

STAYTOP SYSTEMS, INC.

Financial Statements

March 31, 2018

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STAYTOP SYSTEMS, INC.

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CERTIFIED PUBLIC ACCOUNTANTS

FIRM FOUNDATION

MEMBER CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and stockholders' of
Staytop Systems, Inc.
Raleigh, NC.

We have audited the accompanying financial statements of Staytop Systems, Inc. (a California corporation) which comprise the balance sheet as of March 31, 2018, and the related statements of operation, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Staytop Systems, Inc. as of March 31, 2018, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Ram Associates

Ram Associates
Hamilton, NJ

May 25, 2018

STAYTOP SYSTEMS, INC.

Balance Sheet

March 31, 2018

ASSETS

Current assets:

Cash and cash equivalents	\$	744,565
Accounts receivables		209,249
Other current assets		11
Total current assets		<u>953,825</u>

Fixed assets, net 1,633

Other assets 1,837,269

Total assets \$ 2,792,727

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payables and accrued expenses	\$	239,450
Payroll liabilities		12,296
Other current liabilities		2,260
Total current liabilities		<u>254,006</u>

Stockholders' equity

Common stock, no per value; 10,000 shares authorized, issued and outstanding		1,200
Retained earnings		<u>2,537,521</u>
Total stockholders' equity		<u>2,538,721</u>
Total liabilities and stockholders' equity	\$	<u>2,792,727</u>

STAYTOP SYSTEMS, INC.
Statement of Operations
For The Year Ended March 31, 2018

Net revenue	\$ 1,692,732
Cost of revenue	<u>1,489,219</u>
Gross profit	203,513
Operating expenses:	
Selling, general and administrative expenses	<u>433,073</u>
Operating loss before other income / (expense)	(229,560)
Depreciation	(388)
Net loss before income tax expense	<u>(229,948)</u>
Federal Income tax benefit / (expense)	93,051
State income tax benefit / (expense)	(3,058)
Net loss	<u><u>\$ (139,955)</u></u>

- See accompanying notes to Financial Statements -

STAYTOP SYSTEMS, INC.
Statements of Changes in Stockholders' Equity
For The Year Ended March 31, 2018

	Common Stock		Retained earnings	Total stockholders' equity
	Number of shares	Amount		
Balance at March 31, 2017	10,000	\$ 1,200	\$ 2,677,476	\$ 2,678,676
Net loss			(139,955)	(139,955)
Balance at March 31, 2018	10,000	\$ 1,200	\$ 2,537,521	\$ 2,538,721

- See accompanying notes to Financial Statements-

STAYTOP SYSTEMS, INC.
Statements of Cash Flows
For The Year Ended March 31, 2018

Cash flows used for operating activities:	
Net loss	\$ (139,955)
Adjustment to reconcile net loss to net cash used in operating activities	
Depreciation	388
Changes in assets and liabilities	
(Increase) / Decrease in accounts receivable	(99,150)
Increase / (Decrease) in accounts payable and accrued expense	(46,430)
Increase / (Decrease) in payroll liabilities	(12,676)
Increase / (Decrease) in other current liabilities	(333)
Total adjustments	<u>(158,201)</u>
Net cash used in operating activities	<u>(298,156)</u>
Cash flows from investing activities:	
Purchase of fixed assets	(311)
Net cash used in investing activities	<u>(311)</u>
Cash flows from financing activities:	
Decrease in inter-company payable	(1,126,517)
Net cash used in financing activities	<u>(1,126,517)</u>
Net decrease in cash and cash equivalents	(1,424,984)
Cash at the beginning of the year	2,169,549
Cash at the end of the year	<u>\$ 744,565</u>
Supplementary disclosure of cash flows information	
Cash paid during the year for	
Interest	\$ -
Income taxes paid	3,058

- See accompanying notes to Financial Statements-

StayTop Systems, Inc.
Notes to the Financial Statements
March 31, 2018

1. Organization and Description of Business

StayTop Systems Inc., a California corporation is engaged in onsite Information Technology (IT) consulting to Capgemini America, Inc. The Company's headquarter is in North Carolina. In 2004 StayTop was acquired by Goldstone Technologies Limited. They provide technically skilled engineers to manage complex projects for leading corporations around the world. They integrate technology, organizational change and business process improvements to help customers achieve their business objectives.

2. Summary of Significant Accounting Policies

Accounting Policies

These financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP); consequently, revenue is recognized when services are rendered and expenses reflected when costs are incurred

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are often based on judgments, probabilities and assumptions that management believes are reasonable but that are inherently uncertain and unpredictable. As a result, actual result could differ from those estimates.

Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustment, if any, to the estimates used are made prospectively based on such periodic evaluations.

StayTop Systems, Inc.
Notes to the Financial Statements
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Cash and cash equivalents

The Company considers all highly-liquid investments (including money market funds) with an original maturity at acquisition of three months or less to be cash equivalents.

The Company maintains cash balances, which may exceed federally insured limits. The Company does not believe that this results in any significant credit risk.

Revenue recognition

Revenues are primarily derived from professional services under time and materials contracts, which are recognized in the period in which services are provided.

Revenue related to services performed without a signed agreement or work order are not recognized until there is evidence of an arrangement, such as when agreements or work orders are signed or payment is received; however, the cost related to the performance of such work is recognized in the period the services are rendered.

For all services, revenue is recognized when, and if, evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability is assured.

Revenues related to fixed price contracts for professional services are recognized using a model that is similar to the proportional performance method. Anticipated losses are recognized when they become known. Revisions in estimated profits are made in the month in which the circumstances requiring the revision become known. There was no fixed price contract for the year ended March 31, 2018.

Accounts receivable

The Company extends credit to clients based upon management's assessment of their credit-worthiness on an unsecured basis. The Company provides an allowance for uncollectible accounts based on historical experience and management evaluation of trend analysis. The allowances for uncollectible accounts as of March 31, 2018 was NIL.

StayTop Systems, Inc.
Notes to the Financial Statements
March 31, 2018

Total Accounts Receivable for the year ended on March 31, 2018 was \$ 209,249.

Fixed Assets

Fixed assets costing \$1,000 and above are stated at cost, net of accumulated depreciation. Leasehold improvements are amortized on a straight-line basis over the lesser of the estimated useful life of the asset or the term of the lease. Assets cost less than \$1,000 are expensed as incurred. Furniture and equipment are depreciated on a straight-line basis over the useful lives of the assets as follows:

Computers and purchased software	3-5 years
Furniture and equipment	5-7 years
Automobile	7 years

The Company charges repairs and maintenance costs that do not extend the lives of the assets to expenses as incurred.

At March 31, 2018, the property and equipment consisted of the following:

Computers	\$ 32,551
Office Equipment	9,018
Total Fixed Assets	<u>\$ 41,569</u>
Less: Accumulated Depreciation	<u>(39,936)</u>
Net assets	<u>\$ 1,633</u>

Depreciation for the year ending March 31, 2018 was \$ 388.

Advertising Costs

The Company expenses advertising cost as incurred. Advertising expense for the year ended March 31, 2018 was \$ NIL.

Income taxes

The Company provides for income taxes under Accounting Standards Codification (ASC) No. 740. Deferred tax assets and liabilities are determined based on the differences between financial reporting and tax bases of assets and

StayTop Systems, Inc.
Notes to the Financial Statements
March 31, 2018

liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to reflect the uncertainty associated with their ultimate realization. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty, as applicable, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For the year, ended March 31, 2018 the Company has not recorded any deferred tax assets or liability due to current year losses.

The Company files income tax returns in the U.S Federal jurisdiction, and various state jurisdictions. The Company is generally subject to U.S Federal, state and local examinations by tax authorities for the past three years.

State income tax expense and Federal tax refund for the year ending March 31, 2018 was \$3,058 and \$ 93,051, respectively.

3. Related party Transactions

- a) During the year ended on March 31, 2018, the parent company has billed \$80,588 towards administrative expenses on the Company and \$62,117 towards software online license expenses.
- b) As on March 31, 2018 the Company has, following related party balances.

Party	Transaction	Amount in \$	Related Party
Goldstone Technologies Ltd.	Intercompany Receivable	1,697,269	Yes
Other	Other Receivable	140,000	Yes
TOTAL		1,837,269	

4. Credits and Business Concentration:

The Company's financial instruments that are exposed to concentration of credit risks consist primarily of cash and accounts receivable. The Company maintains

StayTop Systems, Inc.
Notes to the Financial Statements
March 31, 2018

its cash and bank accounts balances, which, at times, exceed federally, insured limits.

The Company has not experienced any losses in such accounts. The Company believes it is not exposed to significant credit risk on cash. Concentration of credit risks with respect to accounts receivable are limited because of the credit worthiness of the Company's major customers. Revenue from the Company's major two customers accounted for approximately 100% of the Company's net sales for the year ended March 31, 2018 and the accounts receivable from the same major two customers were 100% as of March 31, 2018.

5. Fair Value Measurements:

The Company measures its financial assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. exit price) in an orderly transaction between market participants at the measurement date. Additionally, the Group is required to provide disclosure and categorize assets and liabilities measured at fair value into one of three different levels depending on the assumptions (i.e. inputs) used in the valuation. Level 1 provides the most reliable measure of fair value while level 3 generally requires significant management judgment.

Financial assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. The fair value hierarchy is defined as follows:

Level 1 – Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Valuations are based on quoted prices for similar assets or liabilities in active markets, or quoted prices in markets that are not active for which significant inputs are observable, either directly or indirectly.

Level 3 – Valuations are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs reflect management's best estimate of what market participants would use in valuing the asset or liability at the measurement date.

The following table summarizes fair value measurements at March 31, 2018 for assets and liabilities measured at fair value on a recurring basis:

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Notes to the Financial Statements
March 31, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash & Cash equivalent	\$ 744,565	\$ -	\$ -	\$ 744,565

6. Commitments and Contingencies

The Company uses office space leased by Director on his personal name and is reimbursed for the same monthly.

Rent expense for the year ending March 31, 2018 was \$ 15,562.

7. New Accounting Pronouncements

i) On November 17, 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. It is intended to reduce diversity in the presentation of restricted cash and restricted cash equivalents in the statement of cash flows. The new standard requires that restricted cash and restricted cash equivalents be included as components of total cash and cash equivalents as presented on the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. ASU 2016-18 is effective for annual periods beginning after December 15, 2017 including interim periods within those fiscal years. Earlier adoption is permitted.

ii) In January 2017, the FASB issued Accounting Standards Update No. 2017-01, clarifying the Definition of a Business, which clarifies and provides a more robust framework to use in determining when a set of assets and activities is a business. The amendments in this update should be applied prospectively on or after the effective date. This update is effective for annual periods beginning after December 15, 2017, and interim periods within those periods. Early adoption is permitted for acquisition or deconsolidation transactions occurring before the issuance date or effective date and only when the transactions have not been reported in issued or made available for issuance

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financial statements. The Company does not expect the adoption to have any significant impact on its Financial Statements.

iii) In January 2017, the FASB issued ASU No. 2017-04, simplifying the Test for Goodwill Impairment. Under the new standard, goodwill impairment would be measured as the amount by which a reporting unit is carrying value exceeds its fair value, not to exceed the carrying value of goodwill. This ASU eliminates existing guidance that requires an entity to determine goodwill impairment by calculating the implied fair value of goodwill by hypothetically assigning the fair value of a reporting unit to all its assets and liabilities as if that reporting unit had been acquired in a business combination. This update is effective for annual periods beginning after December 15, 2019, and interim periods within those periods. Early adoption is permitted for interim or annual goodwill impairment test performed on testing dates after January 1, 2017.

8. SUBSEQUENT EVENTS:

The Company has evaluated other subsequent events through May 25, 2018, which the financial statements were available to be issued. No reportable subsequent events have occurred through May 25, 2018, which would have a significant effect on the financial statements as of March 31, 2018, except as otherwise disclosed.