephone services for which the Company will be billed separately. Total cash paid for these additional services as of September 30, 1999 was \$1,465. There were no amounts paid to this shareholder for the period ended September 30, 2000.

The Company also entered into an agreement with another shareholder to provide consulting services to the Company. This agreement totals \$30,000 of which \$13,000 and \$10,300 was paid as of September 30, 2000 and 1999 respectively.

There is an agreement with one of the founders to provide support services to the Company. This agreement has a maximum of \$10,000. The total amount paid, as of September 30, 2000 and 1999 was 3000 and \$6,500 respectively.

NOTE 7: MATERIAL ADJUSTMENTS

Management has made all material adjustments to the financial statements to be conformity with generally accepted accounting principles.

NOTE 8: GOING CONCERN

From the date of inception the Company has yet to commence receiving a material amount of revenue and has net losses from operating activities which raise substantial doubt about its ability to continue as a going concern.

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Management will work to establish a local market niche for each one of its trading schools by advertising in local newspapers and radio. This is intended to create public awareness of the Company's name and its services.

Management also intends to affiliate with professional traders to teach online classes and seminars in real-time broadcasting. The Company also intends to continually invest in its web site infrastructure as needed for

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NOTE 8: GOING CONCERN (con't)

upgrades, incorporation of new features and keeping up with the changing internet technology. The Company will establish an on line store that will offer literature such as books, newspapers and newsletters that will target online investors.

In order to attract and retain quality instructors the Company plans to grant each participating instructor the opportunity to be promoted on an exclusive basis by the Company's web site.

The Company's ability to continue as a going concern is dependent upon a successful public offering and ultimately achieving profitable operations.

There is no assurance that the Company will be successful in its efforts to raise additional proceeds or achieve profitable operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Net sales for the third quarter that ended December 31, 2000 were \$11,363, compare to \$1,625 from the corresponding period of the prior year. For the nine month period ended December 31, 2000, the company has experienced a 599% increase in net sales from the corresponding period of the prior year.

The company is in the process of introducing its services to the local community at its first location in Monterey, CA. The management has been actively exploring a possible opportunity of opening a location in San Diego, CA. The Company believes that a central city location will promote better name recognition and will increase sales.

The company will continue providing its services through its trading school, and will continue developing its web based operations.

Loss from operations prior to other expenses and taxes for the nine months ended December 31, 2000 was \$80,475 compared to \$120,426 for the corresponding period in 1999. The increase in the gross margin from the corresponding period of the prior year is principally attributable to the company's marketing efforts.

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Advertising, general and administrative expenses were \$91,838 for the for the nine months ended December 31, 2000, compared to \$122,037 for the corresponding period in 1999. These expenses decreased due to the Company getting further along in its development.

The company is in the process of adding new services and product lines. The company will continue to sell its services in Monterey, California and evaluate possible new locations.

The company anticipates that its marketing and operating costs will increase because of changes to its marketing and business development.

The company has been a development stage company for the past year and therefore has not felt the effect of inflation. Should prices increase the company will have to increase its cost of sales. There is a question as to the Company's viability. It is classified as a development stage company and has yet to demonstrate profitable operations.

Item 3. Liquidity and Capital Resources.

As of December 31, 2000, the company had a cash equivalence of \$25,077. The capital resource available came from the company's IPO offering. The Company sold 101,000 shares for total proceeds of \$101,000.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

As of December 31, there has been no legal proceedings taking place, nor do we foresee anything like that in the fourth quarter.

Item 2. Changes in Securities.

As of December 31, there has been no change in securities since September 30, 2000.

Item 3. Defaults Upon Senior Securities.

There has been no material default in the payment of principal, interest, a sinking or purchase fund installment, or any other material default not cured within 30 days. There has been no other material delinquency that has occurred within 30 days.

Item 4. Submission of Matters to a Vote of Security Holders.

There was no meeting held in the third quarter of 2000. There will be a board meeting called in March of 2001.

Item 5. Other Information.

There is no other information to report at this time.

Item 6. Exhibits and Reports on Form 8-K

There are no exhibits or forms to submit at this time.

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Signature Page

Pursuant to the requirements of section 13 or 15(d) 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.

Dated: February 12, 2001

Trading Solutions.com, Inc.

/s/ Natalie Shahvaran

NAME: Natalie Shahvaran

TITLE: President