

ACL COMPUTERS AND SOFTWARE, INC.

Financial Statements
And
Accountants' Compilation Report

October 31, 2012 and 2011

ACL COMPUTERS AND SOFTWARE, INC.

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Accountants' Compilation Report

To the Directors and Stockholders of ACL Computers and Software, Inc.

We have compiled the accompanying balance sheets of ACL Computers and Software, Inc. as of October 31, 2012 and 2011 and the related statements of income for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures and statements of cash flow required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's financial position, results of operations and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to ACL Computers and Software, Inc.



Eric Barshop & Associates, P.A.
Certified Public Accountants

November 26, 2012

ACL COMPUTERS AND SOFTWARE, INC.

BALANCE SHEETS
OCTOBER 31, 2012 AND 2011

ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT ASSETS		
Cash in Bank	\$ 649,657	\$ 431,612
Prepaid Rent	10,460	10,460
Accounts Receivable	3,564,118	3,586,346
Inventory at Cost	18,864	70,862
Loan Receivable - Stockholder	6,243	3,346
Prepaid Income Tax	<u>0</u>	<u>5,423</u>
TOTAL CURRENT ASSETS	<u>4,249,342</u>	<u>4,108,049</u>
FIXED ASSETS		
Office and Warehouse Equipment	67,871	67,871
Leasehold Improvements	23,562	23,562
Automobile	<u>93,099</u>	<u>93,099</u>
	184,532	184,532
Less: Accumulated Depreciation	<u>(78,293)</u>	<u>(76,245)</u>
TOTAL FIXED ASSETS	<u>106,239</u>	<u>108,287</u>
TOTAL ASSETS	<u>\$ 4,355,581</u>	<u>\$ 4,216,336</u>

(See Accountants' Compilation Report)

ACL COMPUTERS AND SOFTWARE, INC.

BALANCE SHEETS
OCTOBER 31, 2012 AND 2011

LIABILITIES AND STOCKHOLDER'S EQUITY

	<u>2012</u>	<u>2011</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 2,570,567	\$ 2,504,187
Accrued Profit Sharing Payable	105,995	79,737
Accrued Commissions Payable	36,453	22,887
Loan Payable - ACL Distributors, Inc.	685,812	678,509
Income Taxes Payable	4,067	0
Payroll Taxes Payable	572	630
Sales Tax Payable	<u>0</u>	<u>0</u>
TOTAL CURRENT LIABILITIES	<u>3,403,466</u>	<u>3,285,950</u>
OTHER LIABILITIES		
Loan Payable - Stockholder	<u>0</u>	<u>0</u>
TOTAL OTHER LIABILITIES	<u>0</u>	<u>0</u>
TOTAL LIABILITIES	<u>3,403,466</u>	<u>3,285,950</u>
STOCKHOLDER'S EQUITY		
Common Stock	150,000	150,000
Retained Earnings	<u>802,115</u>	<u>780,386</u>
TOTAL STOCKHOLDER'S EQUITY	<u>952,115</u>	<u>930,386</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 4,355,581</u>	<u>\$ 4,216,336</u>

(See Accountants' Compilation Report)

ACL COMPUTERS AND SOFTWARE, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED OCTOBER 31, 2012 AND 2011

	2012		2011	
SALES	\$ 32,253,570	100.0%	\$ 26,739,410	100.0%
COST OF GOODS SOLD				
Beginning Inventory	70,862	0.2%	112,050	0.4%
Purchases	30,287,644	93.9%	25,286,369	94.6%
Less: Ending Inventory	(18,864)	-0.1%	(70,862)	-0.3%
TOTAL COST OF GOODS SOLD	30,339,642	94.1%	25,327,557	94.7%
GROSS PROFIT	1,913,928	5.9%	1,411,853	5.3%
OPERATING EXPENSES				
Salaries - Officer	520,000	1.6%	225,000	0.8%
Salaries - Sales and Office	855,428	2.7%	702,129	2.6%
Advertising	2,653	0.0%	10,340	0.0%
Automobile	0	0.0%	717	0.0%
Bad Debt Expense	41	0.0%	732	0.0%
Bank and Credit Card Charges	95,895	0.3%	71,944	0.3%
Depreciation	2,048	0.0%	12,312	0.0%
Dues and Subscriptions	3,867	0.0%	12,080	0.0%
Insurance	31,291	0.1%	31,775	0.1%
Interest Expense	15,812	0.0%	8,509	0.0%
Legal, professional, and Accounting	22,880	0.1%	23,107	0.1%
Meals & Entertainment	31,680	0.1%	28,671	0.1%
Office Expense	26,038	0.1%	41,288	0.2%
Payroll Taxes	81,009	0.3%	60,783	0.2%
Postage	1,424	0.0%	1,568	0.0%
Profit Sharing Expense	105,995	0.3%	79,737	0.3%
Rent Expense	67,758	0.2%	64,221	0.2%
Repairs and Maintenance	2,388	0.0%	4,021	0.0%
Taxes and Licenses	1,323	0.0%	300	0.0%
Telephone	486	0.0%	3,872	0.0%
Travel	5,215	0.0%	10,383	0.0%
Utilities	8,508	0.0%	5,778	0.0%
TOTAL OPERATING EXPENSES	1,881,739	5.8%	1,399,267	5.2%
OPERATING INCOME	32,189	0.1%	12,586	0.0%
Interest Income	7	0.0%	0	0.0%
INCOME BEFORE INCOME TAXES	32,196	0.1%	12,586	0.0%
Income Tax Expense	10,467	0.0%	5,777	0.0%
NET INCOME	\$ 21,729	0.1%	\$ 6,809	0.0%

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