

Edgar Filing: WORLD TRANSPORT AUTHORITY INC - Form 10QSB

WORLD TRANSPORT AUTHORITY INC

Form 10QSB

November 19, 2003

CONFORMED SUBMISSION TYPE: 10QSB

PUBLIC DOCUMENT COUNT: 1

CONFORMED PERIOD OF REPORT: 20030930

FILED AS OF DATE: 20031114

FILER:

COMPANY DATA:

COMPANY CONFORMED NAME: WORLD TRANSPORT AUTHORITY, INC.

CENTRAL INDEX KEY: 0001028130

STANDARD INDUSTRIAL CLASSIFICATION: MOTOR VEHICLES & PASSENGER CAR BODIES [3711]

IRS NUMBER: 931202663

FISCAL YEAR END: 630

FILING VALUES:

FORM TYPE: 10QSB

SEC ACT:

SEC FILE NUMBER: 000-23693

FILM NUMBER: 99627765

BUSINESS ADDRESS:

STREET 1: 140 West Park Avenue

CITY: El Cajon

STATE: CA

ZIP: 92020

BUSINESS PHONE: 6195932440

MAIL ADDRESS:

STREET 1: 140 West Park Avenue

CITY: El Cajon

STATE: CA

ZIP: 92020

Edgar Filing: WORLD TRANSPORT AUTHORITY INC - Form 10QSB

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

FORM 10-QSB
Quarterly Report under Section 13 or 15 (d) of
Securities Exchange Act of 1934

For Quarter ended September 30, 2003
Commission File Number 0-23693

WORLD TRANSPORT AUTHORITY, INC.

(Exact name of registrant as specified in its charter)

Alberta, BC
(State of Incorporation)

93-1202663
(I.R.S. Employer Identification No.)

140 West Park Avenue, Suite 219
El Cajon, California 92020

(Address of Principal Executive Offices)

(619) 593-2440

Fax: (619) 593-2444

(Registrant's telephone and fax number, including area code)

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 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 the number of shares outstanding of each of the issuer's classes of common stock at the latest practicable date.

As of September 30, 2003, the registrant had 84,728,749 shares of common stock, no stated par value, issued and outstanding.

Edgar Filing: WORLD TRANSPORT AUTHORITY INC - Form 10QSB

1

INDEX	PAGE NO.
PART I FINANCIAL INFORMATION	
ITEM 1. FINANCIAL STATEMENTS	2
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	5
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	7
ITEM 3. CONTROLS AND PROCEDURES	8
PART II OTHER INFORMATION	
ITEM 1. LEGAL PROCEEDINGS	8
ITEM 2-5. NOT APPLICABLE	8
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K	8
CERTIFICATIONS	9

PART I FINANCIAL INFORMATION
 ITEM 1. Financial Statements
 WORLD TRANSPORT AUTHORITY, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEET
 SEPTEMBER 30, 2003
 (UNAUDITED)
 ASSETS

Current Assets:	
Cash	\$ 27,200
Prepaid expenses and other current assets	200

Total Current Assets	27,400

Other Assets	544

TOTAL ASSETS	\$ 27,944
	=====

LIABILITIES AND STOCKHOLDERS' DEFICIENCY	
Current Liabilities:	
Accounts payable	\$ 360,649
Accrued expenses	49,574
Due to officers/directors	14,198
Due to stockholder	84,122
Obligations under settlement agreements	421,054

Total Current Liabilities	929,597
Deferred license fees	237,000

TOTAL LIABILITIES	1,166,597

Commitments and Contingencies

-

Edgar Filing: WORLD TRANSPORT AUTHORITY INC - Form 10QSB

Stockholders? Deficiency:

Common stock - unlimited shares authorized, no par value; 84,728,749 shares issued and outstanding	13,025,504
Accumulated deficit	(14,164,157)

Total stockholders? deficiency	(1,138,653)

TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	\$ 27,944
	=====

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2

WORLD TRANSPORT AUTHORITY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended September 30,	
	2003	2002
	-----	-----
Revenue:		
Freight revenue	\$ 0	\$ 0
Royalties	0	0
	-----	-----
	0	0
Cost of revenue	0	0
Gross profit	0	0
	-----	-----
Operating expenses:		
Selling and general	39,973	157,842
Depreciation and amortization	0	49,017
	-----	-----
Total	39,973	206,859
Loss from operations	(39,973)	(206,859)
Other income	2	5,253
Interest expense	5,295	12,514
	-----	-----
Net loss	\$ (45,266)	\$ (214,120)
	=====	=====

Edgar Filing: WORLD TRANSPORT AUTHORITY INC - Form 10QSB

Basic net loss per share	\$ (0.00)	\$ (0.00)
	=====	=====
Basic weighted average shares outstanding	82,000,000	73,000,000
	=====	=====

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3

WORLD TRANSPORT AUTHORITY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three months ended September 30,	
	2003	2002
	-----	-----
Operating activities:		
Net loss	\$ (45,266)	\$ (214,120)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for doubtful accounts	-	5,000
Depreciation and amortization	-	49,017
Common stock issued for services, bonuses, compensation and charitable contribution	-	27,500
Changes in operating assets and liabilities:		
Accounts receivable		(5,250)
Prepaid expenses and other current assets	-	(533)
Other assets	-	(230)
Accounts payable	25,966	8,247
Accrued expenses	(1,656)	2,398
Deferred license fees	-	-
Obligations under settlement agreements	3,750	82,760
	-----	-----
Net cash used in operating activities	(17,206)	(45,211)
	-----	-----
Financing activities:		
Advances from related party	(310)	2,000
Due to officers/directors	43,853	-
Proceeds from sale of common stock	-	42,780
	-----	-----
Net cash provided by financing activities	43,543	44,780
	-----	-----
Net increase (decrease) in cash	26,337	(431)
Cash, beginning of period	863	1,122

Edgar Filing: WORLD TRANSPORT AUTHORITY INC - Form 10QSB

Cash, end of period	----- \$ 27,200 =====	----- \$ 691 =====
---------------------	-----------------------------	--------------------------

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Interim Reporting

In the opinion of management, the accompanying condensed consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position of World Transport Authority, Inc. and its subsidiaries (the "Company") as of September 30, 2003 and their results of operations and cash flows for the three months ended September 30, 2003 and 2002.

Pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"), certain information and 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 from these financial statements, unless significant changes have taken place since the end of the most recent fiscal year. Accordingly, these unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements of the Company as of June 30, 2003, and for the years ended June 30, 2003 and 2002 included in the Company's Annual Report on Form 10-KSB for the year ended June 30, 2003, that was previously filed with the SEC.

Results for the three months ended September 30, 2003 are not necessarily indicative of the results to be obtained for the full year.

2. Basis of Presentation

As shown in the accompanying financial statements, the Company had a net loss of \$45,266 and net cash used in operating activities of \$17,206 for the three months ended September 30, 2003. In addition, the Company has a working capital deficit of \$902,197 as of September 30, 2003 and is heavily reliant on proceeds from loans and sale of stock from/to officers and directors for its working capital needs. Management cannot determine whether the Company will become profitable, and whether operating activities will begin to generate cash. If operating activities continue to use substantial amounts of cash, the Company will need additional financing. These matters raise substantial doubt about the ability of the Company to continue as a going concern.

Historically, the Company has funded its operations through sales of common stock to private investors and borrowings from a stockholder and

Edgar Filing: WORLD TRANSPORT AUTHORITY INC - Form 10QSB

directors. Management plans to obtain the funds needed to enable the Company to continue as a going concern through the private sales of common stock and sales of master licenses and manufacturing and distribution licenses. However, management cannot provide any assurance that the Company will be successful in consummating any private sales of common stock or generating sufficient license fee payments from master and manufacturing and distribution licenses.

The accompanying condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates continuity of operations, realization of assets and satisfaction of liabilities in the ordinary course of business. If the Company is unable to raise additional capital or generate sales of licenses, it may be required to liquidate assets or take actions, which may not be favorable to the

5

Company, in order to continue operations. The accompanying condensed consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue its operations as a going concern.

3. MASTER LICENSE AND MANUFACTURING AND DISTRIBUTION LICENSES

There were no new Master License Agreements (?MLA?) or Manufacturing and Distribution Agreements (?MDA?) signed during the three months ended September 30, 2003.

No other activity has taken place for any of the other MLH?s during the quarter ended September 30, 2003.

4. Related party transactions:

The Company has an outstanding stockholder?s loan of \$84,122 on September 30, 2003, which is unsecured, non-interest bearing and due on demand. The Company approved the issuance of 2,762,916 shares of common stock to retire \$33,155 of the outstanding debt to directors at \$.012 per share. The Company has outstanding loans with the directors of the Company of \$14,198 as of September 30, 2003.

Subsequent to period ended September 30, 2003 the directors of the Company loaned an additional \$10,399. The Company approved the issuance of 519,965 common shares of stock at a price of \$.02 per share to retire this debt. The Company will recognize an interest expense of \$5,200 for the beneficial conversion feature related to these loans during the second quarter.

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

Financial condition and liquidity:

As shown in the financial statements, the Company incurred a net loss of \$45,266 and used net cash for operating activities of \$17,206 for the three months ended September 30, 2003. In addition, the Company has a working capital deficit of \$902,197 as of September 30, 2003 and is heavily reliant on proceeds from loans and sale of stock from/to officers and directors for its working capital needs. Management cannot determine when the Company will become profitable, if ever, and when operating activities will begin to

Edgar Filing: WORLD TRANSPORT AUTHORITY INC - Form 10QSB

generate cash, if ever. If operating activities continue to use substantial amounts of cash, the Company will need additional financing. These matters raise substantial doubt about the ability of the Company to continue as a going concern.

Historically, the Company has funded its operations through sales of common stock to private investors and borrowings from a stockholder. Management plans to obtain the funds needed to enable the Company to continue as a going concern through the private sales of common stock and sales of

6

master licenses and manufacturing and distribution licenses. However, management cannot provide any assurance that the Company will be successful in consummating any private sales of common stock or generating sufficient license fee payments for master and manufacturing and distribution licenses.

The consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates continuity of operations, realization of assets and satisfaction of liabilities in the ordinary course of business. If the Company is unable to raise additional capital or generate sales of licenses it may be required to liquidate assets or take actions, which may not be favorable to the Company, in order to continue operations. The accompanying consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue its operations as a going concern.

As of September 30, 2003, the Company had \$27,200 cash on hand and in the bank, all of which was subsequently used for costs related to its annual audit.

The primary sources of cash and financing for the Company for the three months then ended were \$43,853 loaned from directors of the Company. The primary uses of cash during the same period were \$17,206 for the Company's operations. The Company currently maintains a positive cash balance through sales of common stock and loans from directors of the Company.

Results of operations:

The Company did not generate revenue during the three months ended September 30, 2003, or during the three months ended September 30, 2002. There have been no new license agreements signed during the period, and therefore no license sales have been recorded.

The Company sustained a net loss of \$45,266 for the three months ended September 30, 2003 compared to net loss of \$214,120 for the three months ended September 30, 2002. A decrease of 79% in net loss was primarily due to the effort on the part of management to continue to downsize and streamline the operations of the Company until cash flow increases. Expenses that have been decreased as compared to the same three month period last year include: payroll, depreciation, consulting, interest, travel and settlement expenses.

ITEM 3. CONTROLS AND PROCEDURES

Within 90 days prior to the date of this quarterly report for the period ended September 30, 2003, the Company carried out an evaluation of the design and effectiveness of the Company's disclosure controls and procedures, pursuant to Rule 13 a-14 of the Securities Exchange Act of 1934. This evaluation took place under the supervision and with the participation of the

Edgar Filing: WORLD TRANSPORT AUTHORITY INC - Form 10QSB

company's management, including the Chief Executive Officer and President of the Company. Based on these evaluations the principal executive officers concluded that the company's disclosure controls and procedures are effective in timely alerting them to material information relating to the company, including the consolidated subsidiaries, required to be included in the company's periodic SEC filings. There were no significant changes in internal

7

controls or other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

During the period ended September 30, 2003, there were no changes to the legal settlement issues as stated in the annual report for period ended June 30, 2003.

ITEM 2-5. Not applicable

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

- a. No reports on Form 8-K were filed during the fiscal quarter ended September 30, 2003.

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.

WORLD TRANSPORT AUTHORITY, INC.

Date: November 19, 2003

/s/ LYLE WARDROP

Lyle Wardrop
President, Director

CERTIFICATION

I, Lyle Wardrop, the Chief Accounting Officer of World Transport Authority, Inc. certify that:

1. I have reviewed this quarter-end report on Form 10-QSB of World Transport Authority, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Edgar Filing: WORLD TRANSPORT AUTHORITY INC - Form 10QSB

- (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the

9

audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

- (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
- (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Dated: November 19, 2003

/s/Lyle Wardrop

Lyle Wardrop
President
Chief Accounting Officer

CERTIFICATION

I, William Kennedy, the Chief Executive Officer of World Transport Authority, Inc. certify that:

- 1. I have reviewed this quarter-end report on Form 10-QSB of World Transport Authority, Inc.
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements, and other financial

Edgar Filing: WORLD TRANSPORT AUTHORITY INC - Form 10QSB

information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

10

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

(c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Edgar Filing: WORLD TRANSPORT AUTHORITY INC - Form 10QSB

Dated: November 19, 2003

/s/William Kennedy

William Kennedy
Chief Executive Officer

11

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Lyle Wardrop, the Chief Accounting Officer of World Transport Authority, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

- (1) the Quarterly Report on Form 10-QSB of the Company for the quarter ended September 30, 2003 (the "Report") fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 19, 2003

/s/Lyle Wardrop

Name: Lyle Wardrop
Title: Chief Accounting Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, William Kennedy, the Chief Executive Officer of World Transport Authority, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

- (1) the Quarterly Report on Form 10-KSB of the Company for the year ended September 30, 2003 (the "Report") fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange

Edgar Filing: WORLD TRANSPORT AUTHORITY INC - Form 10QSB

Act of 1934 (15 U.S.C. 78m or 78o(d)); and

- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 19, 2003

/s/William Kennedy

Name: William Kennedy
Title: Chief Executive Officer