

Edgar Filing: Acquired Sales CORP - Form 10-Q

Acquired Sales CORP
Form 10-Q
February 14, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-QSB

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended December 31, 2007

Or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

000-51230
(Commission File No.)

ACQUIRED SALES CORP.

(name of small business issuer in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)
31 N. Suffolk Lane, Lake Forest, Illinois
(Address of principal executive offices)

87-0479286
(I.R.S. Employer Identification No.)

60045
(Zip Code)

Issuer's telephone number: (847) 404-1964

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

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 (the "Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of outstanding common stock, \$0.001 par value, as of February 14, 2008 was 5,832,482 shares.[Missing Graphic Reference]

Part I – Financial Information

Item 1. Financial Statements

ACQUIRED SALES CORP.
(a development stage enterprise)

FINANCIAL STATEMENTS

December 31, 2007

ACQUIRED SALES, CORP.
(a development stage enterprise)

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ACQUIRED SALES CORP.
(a development stage enterprise)
Balance Sheets

	December 31, 2007 (unaudited)	September 30, 2007
ASSETS		
Current Assets:		
Cash	\$ 18,829	\$ 23,933
Prepaid expense	125	14,374
TOTAL ASSETS	\$ 18,954	\$ 38,307
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 4,788	\$ 3,681
Total Current Liabilities	4,788	3,681
Stockholders' Equity:		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, \$0.001 par value, 50,000,000 shares authorized, 5,832,482 shares issued and outstanding	5,833	5,833
Additional paid-in capital	145,967	145,967
Deficit accumulated prior to the development stage	(69,151)	(69,151)
Deficit accumulated during the development stage	(68,483)	(48,023)
Total Stockholders' Equity	14,166	34,626
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 18,954	\$ 38,307

See accompanying notes to the financial statements.

ACQUIRED SALES CORP.
(a development stage enterprise)
Unaudited Statements of Operations

	For the Three Months Ended December 31,		For the Period May 27, 2004 (Date of Inception of the Development Stage) through December 31, 2007
	2007	2006	
EXPENSES:			
General and administrative	\$ (20,460)	\$ (1,272)	\$ (122,796)
OTHER INCOME AND EXPENSE:			
Waiver of tax liability penalty	-	-	60,364
Interest expense	-	(1,196)	(6,051)
TOTAL OTHER INCOME (EXPENSE)	-	(1,196)	54,313
NET LOSS	\$ (20,460)	\$ (2,468)	\$ (68,483)
Basic and Diluted Loss per Share	\$ (0.00)	\$ (0.00)	
Basic and Diluted Weighted-average Common Shares Outstanding	5,832,482	4,665,985	

See accompanying notes to the condensed financial statements.

ACQUIRED SALES CORP.
(a development stage enterprise)
Unaudited Statements of Cash Flows

	For the Three Months Ended December 31,		For the Period May 27, 2004 (Date of Inception of the Development Stage) through December 31, 2007
	2007	2006	
Cash Flows from Operating Activities:			
Net loss	\$ (20,460)	\$ (2,468)	\$ (68,483)
Adjustments to reconcile net loss to net cash used in operating activities:			
Expenses paid by capital contributed by officer	-	-	20
Waiver of tax liability penalty	-	-	(60,364)
Issuance of warrants for services	-	-	11,970
Changes in assets and liabilities:			
Prepaid expense	14,249	-	(125)
Accounts payable	1,108	(8,063)	4,788
Payroll tax penalties and accrued interest	-	758	(8,787)
Accrued interest on note payable	-	438	-
Net Cash Used by Operating Activities	(5,103)	(9,335)	(120,981)
Cash Flows from Financing Activities:			
Proceeds from issuance of note payable to related party	-	100,000	195,000
Payment of principal on note payable to related party	-	(95,000)	(95,000)
Proceeds from issuance of common stock	-	-	40,000
Redemption of common stock	-	-	(190)
Net Cash Provided by Financing Activities:	-	5,000	139,810
Net Increase (Decrease) in Cash	(5,103)	(4,335)	18,829
Cash at beginning of Period	23,932	6,492	-
Cash at End of Period	\$ 18,829	\$ 2,157	\$ 18,829
Supplemental Schedule of Noncash Investing and Financing Transactions			
Conversion of \$100,000 note payable to related party into 1,166,497 shares of common stock	\$ -	\$ -	\$ 100,000

See accompanying notes to the financial statements.

Acquired Sales Corp.

(a development stage enterprise)
Notes to Unaudited Financial Statements

Note 1: Basis of Presentation

The accompanying unaudited financial statements of Acquired Sales Corp. (the "Company") were prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. Management of the Company ("Management") believes that the following disclosures are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the audited financial statements and the notes thereto for the year ended September 30, 2007 included in the Company's Form 10-KSBreport.

These unaudited financial statements reflect all adjustments, consisting only of normal recurring adjustments that, in the opinion of Management, are necessary to present fairly the financial position and results of operations of the Company for the periods presented. Operating results for the three months ended December 31, 2007, are not necessarily indicative of the results that may be expected for the year ending September 30, 2008.

Note 2: Organization and Summary of Significant Accounting Policies

Acquired Sales Corp. (the "Company") was incorporated under the laws of the State of Nevada on January 2, 1986. In August 2001, the Company ceased all of its prior operations and remained dormant from then until May 27, 2004 when it began new development stage activities.

Development stage enterprise— The Company is a development stage enterprise and has not engaged in any operations that have generated any revenue. The Company's efforts have been devoted primarily to raising capital, borrowing funds and attempting to enter into a reverse acquisition with an operating entity.

Use of estimates— These financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and require that management make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. The use of estimates and assumptions may also affect the reported amounts of revenues and expenses. Actual results could differ from those estimates or assumptions.

Basic and diluted loss per share of common stock— Basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding and dilutive potential common shares, if the exercise of outstanding warrants had occurred. There were 175,000 warrants outstanding at December 31, 2007 that were excluded from the calculation of diluted loss per share.

Business condition— The Company's financial statements have been prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. During the year ended September 30, 2007, the Company realized a gain as a result of the forgiveness of an accrued liability and received proceeds from the issuance of a note payable to a related party that was converted into common stock in the amount of \$100,000; however, no revenue was generated from operations. During this same period the Company used \$82,559 of cash in its operating activities. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The

accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. The Company's ability to meet its ongoing financial requirements is dependent on management being able to obtain additional equity and/or debt financing, the realization of which is not assured. In addition, the Company is dependent on management being willing to continue to serve without monetary remunerations.

Note 2 – Letter agreement and warrants

Effective as of August 2007, the Company entered into a Letter Agreement with a private merchant bank to provide certain services related to the identification, evaluation and financing of potential acquisitions by the Company. Pursuant to the Letter Agreement, which terminated on December 31, 2007, the Company paid on August 2, 2007, a one-time \$20,000 fee and prepaid accountable expenses of \$10,000. During the three months ended December 31, 2007, the remaining \$12,000 one-time fee and \$2,374 of the accountable expenses were charged to expense. In addition, the Company issued warrants exercisable for 175,000 shares of common stock at \$0.10 per share. The Company valued these warrants at \$11,970 using the Black-Scholes option pricing model and charged this amount to expense during the year ended September 31, 2007. Under certain conditions and events, the Company may become obligated to make additional cash payments of six percent of the gross proceeds of an equity investment and three percent of the gross proceeds of a debt investment received by the Company and two percent of the consideration received by the Company as a transactional fee. The Company may also be required to issue additional warrants exercisable at the same price as shares being issued in an equity investment.

Item 2. Management's Discussion and Analysis or Plan of Operation.

Results of Operations

Three months Ended December 31, 2007 compared with Three months Ended December 31, 2006

No operating revenues were generated during the three months ended December 31, 2007 and December 31, 2006. Operating expenses increased by \$19,188 to \$20,460 for the three months ended December 31, 2007. The increased operating expenses resulted principally from increased professional fees paid in 2007 as compared with 2006. The Company's net loss increased by \$17,992 to \$20,460 for the three months ended December 31, 2007 compared to \$2,468 for the three months ended December 31, 2006.

Liquidity and Capital Resources

At December 31, 2007, we had cash and cash equivalents of \$18,829, compared to \$6,492 at December 31, 2006. Our decreased cash balance as of December 31, 2007 is largely attributable to the lack of revenues while facing capital demands to meet general and administrative expenses, including accounting, legal and audit fees in connection with maintaining our public status as we search for business opportunities. During the period, we also paid \$14,374 in fees and expenses to a merchant bank that we hired to identify and evaluate potential acquisitions by us.

Proceeds from private offerings, loans and/or revenues will be needed for us to survive as a going concern for the next 12 months. However, there can be no assurance whatsoever that any such proceeds from private offerings, loans and/or revenues will be available to us, and at the present time we have no commitments from any person or entity to fund our ongoing operations which are unprofitable.

Prospective shareholders should understand that several factors govern whether any forward-looking statement contained herein will be or can be achieved. Any one of those factors could cause actual results to differ materially from those projected herein. These forward-looking statements include plans and objectives of management for future operations, including plans and objectives relating to the products and the future economic performance of the Company. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions, future business decisions, and the time and money required to successfully complete development projects, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company. Although the Company believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of those assumptions could prove inaccurate and, therefore, there can be no assurance that the results contemplated in any of the forward-looking statements contained herein will be realized. Based on actual experience and business development, the company may alter its marketing, capital expenditure plans or other budgets, which may in turn affect the company's results of operations. In light of the significant uncertainties inherent in the forward-looking statements included therein, the inclusion of any such statement should not be regarded as a representation by the Company or any other person that the objectives or plans of the company will be achieved.

Item 3. Controls and Procedures

Within 90 days prior to the date of filing of this report, we carried out an evaluation, under the supervision and with the participation of our officer serving as both our Chief Executive Officer/Chief Financial Officer, of the design and operation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective for the gathering, analyzing and disclosing the information we are required to disclose in the reports we file

under the Securities Exchange Act of 1934, within the time periods specified in the SEC's rules and forms. There have been no significant changes in our internal controls or in other factors that could significantly affect internal controls subsequent to the date of this evaluation.

Our management does not expect that our disclosure controls or internal controls over financial reporting will prevent all errors or all instances of fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Because of the inherent limitation of a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company currently is not party to any material legal proceedings.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We did not sell any of our securities during the three month period ended December 31, 2007.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits (filed with this report unless indicated below)

Exhibit 31.1	Certification of principal executive officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2	Certification of principal financial officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1	Certification of principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 32.2	Certification of principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b)

Reports on Form 8-K.

No reports on Form 8-K were filed by the Company during the three months ended December 31, 2007.

SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ACQUIRED SALES CORP.

Dated: February 14, 2008

By: /s/ Gerard M. Jacobs
Gerard M. Jacobs, Chief Executive Officer
(Principal Executive Officer)

By: /s/ Gerard M. Jacobs
Gerard M. Jacobs,
(Principal Financial Officer)