

Edgar Filing: Business Outsourcing Service, Inc. - Form 10-Q

Business Outsourcing Service, Inc.
Form 10-Q
April 14, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended February 28, 2011

Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period to _____

Commission File Number: 333-158386

BUSINESS OUTSOURCING SERVICES, INC.
(Exact name of small business issuer as specified in its charter)

NEVADA
(State or other jurisdiction
of incorporation or organization)

98-0583166
(IRS Employer
Identification No.)

1001 SW 5th Avenue, Suite 1100, Portland, Oregon, 97204
(Address of principal executive offices)

(503) 206-0935
(Issuer's telephone number)

(Former name, former address and former fiscal year,
if changed since last report)

Check whether the issuer (1) filed all reports required to be filed 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 issuer 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

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 2,300,000 common shares as of April 13, 2011

Transitional Small Business Disclosure Format (check one): Yes No

TABLE OF CONTENTS

	Page

PART I - FINANCIAL INFORMATION	
Item 1. Financial Statements	3
Item 2. Management's Discussion and Analysis or Plan of Operation	12
Item 3. Quantitative and Qualitative Disclosures About Market Risk	16

Edgar Filing: Business Outsourcing Service, Inc. - Form 10-Q

Item 4. Controls and Procedures	16
---------------------------------	----

PART II - OTHER INFORMATION

Item 1. Legal Proceedings	18
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	18
Item 3. Defaults Upon Senior Securities	18
Item 4. Submission of Matters to a Vote of Security Holders	18
Item 5. Other Information	18
Item 6. Exhibits	18

2

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the SEC instructions to Form 10-Q. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the interim period ended February 28, 2011 are not necessarily indicative of the results that can be expected for the full year.

3

BUSINESS OUTSOURCING SERVICES, INC.
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEETS (unaudited)

	February 28, 2011	November 30 2010
	-----	-----
ASSETS		
Current assets		
Cash and cash equivalents	\$ 7,210	\$ 1,464
Prepaid expenses	--	153
	-----	-----
Total Current Assets	7,210	1,617
	-----	-----
Total Assets	\$ 7,210	\$ 1,617
	=====	=====
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Liabilities		
Current liabilities		
Accounts payable	\$ 6,467	\$ 6,838
Accrued professional fees	1,000	4,600
Due to related party	15,500	500
	-----	-----
Total Liabilities	22,967	11,938
	-----	-----
Stockholders' Deficit		
Common stock, par value \$0.001, 50,000,000 shares		

Edgar Filing: Business Outsourcing Service, Inc. - Form 10-Q

authorized, 2,300,000 shares issued and outstanding	2,300	2,300
Additional paid-in capital	52,700	52,700
Deficit accumulated during the development stage	(70,757)	(65,321)
	-----	-----
Total Stockholders' Deficit	(15,757)	(10,321)
	-----	-----
Total Liabilities and Stockholders' Deficit	\$ 7,210	\$ 1,617
	=====	=====

The accompanying notes are an integral part of these financial statements.

4

BUSINESS OUTSOURCING SERVICES, INC.
 (A DEVELOPMENT STAGE COMPANY)
 STATEMENTS OF OPERATIONS (unaudited)
 FOR THE THREE MONTHS ENDED FEBRUARY 28, 2011 AND 2010 AND
 FOR THE PERIOD FROM APRIL 29, 2008 (INCEPTION) TO FEBRUARY 28, 2011

	Three Months Ended February 28, 2011	Three En Febru 2
	-----	-----
REVENUES	\$ --	\$
OPERATING EXPENSES		
Accounting and legal	4,254	
Transfer agent and filing fees	975	
General & administrative expenses	207	
Write off website development costs	--	
Incorporation costs	--	
	-----	-----
TOTAL OPERATING EXPENSES	5,436	
	-----	-----
LOSS BEFORE PROVISION FOR INCOME TAXES	(5,436)	
PROVISION FOR INCOME TAXES	--	
	-----	-----
NET LOSS	\$ (5,436)	\$
	=====	=====
NET LOSS PER SHARE: BASIC AND DILUTED	\$ (0.00)	\$
	=====	=====
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: BASIS AND DILUTED	2,300,000	2,3
	=====	=====

The accompanying notes are an integral part of these financial statements.

5

Edgar Filing: Business Outsourcing Service, Inc. - Form 10-Q

BUSINESS OUTSOURCING SERVICES, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENT OF STOCKHOLDERS' DEFICIT (unaudited)
AS OF FEBRUARY 28, 2011

	Common Stock		Additional Paid in Capital	Deficit Accumulated During the Development Stage
	Shares	Amount		
Inception, April 29, 2008	--	\$ --	\$ --	\$ --
Shares issued to founder on June 5, 2008 @ \$0.0125 per share	1,600,000	1,600	18,400	--
Private placement on June 5, 2008 @ \$0.05 per share	700,000	700	34,300	--
Net loss for the year ended November 30, 2008	--	--	--	(3,500)
Balance, November 30, 2008	2,300,000	2,300	52,700	(3,500)
Net loss for the year ended November 30, 2009	--	--	--	(25,658)
Balance, November 30, 2009	2,300,000	2,300	52,700	(29,148)
Net loss for the year ended November 30, 2010	--	--	--	(36,173)
Balance, November 30, 2010	2,300,000	2,300	52,700	(65,321)
Net loss for the period ended February 28, 2011	--	--	--	(5,436)
Balance, February 28, 2011	2,300,000	\$ 2,300	\$ 52,700	\$ (70,757)

The accompanying notes are an integral part of these financial statements.

6

BUSINESS OUTSOURCING SERVICES, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CASH FLOWS (unaudited)
FOR THE THREE MONTHS ENDED FEBRUARY 28, 2011 AND 2010
FOR THE PERIOD FROM APRIL 29, 2008 (INCEPTION) TO FEBRUARY 28, 2011

	Three Months Ended February 28, 2011	Three End Februa 20
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (5,436)	\$ (2

Edgar Filing: Business Outsourcing Service, Inc. - Form 10-Q

ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Write-off of website development costs	--	
Changes in operating assets and liabilities:		
(Increase) decrease in prepaid expenses	153	(3)
Increase (decrease) in accounts payable	(371)	(1)
Increase (decrease) in accrued professional fees	(3,600)	
Increase in due to related party	15,000	
	-----	-----
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	5,746	(6)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Website development costs	--	(9)
	-----	-----
CASH FLOWS (USED IN) INVESTING ACTIVITIES	--	(9)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of common stock	--	
	-----	-----
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	--	
	-----	-----
NET INCREASE (DECREASE) IN CASH	5,746	(15)
CASH, BEGINNING OF PERIOD	1,464	55
	-----	-----
CASH, END OF PERIOD	\$ 7,210	\$ 39
	=====	=====
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	\$ --	\$
	=====	=====
Income taxes paid	\$ --	\$
	=====	=====

The accompanying notes are an integral part of these financial statements

7

BUSINESS OUTSOURCING SERVICES, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2011

NOTE 1 - NATURE OF OPERATIONS

Business Outsourcing Services, Inc. ("the Company"), incorporated in the state of Nevada on June 5, 2008, is engaged in providing online bookkeeping services to small and medium sized companies.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DEVELOPMENT STAGE COMPANY

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles related to development-stage companies. A development-stage company is one in which planned principal operations have not commenced or if its operations have commenced, and there has been no

Edgar Filing: Business Outsourcing Service, Inc. - Form 10-Q

significant revenues there from.

ACCOUNTING BASIS

The accompanying unaudited interim financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's annual report filed with the SEC on Form 10-K. In the opinion of management, all adjustments necessary in order to make the financial statements not misleading have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements as of and for the periods ended November 30, 2010 as reported in Form 10-K, have been omitted.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with maturities of three months or less to be cash equivalents. At February 28, 2011 and November 30, 2010, respectively, the Company had \$7,210 and \$1,464 of unrestricted cash to be used for future business operations.

The Company's bank accounts are deposited in insured institutions. The funds are insured up to \$250,000. At times, the Company's bank deposits may exceed the insured amount. Management believes it has little risk related to the excess deposits.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, prepaid expenses, accounts payable, accrued professional fees, and an amount due to a related party. The carrying amount of these financial instruments approximates fair value due to either length of maturity or interest rates that approximate prevailing market rates unless otherwise disclosed in these financial statements.

CONCENTRATIONS OF CREDIT RISK

The Company maintains its cash in bank deposit accounts, the balances of which at times may exceed federally insured limits. The Company continually monitors its banking relationships and consequently has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

8

BUSINESS OUTSOURCING SERVICES, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

The Company is in the exploration stage and has yet to realize revenues from operations. Once the Company has commenced operations, it will recognize revenues when delivery of goods or completion of services has occurred provided there is persuasive evidence of an agreement, acceptance has been approved by its customers, the fee is fixed or determinable based on the completion of stated terms and conditions, and collection of any related receivable is probable.

STOCK-BASED COMPENSATION

The Company accounts for employee stock-based compensation in accordance with

Edgar Filing: Business Outsourcing Service, Inc. - Form 10-Q

the guidance of FASB ASC Topic 718, COMPENSATION - STOCK COMPENSATION which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. There has been no stock-based compensation issued to employees.

The Company follows ASC Topic 505-50, formerly EITF 96-18, "ACCOUNTING FOR EQUITY INSTRUMENTS THAT ARE ISSUED TO OTHER THAN EMPLOYEES FOR ACQUIRING, OR IN CONJUNCTION WITH SELLING GOODS AND SERVICES," for stock options and warrants issued to consultants and other non-employees. In accordance with ASC Topic 505-50, these stock options and warrants issued as compensation for services provided to the Company are accounted for based upon the fair value of the services provided or the estimated fair market value of the option or warrant, whichever can be more clearly determined. The fair value of the equity instrument is charged directly to compensation expense and additional paid-in capital over the period during which services are rendered. There has been no stock-based compensation issued to non-employees.

INCOME TAXES

Income taxes are computed using the asset and liability method. Under the asset and liability method, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are measured using the currently enacted tax rates and laws. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized. It is the Company's policy to classify interest and penalties on income taxes as interest expense or penalties expense. As of February 28, 2011, there have been no interest or penalties incurred on income taxes.

USE 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 and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9

BUSINESS OUTSOURCING SERVICES, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIC INCOME (LOSS) PER SHARE

Basic income (loss) per share is calculated by dividing the Company's net loss applicable to common shareholders by the weighted average number of common shares during the period. Diluted earnings per share is calculated by dividing the Company's net income available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity. There were no such common stock equivalents outstanding as of February 28, 2011.

DIVIDENDS

The Company has not adopted any policy regarding payment of dividends. No dividends have been paid during the periods shown.

RECENT ACCOUNTING PRONOUNCEMENTS

Business Outsourcing does not expect the adoption of recently issued accounting

Edgar Filing: Business Outsourcing Service, Inc. - Form 10-Q

pronouncements to have a significant impact on the Company's results of operations, financial position or cash flows.

NOTE 3 - DUE TO RELATED PARTY

The amount due to a related party is owed to a stockholder, is unsecured, non-interest bearing and has no specific terms of repayment.

NOTE 4 - STOCKHOLDERS' EQUITY

The Company has 50,000,000 common shares authorized at a par value of \$0.001 per share.

During the period ended November 30, 2008, the company issued 2,300,000 common shares for total proceeds of \$55,000.

As of February 28, 2011, the Company has no warrants or options outstanding.

NOTE 5 - INCOME TAXES

For the periods ended February 28, 2011 and 2010, the Company has incurred net losses and, therefore, has no tax liability. The net deferred tax asset generated by the loss carry-forward has been fully reserved. The cumulative net operating loss carry-forward is \$70,757 at February 28, 2011, and will begin to expire in the year 2028.

The provision for Federal income tax consists of the following:

	February 28, 2011	February 28, 2010
	-----	-----
Federal income tax attributable to:		
Current operations	\$ 1,848	\$ 944
Less: valuation allowance	(1,848)	(944)
	-----	-----
Net provision for Federal income taxes	\$ --	\$ --
	=====	=====

10

BUSINESS OUTSOURCING SERVICES, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2011

NOTE 5 - INCOME TAXES (CONTINUED)

The cumulative tax effect at the expected rate of 34% of significant items comprising our net deferred tax amount is as follows:

	February 28, 2011	November 30, 2010
	-----	-----
Deferred tax asset attributable to:		
Net operating loss carryover	\$ 24,057	\$ 22,210
Less: valuation allowance	(24,057)	(22,210)
	-----	-----
Net deferred tax asset	\$ --	\$ --
	=====	=====

Edgar Filing: Business Outsourcing Service, Inc. - Form 10-Q

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards of \$70,757 for federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur net operating loss carry forwards may be limited as to use in future years.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

The officers and directors of the Company are involved in other business activities and may, in the future, become involved in other business opportunities that become available. They may face a conflict in selecting between the Company and other business interests. The Company has not formulated a policy for the resolution of such conflicts.

NOTE 7 - GOING CONCERN

The accompanying financial statements have been prepared assuming that the company will continue as a going concern. The Company has no established source of revenue. This raises substantial doubt about the Company's ability to continue as a going concern. Without realization of additional capital, it would be unlikely for the Company to continue as a going concern. The financial statements do not include any adjustments that might result from this uncertainty.

The Company's activities to date have been supported by equity financing. It has sustained losses in all previous reporting periods with an inception to date loss of \$70,757 as of February 28, 2011. Management continues to seek funding from its shareholders and other qualified investors to pursue its business plan.

NOTE 8 - SUBSEQUENT EVENTS

Management has analyzed its operations through the date on which the financial statements were issued, April 8, 2011, and has determined it does not have any material subsequent events to disclose.

11

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

FORWARD-LOOKING STATEMENTS

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words "believes," "project," "expects," "anticipates," "estimates," "intends," "strategy," "plan," "may," "will," "would," "will be," "will continue," "will likely result," and similar expressions. We intend such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and are including this statement for purposes of complying with those safe-harbor provisions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on our operations and future prospects on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting

Edgar Filing: Business Outsourcing Service, Inc. - Form 10-Q

principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Further information concerning our business, including additional factors that could materially affect our financial results, is included herein and in our other filings with the SEC.

OVERVIEW

We were incorporated in the state of Nevada on June 5, 2008 and are engaged in providing online accounting and bookkeeping services to small and medium sized companies who seek to save money by outsourcing these services. Our offices are currently located at 1001 SW 5th Avenue, Suite 1100, Portland, Oregon, 97204. Our telephone number is (503) 206-0935.

We are a development stage company that has not generated any revenue and has had limited operations to date. From June 5, 2008 (inception) to February 28, 2011, we have incurred accumulated net losses of \$70,757. As of February 28, 2011, we had total assets of \$7,210 and total liabilities of \$22,967. Based on our financial history since inception, our independent auditor has expressed doubt as to our ability to continue as a going concern.

We plan to use a secure web site for our services and to facilitate the exchange of information between our clients and ourselves.

Prospective clients who visit our web will find comprehensive information regarding the services we offer. If they so choose, prospective clients may also register for our services through the same website. Our products and services will be delivered and/or rendered through a "Client Portal" on our web site.

Upon registration, we will offer each client a one-hour telephone "Needs Analysis" to start each client engagement. The Needs Analysis will be conducted at a pre-arranged time and date before we commence any work for the client. The Needs Analysis will enable us to assess which services best suit the individual needs of each client. This will also enable us to provide each client with a more accurate quote for the services rendered for first three months of engagement. The initial three month period is further intended to allow us to develop a foundation for ongoing discussions with the client about what they can expect from us and the services that we are able to provide.

12

PLAN OF OPERATION

Below is a summary of the various phases of our plan for the next twelve (12) months in order to execute our business plan. We must complete all the items listed below in order for us to generate revenues.

SECOND FISCAL QUARTER 2012 - During this time, we intend to conclude discussions with a development contractor for the establishment and creation of our website, design the specifications of our system and procure a web hosting company. We expect that this process will take roughly one month. We also intend to proceed with acquiring office space, obtain telephone and internet service. At the end of the second quarter of 2012, we intend to complete the "information only" version of our website in order to build interest in the company during the development phase and encourage web site visitors to return at a later date.

THIRD FISCAL QUARTER 2012 - During this period, we intend to continue with our web site development work, including the "Client Portal" and the "Administrative Module." To further strengthen our future marketing campaign, we intend to study our Google Adwords marketing program in order to determine whether it is

Edgar Filing: Business Outsourcing Service, Inc. - Form 10-Q

necessary for the Company to consider alternate marketing programs. We also anticipate developing an orientation program for our staff members during the third quarter of 2012. Lastly, we anticipate that we will complete the development of our software during this period.

FOURTH FISCAL QUARTER OF 2012 - During the first quarter of 2010, the Company will continue the development and testing of all aspects of our website and complete the orientation and training program of our staff. We also anticipate using this period to review and modify, if found to be necessary, the benchmarks set during the last two (2) quarters of 2012 and make any adjustments thereto in anticipation of our launch in the fourth quarter of 2012.

FIRST FISCAL QUARTER OF 2013 - We anticipate completing all development work on our website during the second quarter of 2010. We also intend to initial the beta testing of our Client Portal with potential clients, as well as test the Administrative Portal with our contractors. We will make any modifications to our Client Portals and Administrative Portals based on the outcome of our beta testing and we anticipate that any such modifications will be completed during this period. During this time, we also intend to begin hiring the necessary staff for our operations, as well as launching an aggressive marketing campaign for our product. Lastly, we anticipate launching our website towards the end of the first quarter of 2013.

The company's plan relies on being able to obtain sufficient financing either through debt or the issuance of common shares. To date, the Company has raised \$55,000 which has been insufficient to further its business plan.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED FEBRUARY 28, 2011 AND 2010, AND THE PERIOD FROM INCEPTION (JUNE 5, 2008) TO FEBRUARY 28, 2011

We did not earn any revenues from inception through the period ending February 28, 2011.

We incurred net operating expenses in the amount of \$5,436 for the three months ended February 28, 2011 compared with \$2,779 for the three months ended February 28, 2010. Our operating expenses incurred for the three months ended February 28, 2011 included \$4,254 for accounting and legal fees, \$975 in transfer agent fees and \$207 in miscellaneous expenses compared with \$1,750, \$429 and \$600 for the respective expenses for the respective periods ended February 28, 2010.

We incurred net operating expenses of \$70,757 for the period from our inception on June 5, 2008 to February 28, 2011. Our operating expenses incurred for the period from our inception on June 5, 2008 to February 28, 2011 included \$43,224 for accounting and legal fees, \$7,753 in transfer agent and filing fees, \$4,280 in miscellaneous fees and \$500 in incorporation costs. In addition, we have recorded a \$15,000 write off of website development costs.

13

We anticipate our operating expenses will increase as we undertake our plan of operations. The increase will be attributable to undertaking operations and the professional fees that we will incur in connection with becoming a reporting company under the Securities Exchange Act of 1934.

LIQUIDITY AND CAPITAL RESOURCES

As of February 28, 2011, we had current assets in the amount of \$7,210, consisting of cash and prepaid expenses. Our current liabilities as of February 28, 2011 were \$22,967. Thus our working capital deficiency on February 28, 2011 was \$15,757.

Our cash from operating activities was \$5,746 and used in operating activities

Edgar Filing: Business Outsourcing Service, Inc. - Form 10-Q

was \$6,206 for the three months ended February 28, 2011 and 2010. Our cash used in operating activities was \$32,790 for the period from inception on June 5, 2008 to February 28, 2011.

Our cash used in investing activities was \$Nil and \$9,000 for the three months ended February 28, 2011 and 2010. Our cash used in investing activities was \$15,000 for the period from inception on June 5, 2008 to February 28, 2011.

Our cash provided by financing activities was \$Nil and \$Nil for the three months ended February 28, 2011 and 2010. Our cash provided by operating activities was \$55,000 for the period from inception on June 5, 2008 to February 28, 2011.

We have not attained profitable operations and are dependent upon obtaining financing to pursue our business plan over the next twelve months. If we do not generate revenue sufficient to sustain operations, we may not be able to continue as a going concern.

OFF BALANCE SHEET ARRANGEMENTS

As of February 28, 2011, there were no off balance sheet arrangements.

GOING CONCERN

The accompanying financial statements have been prepared assuming that the company will continue as a going concern. As discussed in the notes to the financial statements, we have no established source of revenue. Our auditors have expressed substantial doubt about our ability to continue as a going concern. Without realization of additional capital, it would be unlikely for us to continue as a going concern. The financial statements do not include any adjustments that might result from this uncertainty.

Our activities to date have been supported by equity financing. We have sustained losses in all previous reporting periods with an inception to date loss of \$70,757 as of February 28, 2011. Management continues to seek funding from its shareholders and other qualified investors to pursue our business plan. In the alternative, we may be amenable to a sale, merger or other acquisition in the event such transaction is deemed by management to be in the best interests of the shareholders.

CRITICAL ACCOUNTING POLICIES

In December 2001, the SEC requested that all registrants list their most "critical accounting polices" in the Management Discussion and Analysis. The SEC indicated that a "critical accounting policy" is one which is both important to the portrayal of a company's financial condition and results, and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. We believe that the following accounting policies fit this definition.

14

BASIS OF PRESENTATION

The accompanying unaudited interim financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's annual report filed with the SEC on Form 10-K. In the opinion of management, all adjustments necessary in order to make the financial statements not misleading have been reflected herein. The results of operations for interim

Edgar Filing: Business Outsourcing Service, Inc. - Form 10-Q

periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements as of and for the periods ended November 30, 2009 as reported in Form 10-K, have been omitted.

ACCOUNTING BASIS

These financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

FINANCIAL INSTRUMENT

The Company's financial instrument consists of amount due to stockholder. The amount due to stockholder is non interest-bearing. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its other financial instruments and that their fair values approximate their carrying values except where separately disclosed. See Note 3 below.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles of the United States requires management to make estimates and assumptions that affect the reported amounts of assets and 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 year. The more significant areas requiring the use of estimates include asset impairment, stock-based compensation, and future income tax amounts. Management bases its estimates on historical experience and on other assumptions considered to be reasonable under the circumstances. However, actual results may differ from the estimates.

LOSS PER SHARE

Net income (loss) per common share is computed based on the weighted average number of common shares outstanding and common stock equivalents, if not anti-dilutive. The Company has not issued any potentially dilutive common shares.

Basic loss per share is calculated using the weighted average number of common shares outstanding and the treasury stock method is used to calculate diluted earnings per share. For the years presented, this calculation proved to be anti-dilutive.

DIVIDENDS

The Company has not adopted any policy regarding payment of dividends. No dividends have been paid during the period shown.

15

INCOME TAXES

The Company provides for income taxes under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." (ASC 740-10). SFAS No. 109 (ASC 740-10) requires the use of an asset and liability approach in accounting for income taxes.

SFAS No. 109 (ASC 740-10) requires the reduction of deferred tax assets by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be

Edgar Filing: Business Outsourcing Service, Inc. - Form 10-Q

realized. No provision for income taxes is included in the statement due to its immaterial amount, net of the allowance account, based on the likelihood of the Company to utilize the loss carry-forward.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The adoption of recently issued accounting pronouncements is not expected to have a material effect on our current financial position, results or operations, or cash flows.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

None.

ITEM 4. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES.

Our management, under the supervision and with the participation of our Principal Executive Officer ("PEO") and Principal Financial Officer ("PFO"), has evaluated the effectiveness of our disclosure controls and procedures ("Disclosure Controls") as defined in Rules 13a-15 or 15d-15(f), promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this Quarterly Report (the "Evaluation Date"). Based on such evaluation, our PEO and PFO has concluded that as of the Evaluation Date, our Disclosure Controls were not effective to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC, and that material information relating to the Company is made known to management, including the PEO and PFO, during the period when our periodic reports are being prepared to allow timely decisions regarding required disclosure. Further, our PEO and PFO has concluded that such ineffectiveness is a direct result of the weaknesses in the Company's Internal Controls over Financial Reporting, as more fully discussed below.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

- * Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- * Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

Edgar Filing: Business Outsourcing Service, Inc. - Form 10-Q

- * Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

As of August 31, 2010 management assessed the effectiveness of our internal control over financial reporting based on the criteria for effective internal control over financial reporting established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and SEC guidance on conducting such assessments. Based on that evaluation, they concluded that, during the period covered by this report, such internal controls and procedures were not effective to detect the inappropriate application of US GAAP rules as more fully described below. This was due to deficiencies that existed in the design or operation of our internal controls over financial reporting that adversely affected our internal controls and that may be considered to be material weaknesses.

The matters involving internal controls and procedures that our management considered to be material weaknesses under the standards of the Public Company Accounting Oversight Board were: (1) lack of a functioning audit committee due to a lack of a majority of independent members and a lack of a majority of outside directors on our board of directors, resulting in ineffective oversight in the establishment and monitoring of required internal controls and procedures; (2) inadequate segregation of duties consistent with control objectives; and (3) ineffective controls over period end financial disclosure and reporting processes. The aforementioned material weaknesses were identified by our Chief Executive Officer in connection with the review of our financial statements as of February 28, 2011.

Management believes that the material weaknesses set forth in items (2) and (3) above did not have an effect on our financial results. However, management believes that the lack of a functioning audit committee and the lack of a majority of outside directors on our board of directors results in ineffective oversight in the establishment and monitoring of required internal controls and procedures, which could result in a material misstatement in our financial statements in future periods.

MANAGEMENT'S REMEDIATION INITIATIVES

In an effort to remediate the identified material weaknesses and other deficiencies and enhance our internal controls, we have initiated, or plan to initiate, the following series of measures:

We will create a position to segregate duties consistent with control objectives and will increase our personnel resources and technical accounting expertise within the accounting function when funds are available to us. And, we plan to appoint one or more outside directors to our board of directors who shall be appointed to an audit committee resulting in a fully functioning audit committee who will undertake the oversight in the establishment and monitoring of required

Edgar Filing: Business Outsourcing Service, Inc. - Form 10-Q

internal controls and procedures such as reviewing and approving estimates and assumptions made by management when funds are available to us.

Management believes that the appointment of one or more outside directors, who shall be appointed to a fully functioning audit committee, will remedy the lack of a functioning audit committee and a lack of a majority of outside directors on our Board.

17

We anticipate that these initiatives will be at least partially, if not fully, implemented by February 2012. Additionally, we plan to test our updated controls and remediate our deficiencies by February 2012.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There was no change in our internal controls over financial reporting that occurred during the period covered by this report, which has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not a party to any pending legal proceeding. We are not aware of any pending legal proceeding to which any of our officers, directors, or any beneficial holders of 5% or more of our voting securities are adverse to us or have a material interest adverse to us.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters have been submitted to our security holders for a vote, through the solicitation of proxies or otherwise, during the quarterly period ended February 28, 2011.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

Exhibit
Number

Description of Exhibit

-----	-----
31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer and Chief Financial Officer

Edgar Filing: Business Outsourcing Service, Inc. - Form 10-Q

pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

18

SIGNATURES

In accordance with the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Business Outsourcing Services, Inc.

Date: April 14, 2011

By: /s/ Gilbert Cuison

Gilbert Cuison

Title: President, Secretary Director

19