

AVT NATURAL NORTH AMERICA, INC.

Financial Statements
and Supplemental Schedule

For the year ended March 31, 2021

*With
Independent Auditors' Report and Accompanying Notes*

Prepared by:

Chugh CPAs, LLP

1600 Duane Ave, Santa Clara,
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
of AVT Natural North America, Inc
Santa Clara, CA

We have audited the accompanying financial statements of AVT Natural North America, Inc. (a Delaware Corporation), which comprise the balance sheet as of March 31, 2021 and the related statement of operations, changes in stockholders' equity, cash flows for the year then ended, and the related notes to the 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.

Auditors' 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 misstatement.

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 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 balance sheet of AVT Natural North America, Inc. as of March 31, 2021 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.

Chugh CPAs LLP

Chugh CPAs LLP

Santa Clara, CA

June 1, 2021

AVT NATURAL NORTH AMERICA, INC.
BALANCE SHEET
AS OF MARCH 31, 2021

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ASSETS

CURRENT ASSETS

Cash	\$	32,300
Accounts Receivable, Net of allowances (note 4)		127,210
Other receivables (note 4)		32,696
Prepaid Expenses		3,915
TOTAL CURRENT ASSETS		<u>196,122</u>

TOTAL ASSETS	\$	<u><u>196,122</u></u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$	102,644
Accrued Expenses		9,543
Provision for Taxes		5,129
TOTAL CURRENT LIABILITIES		<u>117,316</u>

STOCKHOLDERS' EQUITY

Common Stock: Authorised 10,000 shares no par value		
Issued and Outstanding: 6,000 shares		60,000
Retained Earnings		18,806
TOTAL STOCKHOLDERS' EQUITY		<u>78,806</u>

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$	<u><u>196,122</u></u>
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AVT NATURAL NORTH AMERICA, INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2021

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REVENUE	
Sales & Service Revenue, net	\$ 188,955
Cost of goods sold	150,123
GROSS PROFIT	<u>38,832</u>
Selling, General & Administrative Expenses (Schedule A)	15,000
PROFIT BEFORE INCOME TAX	<u>23,832</u>
Income Tax Expense	<u>5,026</u>
NET PROFIT	<u><u>\$ 18,806</u></u>

AVT NATURAL NORTH AMERICA, INC.
 STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
 FOR THE YEAR ENDED MARCH 31, 2021



	<u>Common Stock</u>		<u>Additional Paid</u>	<u>Retained</u>	<u>Total</u>
	<u># of Shares</u>	<u>Amount</u>	<u>in Capital</u>	<u>Earnings</u>	<u>Stockholders'</u>
					<u>Equity</u>
Balance, March 31, 2020	-	\$ -		\$ -	\$ -
Stock Issued During The Year	6,000	60,000		-	60,000
Net Income				18,806	18,806
Balance, March 31, 2021	6,000	\$ 60,000	-	\$ 18,806	\$ 78,806

AVT NATURAL NORTH AMERICA, INC.
STATEMENT OF CASH FLOWS
AS OF MARCH 31, 2021

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CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$	18,806
Provided by Operating Activities:		
(Increase) decrease in operating Assets:		
Accounts Receivable, Net		(127,210)
Other Receivables		(32,697)
Prepaid Expenses		(3,915)
Increase (decrease) in operating Liabilities:		
Accounts Payable		102,644
Accrued Expenses		9,543
		<hr/>
Net Cash Used in Operating Activities		(27,700)

CASH FLOWS FROM FINANCING ACTIVITIES

Shares Issued		<hr/> 60,000
Net Cash provided from Financing Activities		60,000

NET INCREASE IN CASH

32,300

CASH, at end of year

\$ 32,300

NOTE 1 – DESCRIPTION OF BUSINESS

AVT Natural North America, Inc. (the “Company”) was incorporated in the state of Delaware on 25th March 2020. The Company is a wholly owned subsidiary of AVT Natural Europe Limited, UK.

The Company is engaged in the sales & marketing of natural, plant based, ingredients manufactured in India by AVT Natural Products Limited (AVT), India. AVT Natural North America Inc. services both the food & feed ingredient markets. The Company’s vision is to be a leading natural ingredients solution provider.

AVT Natural North America Inc. plays a critical role in business development, engaging with key clients, distributors and research partners.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on accrual basis in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

Use of estimates

The preparation of financial statements and the related disclosures in conformity with generally accepted accounting principles in the United States of America (“GAAP”), 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 financial statements and revenue and expenses during the period reported. Actual results may differ from these estimates. Estimates are used in accounting from among other things, allowances for uncollectible receivables, depreciation and taxes.

Cash

Cash consists of cash held in Bank account. As of March 31, 2021, the Company’s cash balance is \$32,300.

Accounts Receivable

The Company extends credit to its customers in the normal course of business. The Company performs ongoing evaluation of its existing receivables and evaluation of periodic aging of the accounts to estimate allowance for potential credit losses. Losses are written off against the allowances when determined to be uncollectable. There are no allowances for doubtful accounts as of March 31, 2021.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided principally on a straight-line method over the estimated useful life of the assets.

The cost of significant additions and replacement of components is capitalized and depreciated while expenditures for maintenance and repairs are charged to expense as incurred. There are no assets as of the year ending March 31, 2021.

Inventories

The Company does not have any inventory as on March 31, 2021.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC No. 740 (formerly SFAS No. 109) "Accounting for Income Taxes", which requires an asset and liability approach to financial accounting and reporting of income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on the enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-02 (Topic 842) "Leases." Topic 842 supersedes the lease requirements in Accounting Standards Codification (ASC) Topic 840, "Leases." Under Topic 842, lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. Leases will continue to be classified as either finance or operating. This ASC is effective for private companies for the fiscal years beginning after December 15, 2021. Management is currently evaluating the new update.

NOTE 3 – REVENUE RECOGNITION

Revenue Recognition

The Company recognizes revenues in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic No. 606, Revenue from Contracts with Customers ("ASC 606"). Under ASC 606, revenue is recognized when the following steps have been fulfilled:

- Identify the contract(s) with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

Differences between the timing of billings and the recognition of revenue are recognized as either unbilled receivables or deferred revenues in the accompanying balance sheet. When there is no identifiable contract, the Company recognizes revenue in the amount of consideration received when the Company has transferred control of the goods. The Company does not have any unbilled or deferred revenues as on March 31, 2021.

Sale of Goods

The Company recognizes revenue when it delivers products to its customers and raises an invoice for the same.



Cost of goods sold

Cost of goods sold primarily includes purchase cost of finished goods.

Contract assets

The timing of revenue recognition, billings and cash collections results in billed accounts receivable (contract assets) on the Balance Sheet.

Particulars	March 31, 2021	March 31, 2020
Accounts receivable	\$127,210	0

NOTE 4 – CONCENTRATION OF RISKS

Accounts Receivables and Sales

The Company performs ongoing credit evaluations of its customers and maintains allowances for potential uncollectable accounts as deemed necessary. The Company generally does not require collateral to secure its accounts receivable. It estimates credit losses based on management’s evaluation of historical experience and current industry trends. Although the Company expects to collect amounts due, actual collections may differ from the estimated amounts.

The Company considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded as of March 31, 2021.

The Company’s revenues and accounts receivable from its major customers as of March 31, 2021 are as follows:

Clients	Revenue	Accounts Receivable
	Percentage of total	Percentage of total
A	80%	76%
B	16%	24%

Concentration of credit risk on accounts receivable is high due to small number of customers comprising the Company’s customer base.

The Company has Other Receivables from its related parties towards the reimbursement of employee related costs.

NOTE 5 – PREPAID EXPENSES

Prepaid expenses include the insurance expense. The prepaid expenses as on March 31, 2021 are as follows:

Insurance Expenses	\$3,915
Total prepaid expenses	\$3,915



NOTE 6 – ACCRUED EXPENSES

Accrued expenses for the fiscal year ending March 31, 2021 as follows:

Audit Fees	\$7,250
Payroll liabilities	\$2,293
Total accrued expenses	\$9,543

NOTE 7 – RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of AVT Natural Europe Limited, UK.

AVT Natural Europe Limited, UK is a subsidiary of AVT Natural Products Limited, India.

The Company has entered into an Agreement with AVT Natural Europe Limited, UK and AVT Natural Products Limited, India, wherein the Company undertakes the marketing of natural ingredients in North America from time to time. In consideration of these activities, AVT Natural Europe Limited and AVT Natural Products Limited agree to reimburse the entire employee related costs of employees directly involved in marketing of the products of AVT Natural Europe Limited and AVT Natural Products Limited.

AVT Natural Europe Limited, UK	Amount
Reimbursement of expenses	\$46,497
Other Receivables	\$15,406

AVT Natural Products Limited, India	Amount
Reimbursement of expenses	\$50,843
Other Receivables	17,290
Purchases	150,123
Accounts Payable	\$102,644

NOTE 8 – INCOME TAXES

The provision for income taxes consist of the following for the year ending March 31, 2021:

Current taxes:	
Federal	\$ 5,129
State	
Total Current Taxes	\$ 5,129



NOTE 9 – CONTINGENCIES

There are no pending legal actions, including arbitrations, class actions and other litigation, arising in connection with the Company’s activities. Legal reserves are established in accordance with FASB ASC 450 (formerly known as SFAS No. 5), “Accounting for Contingencies”. Once established, reserves are adjusted when there is more information available or when an event occurs requiring a change. There are no legal reserves in the statement of financial condition as of March 31, 2021.

NOTE 10 – STOCKHOLDERS’ EQUITY

The Company is authorized to issue 10,000 shares with no par value. The Company issued 6000 shares during 2020-21 and has a total of 6000 shares issued and outstanding as of March 31, 2021.

NOTE 11 – SUBSEQUENT EVENTS

As required under FASB ASC 855 “Subsequent Events” (formerly FAS 165), the Company is required to disclose events and transactions after balance sheet date but before the financial statements are available to be issued.

The Company has evaluated the subsequent events until June 1, 2021 which is the date the financial statements are available for issue.

COVID-19 has spread across most of the world including the United States of America where the Company has its operations. In March 2020, the World Health Organization declared COVID 19 to be a pandemic. However, the Company’s operations in terms of revenue had not affected significantly for the year under audit as the Company belongs to the food and feed industry which is considered an essential service. In assessing the recoverability of its receivables, the Company has considered internal and external information up to the date of approval of these financial statements. The impact of COVID 19 may be different from that estimated by the Company and the Company will continue to closely monitor any material changes in future economic conditions. Considering the Company’s customer relationships, the management of the Company is of the opinion that it would be able make collections and discharge its obligations.

The Company has concluded that neither the event mentioned above, nor any other events or transactions have occurred which would require adjustments or disclosures in the Company’s financial statements.



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INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

To the Board of Directors and Stockholders
of AVT Natural North America, Inc.

We have audited the financial statements of AVT Natural North America Inc. as of and for the year ended March 31, 2021, and our report thereon dated June 1, 2021, which expressed an unmodified opinion on those financial statements, appears on pages 1 & 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information in Schedule A: Statement of Selling, General and Administrative Expenses are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Chugh CPAs LLP

Chugh CPAs LLP

Santa Clara, CA

June 1, 2021

AVT NATURAL NORTH AMERICA, INC.
SCHEDULE A
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED MARCH 31, 2021



Bank Service Charges	372
Insurance	351
Legal & Professional Expenses	13,724
Penalty	103
Sales Tax	450
TOTAL SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 15,000</u>