

Commission File No. 000-54865



**APT SYSTEMS, INC.**

(Exact name of issuer as specified in its charter)

**Delaware**

**99-0370904**

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(State or other jurisdiction  
of incorporation)

(IRS Employer File Number)

**505 Montgomery Street,  
11th Floor  
San Francisco, CA**

**94111**

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(Address of principal executive offices)

(Zip Code)

**(415) 200-1105**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

# **APT Systems, Inc.**

For the years ended January 31, 2021 and 2020

## **Notice to Reader**

This statement for the period ending January 31, 2021 will bring current our annual filings at OTC Markets and carries past disclosures as we complete this phase to qualify for Pink Limited Information Tier. We intend to continue submitting our future annual filings along with quarterly filings to the OTC Market platform to meet the requirements established to qualify for Pink Current Information Tier.

## **Certain Terms Used in this Report**

For purposes of this report, unless otherwise indicated or the context otherwise requires, all references herein to “APT Systems,” “APT,” “the Company,” “PTY,” “we,” “us,” and “our,” refer to APT Systems, Inc., a Delaware corporation.

## **Forward-looking Statements**

The following discussion contains forward-looking statements regarding us, our business, prospects and results of operations that are subject to certain risks and uncertainties posed by many factors and events that could cause our actual business, prospects and results of operations to differ materially from those that may be anticipated by such forward-looking statements. Factors that may affect such forward-looking statements include, without limitation: our ability to successfully develop new products and services for new markets; impact of competition on our revenues, changes in law or regulatory requirements that adversely affect or preclude clients from using us for certain applications; delays our introduction of new products or services and our failure to keep pace with our competitors.

When used in this discussion, words such as “believes”, “anticipates”, “expects”, “intends” and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We undertake no obligation to revise any forward-looking statements in order to reflect events or circumstances that may subsequently arise. Readers are urged to carefully review and consider the various disclosures made by us in this report and other reports filed with the Securities and Exchange Commission that attempt to advise interested parties of the risks and factors that may affect our business. APT Systems, Inc. may opt to disseminate information about itself, including the results of its operations and financial information, via social media platforms such as Facebook, LinkedIn, and Twitter.

## PART I

### Business Strategy Overview and Products

APT Systems, Inc. (“APT Systems”, “the Company”, “We” or “Us”) was incorporated in the state of Delaware on October 29, 2010 (“Inception”) to operate as a Fintech Company to engage in the creation of innovative trading platforms, financial apps and imagining new visual solutions for charting the financial markets. We are now focused on building a financial ecosystem around escrow and trading services which will feature a true stablecoin, Spera (SRA), to facilitate secure, timely transactions. To further enable our plans for engaging verified participants on the Verifundr escrow platform, we have studied and participated in Know Your Customer (KYC) and Anti-Money Laundering (AML) data managing techniques. We also intend to utilize real time and delayed data networks along with graphic techniques pioneered in the gaming industry for our charting tools and platform, Intuitrader, which will serve the mobile-first demand of next generation traders. Our aim is to provide a trusted ecosystem and true stablecoin to support buyers and sellers while reducing friction and fraud in financial transactions.

In August of 2017, the Company launched a wholly owned Delaware subsidiary named Snapt Games, Inc. Management admires graphic techniques used in the gaming industry and wants to selectively introduce these to its financial platforms and charting tools. The company acquired its first game app on August 24, 2017 and rebranded it Chick Chick Boom for release on iOS worldwide. In November, the Company formally launched its second game, Hogg Wild inside The Apple Store.

During the quarter ending April 30, 2018, the Company acquired a novelty app for \$36,000. Apple deducts its 30% handling fee and there are marketing costs necessary to maintain this income stream for Snapt Games. The Company then released Candy Chefs game on June 28, 2018. The company is currently engaged in correspondence with Apple Inc with regards to any access to its wallpaper app named ThemeZone which has been improperly ended. We had expected that this would not result in litigation and still anticipate a positive resolution so we continue its pursuit.

On September 9, 2017, the Company formed and incorporated a second wholly owned subsidiary named RCPS Management, Inc. in Colorado. This company was anticipated to concentrate on the development of payment and escrow systems under the brand Verifundr and this corporate structure may be changed. The technical documentation for Verifundr functionality was completed and design work can begin. The company is readying to start building this platform in the fall of 2021 and it will employ Blockchain technology to build smart contracts for its escrow agreement deployment.

APT continues to explore open source Blockchain technology for its platforms that include Spera stablecoin, escrow and payments. The white paper for Spera is currently being rewritten to incorporate gold as partially backing the stablecoin along with the US Dollar. The Company has previously stated its intent to build an escrow platform and created early technical documents which are being further reviewed by its developers. The Company continues to explore how to deliver under the Verifundr brand and the development of associated products. The Company retained additional legal counsel to go over matters regarding the escrow, payments and cryptocurrency platforms, and it was formally announced that William Uchimoto, Esquire joined our team. The company is also exploring ULEX contract arbitration, being the underpinnings of a contracts legal system and a relationship with StartUpSocieties.com to further research how this might be incorporated into corporate agreements.

The steps remaining for us to begin selling our trading apps and subscriptions are to finalize the programming of platforms and rewriting the existing tested software used in our products, specifically our dimensional charting tools and trading platform, then begin sales and marketing campaigns, contact prospective licensees, and deliver our products, which we expect to complete after our initial contact with prospective licensees. Our Intuitrader app would be available to users on a subscription fee plan and we plan to grant licenses for our app to financial companies and brokerage firms for use by their employees and clients. The goal is to have our product used by both handheld (tablet and Smartphone application users) and web based clients alongside Verifundr.

Kencharts for iOS was released at the end of January 2018. The Company had engaged additional developers from Computools to help finish the Android version of Kencharts. It is anticipated that this next app version will be available again after funding is in place for the complete financial ecosystem including Intuitrader. The Company is also exploring a version of Kencharts that will deliver data on cryptoassets for making trading decisions in this arena.

On November 30, 2018, APT created a division to accept and process electronic scrap for recovering precious metals and to see that computers, phones and other electronic equipment did not end up in landfills. The company name is AUREX Trading and Recovery Inc. Management remains optimistic on how these operations can continue to impact the group of companies positively. In 2020, we continued diversifying our revenue streams being limited under the economic pressure of lock downs and interruptions to shipping which impacted projected sales. We also learned how better to leverage our partners to better serve customers during these times.

### Organization

We are comprised of four corporations to date and do not rule out the future possibility of acquiring or creating additional subsidiaries.

Our mailing address is in an executive suite facility at 505 Montgomery Street, 11th Floor, San Francisco, CA 94111 which also provides office services, computer access and meeting space on demand. We consider this current executive office space arrangement adequate for our current operations and will reassess our needs annually based upon the future growth of the Company. Our fiscal year end is January 31st. AUREX had leased and occupies a warehouse in Pennsylvania for its operations. We have not been subject to any bankruptcy, receivership or similar proceeding to date.

### **Needs Assessment**

Management believes the principal growth area in the personal computer market today is that of Smartphones and portable tablet devices. These mobile devices usually allow full time internet connectivity which makes them an ideal stage for an equity-trading platform with charting tools and a mobile escrow application. Instead of merely importing existing software to allow on-the-go access, we envision for our future products an information-dense and interactive display of the financial markets. At this time, we believe that the future interactive display will include three-dimensional imaging that we intend to use to provide information in new ways that can better assist novice users learning about publicly traded companies and those users who are trading equities including OTC companies in the public markets. We are looking forward to connecting subscription services for trading and escrow within the same platform.

### **Competition**

The market for trading software and services is competitive, rapidly evolving and highly sensitive to new product introductions and marketing efforts by industry participants, although high conversion-costs can create barriers to adoption of new products or technologies. The market is fragmented by the different offerings and served by both large-scale firms as well as firms that target only local markets or specific types of clients such as the millennial crowd. We also face competition from information systems developed and serviced internally by the IT departments of large financial services firms. We believe that we can compete effectively by providing software contained in the mobile application, Intuitrader, which provides proprietary buy/sell suggestions, and a platform to enhance trading ability of users. Although some of our existing competitors and potential competitors have substantially greater financial, technical, distribution and marketing resources than we have currently and may offer products with different functions or features that are more attractive to potential customers than our offerings.

Moreover, it is not our intent to compete with larger financial services firms, but rather to facilitate more trades by better informing our joint clients and providing them with better trading tools. The trading tools such as charts may be licensed to these same banks and brokers or subscribed to by users, directly in apps. We are broker agnostic and believe that we can work with the banks and brokerage firms who offer online and Smartphone trading access by providing them with the opportunity to generate additional commissions from their existing client base.

We too are confident in the market acceptance of a true stablecoin that is audited and reported to the public in a meaningful way to garner trust and practical use. Verifundr escrow service will be the first vendor to accept and transact in Spera stablecoins as well as US Dollars. The market currently welcomes a wide variety of cryptoassets to trade as they provide different functions and opportunity for the buyers.

### **Contracted Consultants**

Our directors currently provide their time and undertake duties as directors without compensation for these services. At the time the Company derives sufficient cash flow from operations or financing, the Company will evaluate the ability to compensate our directors and future directors.

Effective November 1, 2013, the Company began to accrue a monthly salary of \$5,000 per month for the President on an ongoing basis. Accrued officer compensation as of January 31, 2021 and January 31, 2020 was \$303,482. As resolved earlier, the accrued compensation for quarter ending October 31, 2018 will only be paid out after January 1, 2019 as and when the directors decide the Company has sufficient liquidity to pay some, or all, of the amounts accrued in cash or by issuing shares. The period for paying out the accrued \$230,300 due has been extended until after January 31, 2020. The President of the Company can also consider submitting a request to the Board of Directors for permission to convert some, or all, of her accrued compensation into shares of the Company's common stock on payments due above of \$230,300, but effective only after January 1, 2019. The share price considerations will be either the publicly quoted share price, when such a publicly quoted price is available; or equal to or above the last cash price the Company recorded for the sale of its common stock to third parties. The President returned 15,000,000 restricted shares of common stock that were paid against accruals in December 2017 and will no longer accrue salary.

### **Environmental Compliance**

We believe that we are not subject to any material costs for compliance with any environmental laws.

## **Government Regulation**

We do not expect to be subject to material governmental regulation. However, it is our policy to fully comply with all governmental regulation and regulatory authorities.

## **Intellectual Property Information**

Our success and ability to compete will be dependent to a significant degree on our intellectual property, which may include our trade name, trading models, visual chart styling and platform functionality. We intend to develop our technology internally and further acquire software. We will rely primarily on trade secret, trademark, copyright, domain name, patent and contract law to protect our intellectual property. It is our intention to enter into confidentiality, intellectual property invention assignment and/or non-competition and non-solicitation agreements or restrictions with our employees, independent contractors and business partners, and to control access to and distribution of our intellectual property. Currently, we do not have any registered copyrights or patents; however, we may obtain such registrations in the future.

## **Research and Development**

We have incurred minimal cost in the fiscal years ended January 31, 2021 and 2020, respectively, on research and development of our websites and applications that were included as part of development costs incurred to date. We have plans to spend further funds on research and development activities as the development of our software applications accelerate, providing we are able to further raise the necessary funding after becoming Pink Limited or Pink Current as being required by the Securities and Exchange Commission (“SEC”) as adopted in extensive amendments to Rule 15c2-11.

## **PART II**

### **Stockholders**

As of January 31, 2021, there were approximately 60 stockholders of record. Because shares of our common stock are held by depositaries, brokers and other nominees, the number of beneficial holders of our shares is substantially larger than the number of stockholders of record. As of January 31, 2021, there were 2,208,423,836 common shares issued and 2,207,537,087 common shares outstanding. As of August 25, 2021, the Company had 2,394,480,426 shares of common stock issued with 60 shareholders of record.

### **Market Information**

The Company's common stock was approved for price quotation on the OTC Markets under the symbol "APTY" on November 16, 2015. However, at this time the trading of our stock is limited to the OTC Markets. We prepared an application for FAST eligibility to further allow the markets access to trade our shares electronically and added direct share deposit services, all in an order to help shareholders manage their holdings efficiently.

### **2012 Equity Incentive Plan**

As of January 31, 2012, the Company adopted the 2012 Equity Incentive Plan (the "Plan") of APT Systems, Inc. as approved by the Company's board of directors and stockholders. The purpose of the Plan is to enable the Company to offer its employees, officers, directors, consultants and others whose past, present and/or potential contributions to the Company have been, are or will be important to the success of the Company, an opportunity to acquire a proprietary interest in the Company. Stock options granted under the Plan may be of two types: (i) Incentive Stock Options and (ii) Non-qualified Stock Options. A total of 5,500,000 shares of common stock are eligible for issuance under the Plan, which may consist of authorized and unissued shares or treasury shares. The maximum amount of shares of stock that may be granted as Incentive Stock Options shall be 2,500,000. Since our inception (October 29, 2010), no equity compensation has been granted under the Plan.

### **Dividend Policy**

We have not previously declared or paid any dividends on our common stock and do not anticipate declaring any dividends in the foreseeable future. The payment of dividends on our common stock is within the discretion of our board of directors. We intend to retain any earnings for use in our operations and the expansion of our business. Payment of dividends in the future will depend on our future earnings, future capital needs and our operating and financial condition, among other factors that our board of directors may deem relevant. We are not under any contractual restriction as to our present or future ability to pay dividends.

### **Off-balance Sheet Arrangements**

We have no off-balance sheet arrangements with any party.

APT Systems, Inc.  
**CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended January 31, 2021 and 2020  
(unaudited)

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**APT SYSTEMS, INC.**  
**Consolidated Balance Sheets**  
**(Unaudited)**

	<u>January 31, 2021</u>	<u>January 31, 2020</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 27,294	\$ 5,725
Trading investments	-	9,123
Prepaid expenses and other current assets	24,599	1,870
Total current assets	<u>51,893</u>	<u>16,718</u>
<b>Other Assets</b>		
Fixed Asset (net of \$1,129 and \$0 accumulated depreciation respectively)	1,757	2,886
Software and website (net of \$153,056 and \$117,256 accumulated amortization respectively)	45,236	81,036
Total other assets	<u>46,993</u>	<u>83,922</u>
<b>Total Assets</b>	<u><u>\$ 98,886</u></u>	<u><u>\$ 100,640</u></u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 439,724	\$ 370,680
Accrued officer compensation	303,482	303,482
Convertible notes payable (net of discounts of \$0 and \$95,458)	282,581	368,781
Convertible notes payable - related party, current portion	26,276	26,276
Notes payable	77,699	77,699
Loans from related parties	32,677	2,162
Derivative liability	781,828	773,486
Total current liabilities	<u>1,944,267</u>	<u>1,922,566</u>
<b>Total Liabilities</b>	<u>1,944,267</u>	<u>1,922,566</u>
Preferred B 6% Convertible Cumulative stock \$0.001 par value, 1,000,000 shares authorized; 65,000 shares issued and outstanding as of January 31, 2021 and 2020, respectively	<u>83,401</u>	<u>79,490</u>
Preferred C 12% Convertible Cumulative stock \$0.001 par value, 750,000 shares authorized; 107,500 shares issued and outstanding as of January 31, 2021 and 2020, respectively	<u>149,221</u>	<u>136,286</u>
<b>STOCKHOLDERS' DEFICIT</b>		
Preferred stock, \$0.001 par value, 100,000,000 authorized		
Preferred A stock \$0.001 par value, 1,000,000 shares designated; 1,000,000 issued and outstanding as of January 31, 2021 and 2020	1,000	1,000
Common stock \$0.0001 par value, 2,750,000,000 shares authorized; 2,208,423,836 shares issued and 2,207,537,087 shares outstanding as of January 31, 2021 and 1,180,558,975 shares issued and 1,179,672,226 outstanding as of January 31, 2020	220,842	118,056
Additional paid-in capital	3,391,533	3,148,151
Treasury Stock, 886,749 shares at cost as of January 31, 2021 and January 31, 2020	(10,000)	(10,000)
Accumulated deficit	(5,681,378)	(5,294,909)
<b>Total Stockholders' Deficit</b>	<u>(2,078,003)</u>	<u>(2,037,702)</u>
<b>Total liabilities and Stockholders' Deficit</b>	<u><u>\$ 98,886</u></u>	<u><u>\$ 100,640</u></u>

The accompanying notes are an integral part of these unaudited consolidated financial statements



**APT SYSTEMS, INC.**  
**Consolidated Statements of Operations**  
**(Unaudited)**

	<b>Year Ended January 31, 2021</b>	<b>Year Ended January 31, 2020</b>
<b>Revenue</b>	\$ 79,840	\$ 105,703
<b>Operating Expenses</b>		
Production Costs	63,742	97,320
Amortization	35,800	40,520
Compensation to officer and directors	-	347
General and administrative	59,948	477,262
<b>Total Operating Expenses</b>	159,490	615,449
<b>Net Operating Loss</b>	(79,650)	(509,746)
<b>Other Income (Expense)</b>		
Loss on change in derivative liability	(253,659)	(563,456)
Interest expense and amortization of debt discount	(53,160)	(103,368)
<b>Total Other Income (Expense)</b>	(306,819)	(666,824)
<b>Net Loss</b>	(386,469)	(1,176,570)
<b>Dividends Applicable to Preferred Stock</b>	(17,295)	(17,295)
<b>Net Loss Applicable to Common Stockholders</b>	\$ (403,764)	\$ (1,193,865)
<b>Net loss per common share:</b>		
<b>Basic and diluted</b>	\$ (0.00)	\$ (0.00)
<b>Weighted average number of common shares outstanding:</b>		
<b>Basic and diluted</b>	1,764,178,385	907,666,254

The accompanying notes are an integral part of these unaudited consolidated financial statements

APT SYSTEMS, INC  
Statements of Stockholders' Deficit  
(Unaudited)

	Preferred B Shares	Preferred B Amount	Preferred C Shares	Preferred C Amount	Preferred A Shares	Preferred A Amount	Common Shares	Common Stock Amount	Treasury Shares	Treasury Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
<b>Balance January 31, 2019</b>	<b>65,000</b>	<b>\$ 75,590</b>	<b>107,500</b>	<b>\$ 122,891</b>	<b>1,000,000</b>	<b>\$ 1,000</b>	<b>582,136,888</b>	<b>\$ 58,214</b>	<b>886,749</b>	<b>\$ (10,000)</b>	<b>\$ 2,873,461</b>	<b>\$ (4,118,339)</b>	<b>\$ (1,195,664)</b>
Issuance of common shares for conversion of notes payable	-	-	-	-	-	-	598,422,087	59,842	-	-	63,058	-	122,900
Dividend of Series B & C Preferred Stock	-	3,900	-	13,395	-	-	-	-	-	-	(17,295)	-	(17,295)
Reclassification of derivative liability to additional paid in capital	-	-	-	-	-	-	-	-	-	-	228,927	-	228,927
Net loss	-	-	-	-	-	-	-	-	-	-	-	(1,176,570)	(1,176,570)
<b>Balance January 31, 2020</b>	<b>65,000</b>	<b>79,490</b>	<b>107,500</b>	<b>136,286</b>	<b>1,000,000</b>	<b>1,000</b>	<b>1,180,558,975</b>	<b>118,056</b>	<b>886,749</b>	<b>(10,000)</b>	<b>3,148,151</b>	<b>(5,294,909)</b>	<b>(2,037,702)</b>
Issuance of common shares for conversion of notes payable	-	-	-	-	-	-	1,027,864,861	102,786	-	-	14,911	-	117,697
Dividend of Series B & C Preferred Stock	-	3,911	-	12,935	-	-	-	-	-	-	(16,846)	-	(16,846)
Reclassification of derivative liability to additional paid in capital	-	-	-	-	-	-	-	-	-	-	245,317	-	245,317
Net loss	-	-	-	-	-	-	-	-	-	-	-	(386,469)	(386,469)
<b>Balance January 31, 2021</b>	<b>65,000</b>	<b>\$ 83,401</b>	<b>107,500</b>	<b>\$ 149,221</b>	<b>1,000,000</b>	<b>\$ 1,000</b>	<b>2,208,423,836</b>	<b>\$ 220,842</b>	<b>886,749</b>	<b>\$ (10,000)</b>	<b>\$ 3,391,533</b>	<b>\$ (5,681,378)</b>	<b>\$ (2,078,003)</b>

The accompanying notes are an integral part of these unaudited consolidated financial statements

**APT SYSTEMS, INC.**  
**Consolidated Statement of Cash Flows**  
**(Unaudited)**

	<u>Year Ended January 31, 2021</u>	<u>Year Ended January 31, 2020</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Net loss	\$ (386,469)	\$ (1,176,570)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and Amortization expense	36,929	40,520
Gain on change in foreign currency investments	(1,027)	-
Loss on change in derivative liability	253,659	563,456
Amortization of debt discount	-	281,389
Amortization of deferred financing costs	-	21,000
Loss on default principle addition	-	60,250
Changes in operating assets and liabilities:		
Accounts receivable	(24,229)	1,858
Inventory	-	8,093
Prepaid expenses and other current assets	11,650	106,760
Accounts payable and accrued expenses	100,541	55,584
Accrued officer compensation	-	16,608
<i>Net cash used in operating activities</i>	<u>(8,946)</u>	<u>(21,052)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of fixed assets	-	(2,988)
<i>Net cash used in investing activities</i>	<u>-</u>	<u>(2,988)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Proceeds of loan from director	30,515	2,162
Proceeds on notes payable	-	8,000
<i>Net cash provided by financing activities</i>	<u>30,515</u>	<u>10,162</u>
<i>Net change in cash and cash equivalents</i>	21,569	(13,878)
<i>Cash and cash equivalents at beginning of period</i>	5,725	19,603
<i>Cash and cash equivalents at end of period</i>	<u>\$ 27,294</u>	<u>\$ 5,725</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid for :		
Interest	\$ -	\$ 14,057
Income Taxes	<u>\$ -</u>	<u>\$ -</u>
Non-Cash Transactions		
Common stock issued to settle notes payable and accrued interest	\$ 117,697	\$ 349,119
Common stock issued for deferred offering costs	\$ -	\$ 21,000
Accretion of dividend and redemption value of preferred stock (Series B & Series C)	\$ 16,846	\$ 25,981
Settlement of derivative liability upon conversion	\$ 245,317	\$ 421,620
Debt discount created by derivative liability	\$ -	\$ 101,851
Settlement of receivable with precious metals	<u>\$ 24,229</u>	<u>\$ -</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements

**APT SYSTEMS, INC.**  
**Notes to Consolidated Financial Statements**  
**For the Fiscal Years Ended January 31, 2021 and 2020**  
**(Unaudited)**

**NOTE 1 - NATURE OF OPERATIONS**

APT Systems, Inc. (APTY Pink) was created to operate as an emerging growth company to engage in the creation of innovative trading platforms. We are now focused on building a financial ecosystem around escrow that includes smart contracts and trading services that we plan to back with a true stablecoin named Spera (SRA). To further facilitate our business plans for verified participants on the Verifundr escrow platform, we have studied and participated in Know Your Customer (KYC) and Anti-Money Laundering (AML) data managing techniques used by large financial institutions to create risk management reports and validate identity claims for persons accessing applications. Regulators require that management actively vet members and we determined we can also provide this service to third parties for additional revenue including our subsidiaries. We are also developing credentials for verifying and reporting on an accredited investor's status that is useful in fund raising undertakings. We intend utilizing real time and delayed data networks; along with graphic techniques pioneered in the gaming industry for charting tools so that Intuitrader app solutions can speak to the mobile needs demanded by next generations of traders.

Our aim remains to provide a trusted financial ecosystem to support buying transactions by individuals and business and to reduce fraud.

In August of 2017, the Company launched a wholly owned Delaware subsidiary Snapt Games, Inc. When Snapt acquired its first game app on August 24, 2017 and rebranded it Chick Chick Boom and then in November, formally launched its second game called Hogg Wild. Later the game Candy Chefs was added to Snapt's collection. These 3 games are still available to play in The Apple Store but generate small revenues without needed improvements. The Company has been discussing its revenue concerns with Apple Inc and the removal of its wallpaper app sales. During the quarter ending April 30, 2018, Snapt acquired a novelty wallpaper app for \$36,000. This subsidiary is currently engaged in correspondence with Apple Inc with regards to access to its app which has been improperly ended.

On September 9, 2017, the Company formed and incorporated a second wholly owned subsidiary named RCPS Management, Inc. in Colorado. RCPS Management was to concentrate on the development of payment and escrow systems under the brand Verifundr. We are not actively using this corporation at this time and may keep developments directly under the APT Systems Inc corporate entity.

During the quarter ending January 31, 2019, more specifically on November 30, 2018, the Company created a new division to accept and process electronic scrap for recovering precious metals and to help ensure that computers, phones and other electronic equipment did not end up in landfills. The company is named AUREX Trading and Recovery Inc. AUREX has a leasing agreement for the website, [www.theRefiningCompany.com](http://www.theRefiningCompany.com), to attract and serve both scrap sellers and refining requests. The acquired website began attracting customer leads in May of 2019. To date precious metals acquired have been sold to the market to secure inventory and cash flow. Management remains optimistic on how these operations can impact the group of companies positively with revenues and by starting to modestly build a precious metal inventory over time which is and can be pooled and escrowed at one of our strategic partners. The business lockdowns of 2020 impacted operations and revenues especially when considering the industry has a longer sales cycle.

**NOTE 2 - GOING CONCERN AND LIQUIDITY**

As of January 31, 2021, the Company had cash of \$27,294, insufficient revenue to meet its ongoing operating expenses, liabilities of \$1,801,867, accumulated losses of \$5,509,778 and a shareholders' deficit of \$1,907,003. The Company, has not, as of yet generated significant revenues as its key products are still under development with its subsidiaries now contributing modest revenue.

The financial statements for the year ended January 31, 2021 have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company anticipates future losses in the development of its business raising substantial doubt about the Company's ability to continue as a going concern. The ability to continue as a going concern is dependent upon the Company generating profitable operations in the future and, or, obtaining the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management intends to finance operating costs over the next twelve months with existing cash on hand, loans, loans from directors and, or, the sale of common stock. There is no assurance that this series of events will be satisfactorily completed.

These financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities that may be necessary if the Company is unable to continue as a going concern.

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America.

### Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturity of three months or less to be cash equivalents.

### Use of Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires that management makes 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 period. Actual results could differ from those estimates. Due to uncertainties inherent in the estimation process, it is possible that these estimates could be materially revised within the next year.

### Foreign Currency Translation

Gains or losses resulting from foreign currency transactions are included in results of operations.

### Financial Instruments

Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. Accounting Standards Codification (“ASC”) 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. ASC 820 establishes a fair value hierarchy that prioritizes the use of inputs used in valuation methodologies into the following three levels:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets. A quoted price in an active market provides the most reliable evidence of fair value and must be used to measure fair value whenever available.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs which reflect a reporting entity’s own assumptions about the assumptions that market participants would use for pricing an asset or liability. For example, level 3 inputs would relate to forecasts of future earnings and cash flows used in a discounted future cash flows method.

The recorded amounts of financial instruments, including cash equivalents, investments, accounts payable, accrued expenses, note payable and loan from related parties approximate their market values as of January 31, 2021 and 2020 due to the intended short-term maturities of these financial instruments.

### Derivative Financial Instruments

Fair value accounting requires bifurcation of embedded derivative instruments such as conversion features in convertible debt or equity instruments and measurement of their fair value for accounting purposes. In assessing the convertible debt instruments, management determines if the convertible debt host instrument is conventional convertible debt and further if there is a beneficial conversion feature requiring measurement. If the instrument is not considered conventional convertible debt under ASC 470, the Company will continue its evaluation process of these instruments as derivative financial instruments under ASC 815. The Company applies the guidance in ASC 815-40-35-12 to determine the order in which each convertible instrument would be evaluated for derivative classification. The Company’s policy is to evaluate for reclassification contracts with the earliest maturity date first.

Once determined, derivative liabilities are adjusted to reflect fair value at each reporting period end, with any increase or decrease in the fair value being recorded in results of operations as an adjustment to fair value of derivatives.

### Principles of Consolidation

The Company prepares its financial statements on the accrual basis of accounting. The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, all of which have a fiscal year end of January 31. All intercompany accounts, balances and transactions have been eliminated in the consolidation.

### Website

The Company accounts for website development costs in accordance with ACS 350-50 “*Website Development Costs*”. Costs incurred to register domain names, integrated databases and add additional functionality are being amortized over 1 – 3 years. Costs incurred in general maintenance of the website or hosting costs are expensed as incurred.

## Software

The Company capitalizes certain development costs associated with internal use software incurred during the application development stage. We expense costs associated with preliminary project phase activities, training, maintenance, and any post-implementation period costs as incurred. Capitalization of qualifying application development cost begins when management authorized and commits to funding the project and it is probable that the project will be completed for the function intended. Capitalized internal use software costs are normally amortized over estimated useful lives ranging from 3 to 5 years once the related project has been completed and deployed for customer use. At time the software is considered to have been an indefinite lived asset in which case it is evaluated for impairment at least annually.

## Revenue Recognition

On February 1, 2018, we adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 606, Revenue from Contracts with Customers (the “new revenue standard”) to all contracts using the modified retrospective method. The adoption of the new revenue standard had no material impact on our condensed consolidated financial statements as it did not require a change in revenue recognition. As such, comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

Revenue is recognized based on the following five step model:

- Identification of the contract with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the Company satisfies a performance obligation

The Company has two sources of revenue. First, the Company generates revenue by selling and generating in-app purchases from various apps and games on major app platforms. Second, the Company accepts and processes electronic scrap for recovering precious metals. The company wants to see that computers, phones and other electronic equipment do not end up in landfills. In addition, the Company accepts and processes precious metals on behalf of customers and receives fees based on the value returned to the customer. Revenue is generally recognized at the point the final value and is sometimes determined by the processing mills under contract.

## *Disaggregation of Revenue*

	Year Ended January 31, 2021	Year Ended January 31, 2020
App sales	\$ 10	\$ 103
Precious metals services and recovery	79,830	105,600
Total sales	<u>\$ 79,840</u>	<u>\$ 105,703</u>

## Research and Development Costs

Any costs incurred in research and development are listed separately and expensed as incurred.

## Deferred Financing Costs

Costs with respect to issue of common stock, warrants, stock options or debt instruments by the Company are initially deferred and ultimately offset against the proceeds from such equity transactions or amortized as debt discount over the term of any debt funding if successful or expensed if the proposed equity or debt transaction is unsuccessful.

## Impairment of Long-Lived and Intangible Assets

In the event that facts and circumstances indicated that the cost of long-lived and intangible assets may be impaired, an evaluation of recoverability will be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset were compared to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required.

## Advertising costs

Advertising costs are expensed as incurred. The Company recorded advertising and promotional costs of \$638 and \$101,103 for the year ending January 31, 2021 and 2020 respectively.

## Income Taxes

The Company accounts for income taxes in accordance with FASB ASC 740 “*Income Taxes*”. Under FASB ASC 740, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial statement reported amounts at each period end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amounts expected to be realized. The provision for income taxes represents the tax expense for the period, if any and the change during the period in deferred tax assets and liabilities. FASB ASC 740 also provides criteria for the recognition, measurement, presentation and disclosure of uncertain tax positions. Under FASB ASC 740, the impact of an uncertain tax position on the income tax return may only be recognized at the largest amount that is more likely than not to be sustained upon audit by the relevant taxing authority. At January 31, 2021 and 2020, the Company has no unrecognized tax benefits.

## Basic and Diluted Net Income (Loss) per Share

The Company computes net income (loss) per share in accordance with ASC 260, “*Earnings per Share*” which requires presentation of both basic and diluted earnings per share (EPS) on the face of the statement of operations. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of common stock outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common stock outstanding during the period including stock options, using the treasury stock method, and convertible preferred stock, using the if converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential common stock if their effect is anti-dilutive. For the years ended January 31, 2021 and 2020, the Company did have potentially dilutive debt instruments that have been excluded from the earnings per share calculation; as such an inclusion would have been anti-dilutive due to the losses incurred in both periods. The debt instruments are convertible at both fixed and variable prices into 1,685,248,835 shares of common stock.

## Stock Based Compensation

The Company accounts for employee and non-employee stock awards under ASC 718, whereby equity instruments issued to employees for services are recorded based on the fair value of the instrument issued and recognized over the requisite service period. The Company has adopted a stock option plan, as disclosed in *Note 10 – Stockholders’ Deficit* below. During the year ended January 31, 2021 and 2020, no stock options had been issued or outstanding to date.

The Company accounts for stock-based payments to non-employees in accordance with ASC 505-50, “*Equity-Based Payments to Non-Employees*.” Stock-based payments to non-employees include grants of stock, grants of stock options and issuances of warrants that are recognized based on the value of the vested portion of the award over the requisite service period as measured at its then- current fair value as of each financial reporting date.

## Trading Investments

The Company’s trading investments are reported at fair value, with realized and unrealized gains and losses included in earnings.

In February of 2016, the Company contracted traders as testers as part of the due diligence process to test strategies, indicator reliability and trading platforms within their designated accounts. The contracted traders could use funds for trading securities or derivatives, which mainly consisted of various options, currency pairs and futures. All trading accounts will return to cash after the strategies are monitored over a reasonable period of time. While the Company’s business model is not investing, short term investing is required to test elements of the software including connectivity to independent brokers.

	Year Ending January 31,	
	2021	2020
Beginning balance	\$ 9,123	\$ 15,122
Realized gains	1,027	-
Redemptions/commissions	(10,150)	(5,999)
Investments in trading at fair market value for period	\$ -	\$ 9,123

## Convertible Debt

The Company records a beneficial conversion feature related to the issuance of convertible debts that have conversion features at fixed or adjustable rates. The beneficial conversion feature for the convertible instruments is recognized and measured by allocating a portion of the proceeds as an increase in additional paid-in capital and as a reduction to the carrying amount of the convertible instrument equal to the intrinsic value of the conversion features. The beneficial conversion feature will be accreted by recording additional non-cash interest expense over the expected life of the convertible notes.

### Beneficial Conversion Features

If the conversion feature of conventional convertible debt provides for a rate of conversion that is below market value, this feature is characterized as a beneficial conversion feature (“BCF”). A BCF is recorded by the Company as a debt discount pursuant to ASC Topic 470-20 “Debt with Conversion and Other Options.” In those circumstances, the convertible debt is recorded net of the discount related to the BCF and the Company amortizes the discount to interest expense over the life of the debt using the effective interest method.

### Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) (ASU 2016-02). Under ASU No. 2016-2, an entity will be required to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. ASU No. 2016-02 offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. For public companies, ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2018, including interim reporting periods within that reporting period, and requires a modified retrospective adoption, with early adoption permitted. The Company adopted this standard on February 1, 2019. The new standard provides a number of optional practical expedients in transition. The Company expects to elect the ‘package of practical expedients’, which permits the Company not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs; the use of hindsight; and all of the new standard’s available transition practical expedients. While the Company continues to assess all of the effects of adoption, the Company currently believes the most significant effects relate to (1) the recognition of new ROU assets and lease liabilities on the balance sheet for operating leases, and providing significant new disclosures about the Company’s leasing activities.

On adoption, the Company currently recognized no additional operating liabilities or corresponding ROU assets due to the month to month nature of its leases.

The new standard also provides practical expedients for a company’s ongoing accounting. The Company expects to elect the short-term lease recognition exemption for its leases. For those leases that qualify, the Company will not recognize ROU assets or lease liabilities. This includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition.

### **NOTE 4 - RELATED PARTY TRANSACTIONS**

Accrued officer compensation as of January 31, 2021 and January 31, 2020 was \$303,482 related to past services. As of February 1, 2019 the President agreed to no longer have a salary accrued.

On January 22, 2017, an immediate family member advanced the Company \$24,229 which is secured in full by the precious metals the Company has title to. The loan is interest free and due on demand.

As of January 31, 2021 and 2020, the Company owed two directors of the Company a total of \$8,257 and \$2,162, respectively by way of loans. The loans are unsecured, due on demand and interest free.

### **NOTE 5 – SOFTWARE AND WEBSITE**

The Company has software that it uses for the development of certain mobile applications. The Company recorded amortization expense of \$37,880 and \$40,520 for the periods ended January 31, 2021 and January 31, 2020, respectively. No impairment was recorded for the periods ended January 31, 2021 and January 31, 2020.

	January 31, 2021	January 31, 2020
Charting Software	\$ 138,705	\$ 138,705
Ken Chart	57,507	57,507
Website	2,080	2,080
	198,292	198,292
Accumulated amortization	(153,056)	(117,256)
Net Book Value	\$ 45,236	\$ 81,036

### **NOTE 6 - CONVERTIBLE NOTE PAYABLE**

#### **Noteholder 1**

On January 8, 2014 the Company issued an unsecured convertible note to one investor in the aggregate amount of \$50,000. This convertible note accrues interest at the rate of 19% per annum and is convertible at \$0.0001. The Company secured an initial extension of the convertible note to January 29, 2015 and subsequently obtained a further extension to December 31, 2016. The note has been reduced to \$28,500 through the conversions of part of the debt to unrelated third parties in prior periods.



On April 17, 2015, the Company received \$5,000 by way of an unsecured short-term loan from a non-related party for a term of 60 days that was later extended until April 23, 2017. Principal and interest at 8% per annum accrued thereon are due and payable on April 23, 2017 and is further renewable. Also, the lender has the right to convert the principal and accrued interest into shares of the Company's common stock at \$0.01 cents.

As of the year ended January 31, 2021, the Company is currently in discussions with the lender to further extend the maturity dates and has been verbally extended to be later written. Until such time, as that is completed, the notes are considered past due.

#### **Noteholder 2**

On October 2, 2015, the Company received \$12,500 by way of an unsecured short-term loan from a non-related party for a term of one year. Principal and interest at 8% per annum accrued thereon are due and payable on October 1, 2016. Also, the lender has the right to convert the principal and accrued interest into shares of the Company's common stock. The conversion rate is equal to the fair market value of the Company's common stock on the date of issuance or \$0.20 per share. This loan has been extended until October 1, 2017. This note is currently in default and Management is working with the lender to resolve the best path to retire this debt.

During the year ending January 31, 2019, the Company repaid \$750 of the note in cash. This note has a balance of \$11,750 as of January 31, 2021.

#### **Noteholder 3**

The Company entered into an agreement on November 14, 2017 for a new convertible note for \$155,000. The note is due and payable six months from the issuance date and bears interest at 0% per annum with an original issuance discount of \$25,000 plus \$5,000 of legal fees due at closing. If the Note is paid off prior to the due date, the Company is required to pay the face amount plus a penalty of 25%. Also noted, after 181 days from the issuance date, the Note is convertible into the shares of the Company's common stock. The conversion rate is equal to 55% of the market price during the previous 15 trading days. During the year ending January 31, 2019, the Company made multiple amendments to extend the maturity, by one month each time. The final amendment made the maturity date of the note January 31, 2019 and is now past due. On May 14, 2018, due to the variable conversion feature the note conversion feature was bifurcated from the note and recorded as a derivative liability.

During the year ending January 31, 2019 the note holder converted a total of \$135,000 into 88,138,585 shares of common stock pursuant to multiple conversion dates.

During the year ending January 31, 2020 the note holder converted a total of \$15,919 into 66,861,415 shares of common stock pursuant to multiple conversion dates. As a result of the conversions, \$31,703 of derivative liability was reclassified to additional paid in capital.

As of January 31, 2021, the note has a remaining balance of \$33,081, and is in default.

#### **Noteholder 4**

The Company had executed five lending arrangements with a related party, affiliated to the CEO of the Company. The effective dates of the loans are November 24, 2015, December 8, 2015, January 14, 2016, March 10, 2016 and March 15, 2016. The loan amounts are \$3,000, \$16,121, \$1,500, \$2,770 and \$2,885, respectively, with interest accruing at 5% per annum. Repayment was due in one lump sum due and payable with varying maturity dates on or before January 31, 2019. All of these notes are convertible, at the holder's request, into shares of the Company's common stock at the rate of \$9.50 per share.

As of January 31, 2021, the notes have a remaining balance of \$26,276 and are in default.

#### **Noteholder 5**

The Company entered into an agreement with an accredited investor on April 4, 2018 for a new convertible note for \$150,000. The note is due and payable twelve months from the issuance date and bears interest at 8% per annum with an original issuance discount of \$15,000 plus \$2,500 of legal fees due at closing. If the Note is paid off prior to the due date, the Company is required to pay the face amount plus a penalty up to 50% depending on the timing. Also noted, after 181 days from the issuance date, the Note becomes convertible into the shares of the Company's common stock. The conversion rate is equal to the lower of \$0.006 or 55% of the market price during the previous 12 trading days. On October 1, 2018, due to a variable conversion feature the conversion feature was bifurcated from the note and recorded as a derivative liability.

During the year ended January 31, 2019, the note holder executed four conversions and converted a total of \$67,000 of the note and \$3,953 of interest and fees into 63,843,621 shares of common stock.

During the year ended January 31, 2020, the note holder executed four conversions and converted a total of \$35,500 of the note and \$3,461 of interest and fees into 141,513,535 shares of common stock.

In addition, due to the default of the note, an additional amount of \$23,750 of principal was added to the noted and recorded as additional interest expense. As a result of the additional principal the Company also recorded additional derivative liability of \$36,274 and day one loss in the same amount.

As of January 31, 2021 the balance on this note is \$71,250 and the note is in default.

#### **Noteholder 6**

The Company entered into an agreement on December 6, 2018 for a new convertible note for \$73,000 with cash proceeds of \$61,700. The original issuance discount was recorded to debt discount and is amortized to interest expense over the life of the loan. The note is due and payable on September 30, 2019 and bears interest at 8% per annum. If the Note is paid off prior to the due date, the Company is required to pay the face amount plus a penalty up to 42% depending on when it is prepaid. Also noted, after 181 days from the issuance date, the Note is convertible into the shares of the Company's common stock. The conversion rate is equal to the greater of 58% of the average of the two lowest trading prices during the previous 15 trading days.

During the year ended January 31, 2020, the note holder executed four conversions and converted a total of \$23,300 of the note into 208,055,555 shares of common stock. As a result of the conversion \$50,703 of the derivative liability was reclassified to additional paid in capital. The full amount of the original discount has been amortized to interest expense as of January 31, 2020.

In addition, due to the default of the note, an additional amount of \$36,250 of principal was added to the noted and recorded as additional interest expense. As a result of the additional principal the Company also recorded additional derivative liability of 62,577 and day one loss in the same amount.

During the year ended January 31, 2021, the note holder executed nine conversions and converted a total of \$86,200 of the note in addition to \$31,498 accrued interest and fees into 1,122,864,861 shares of common stock. As a result of the conversion \$244,717 of the derivative liability was reclassified to additional paid in capital. Of the total shares issued upon conversion, 95,000,000 of the shares were not issued by the transfer agent for administrative reasons. As such these shares are not shown as issued in the financial statements as of January 31, 2021.

As of January 31, 2021 the balance on this note is \$0

#### **Noteholder 7**

The Company entered into an agreement on August 24, 2018 for a new convertible note for \$25,000 and received cash proceeds of \$24,000. The original issuance discount was recorded to debt discount and is amortized to interest expense over the life of the loan. The note is due and payable February 24, 2019 and bears interest at 8% per annum with no original issuance discount but includes \$1,000 of legal fees due at closing. If the note is paid off prior to the due date, the Company is required to pay the face amount plus a penalty up to 40%. The note becomes convertible 180 days after issuance into the shares of the Company's common stock. The conversion rate is equal to the 70% of the lowest trading price the five trading days prior to conversion.

On February 24, 2019, due to a variable conversion feature the conversion feature was bifurcated from the note and recorded as a derivative liability. The day one derivative liability was \$36,919 and recorded as a debt discount of \$25,000 and a day one loss of \$11,919.

The balance on the note as of January 31, 2021 is \$25,000 with unamortized discount of \$0 remaining, and is currently in default.

#### **Noteholder 8**

The Company entered into an agreement on August 24, 2018 for a new convertible note for \$25,000 and received cash proceeds of \$24,000. The original issuance discount was recorded to debt discount and is amortized to interest expense over the life of the loan. The note is due and payable February 24, 2019 and bears interest at 8% per annum with no original issuance discount but includes \$1,000 of legal fees due at closing. If the note is paid off prior to the due date, the Company is required to pay the face amount plus a penalty up to 40%. The note becomes convertible 180 days after issuance into the shares of the Company's common stock. The conversion rate is equal to the 70% of the lowest trading price the five trading days prior to conversion.

On February 24, 2019, due to a variable conversion feature the conversion feature was bifurcated from the note and recorded as a derivative liability. The day one derivative liability was \$36,919 and recorded as a debt discount of \$25,000 and a day one loss of \$11,919.

The balance on the note as of January 31, 2021 is \$25,000 with unamortized discount of \$0 remaining, and is currently in default.

## Noteholder 9

The Company entered into an agreement on October 26, 2018 for a new convertible note for \$8,000 and received cash proceeds of \$8,000. The note is due and payable October 25, 2019 and bears interest at 8% per annum. The note becomes convertible 180 days after issuance into the shares of the Company's common stock. The conversion rate is equal to the 55% of the trading price on the date of conversion.

On October 25, 2019, due to a variable conversion feature the conversion feature was bifurcated from the note and recorded as a derivative liability. The day one derivative liability was \$12,378 and recorded as a debt discount of \$8,000 and a day one loss of \$4,378.

The balance on the note as of January 31, 2021 is \$8,000 with unamortized discount of \$0 remaining, and the note is currently in default.

## Noteholder 10

On August 24, 2018 the company entered into an advertising agreement with Cicero Consulting Group for a combination of payments including \$75,000 note and issuance of \$75,000 worth of preferred shares. The note is due six months following issuance and carries an interest rate of 8%. The Note becomes convertible 180 days after issuance into the shares of the Company's common stock. The conversion rate is equal to the 70% of the lowest trading price the five trading days prior to conversion.

On February 20, 2019, due to a variable conversion feature the conversion feature was bifurcated from the note and recorded as a derivative liability. The day one derivative liability was \$105,325 and recorded as a debt discount of \$75,000 and a day one loss of \$30,325.

The balance on the note as of January 31, 2021 is \$75,000 with unamortized discount of \$0 remaining, and is currently in default.

## Summary

The following table summarizes all convertible notes outstanding as of January 31, 2021 and 2020:

Holder	Issue Date	Due Date	Carrying Value	
			January 31, 2021	January 31, 2020
<b>Third Parties</b>				
Noteholder 1a	1/8/2014	Past Due	\$ 28,500	\$ 28,500
Noteholder 1b	4/23/2015	Past Due	5,000	5,000
Noteholder 2	10/2/2015	Past Due	11,750	11,750
Noteholder 3	11/14/2017	Past Due	33,081	33,081
Noteholder 5	4/4/2018	Past Due	71,250	71,250
Noteholder 6	12/24/2018		-	86,220
Noteholder 7	8/24/2018	Past Due	25,000	25,000
Noteholder 8	8/24/2018	Past Due	25,000	25,000
Noteholder 9	10/26/2018	Past Due	8,000	8,000
Noteholder 10	8/24/2018	Past Due	75,000	75,000
<b>Related Parties</b>				
Noteholder 4a	11/23/2015	Past Due	3,000	3,000
Noteholder 4b	12/8/2015	Past Due	16,121	16,121
Noteholder 4c	1/12/2016	Past Due	1,500	1,500
Noteholder 4d	3/10/2016	Past Due	2,770	2,770
Noteholder 4e	3/15/2016	Past Due	2,885	2,885
Total Convertible Notes Payable			308,857	395,077
Less: net discount on convertible notes payable			-	(39,179)
Less, current portion			(308,857)	(355,898)
Long term portion of convertible notes payable			\$ -	\$ -

## NOTE 7 - NOTES PAYABLE

### Noteholder 1

On August 12, 2016, we borrowed \$26,000 from an investor, being a non-convertible note at 5% interest, as a short-term loan to facilitate cash flow. The loan became due December 31, 2017 and is currently in default.

On September 21, 2016, we borrowed an additional \$25,909 from the investor, being a non-convertible note at 5% interest, as a short-term loan to facilitate cash flow. The loan became due December 31, 2017 and is currently in default.

On May 20, 2019, we borrowed an additional \$8,000 from the investor, being a non-convertible note at 5% interest, as a short-term loan to facilitate cash flow. The loan became due May 20, 2020 and is currently in default.

## **Noteholder 2**

On November 20, 2014, the Company received \$5,000 by way of an unsecured short-term loan from a non-related party for a term of nine months at 10% interest due upon repayment. The note payable and accrued interest was scheduled to be repaid on May 21, 2015. The Company was successful in obtaining an extension until December 31, 2015 upon making an interim renewal payment of \$400. The principal and accrued interest of the note was paid back during the year ending January 31, 2019. The lender continues to demand additional payments, in an amount of \$2,872, which remains in dispute.

## **Noteholder 3**

The Company had executed short-term lending arrangements with a non-related party. The effective dates of the loans are June 22, 2015, June 27, 2015 and September 22, 2015. The loan amounts are \$3,000, \$2,700 and \$1,950, respectively, with interest accruing at 5% per annum. Repayment is in one lump sum due and payable on or before December 4, 2015 through January 31, 2016. The outstanding notes were extended to September and December 2016. The Company is currently in discussions with the lender to further extend the maturity date. Until such time that is completed, the note is considered past due.

## **Noteholder 4**

One of the trader agreements included monthly compensation and to this end, part of the fees were paid in cash and then part of the fees were offset with a non-convertible note for \$7,000 that was payable on or before June of 2017. The note was not paid and is now considered past due.

## **Noteholder 5**

The Company entered into a stock transfer agency agreement dated November 19, 2014 with Pacific Stock Transfer. As part of the agreement, amounts owed to the Company's previous stock transfer agent of \$7,430 were paid by Pacific Stock Transfer, of which \$2,189 is to be repaid to Pacific Stock Transfer by the Company in installments of \$250 per month beginning on January 3, 2015. Interest at 5% per annum accrues on the unpaid balance of the loan for each month. As of January 31, 2020 and 2021 the balance due was \$3,140. The note was not paid and is now considered past due.

The following table summarizes all notes outstanding as of January 31, 2021 and 2020:

Holder	Issue Date	Due Date	Carrying Value	
			January 31, 2021	January 31, 2020
Third Parties				
Noteholder 1a	8/12/2016	Past Due	\$ 26,000	\$ 26,000
Noteholder 1b	9/21/2016	Past Due	25,909	25,909
Noteholder 1c	5/20/2019	Past Due	8,000	8,000
Noteholder 3a	6/17/2015	Past Due	3,000	3,000
Noteholder 3b	6/28/2015	Past Due	2,700	2,700
Noteholder 3c	9/22/2015	Past Due	1,950	1,950
Noteholder 4	6/15/2016	Past Due	7,000	7,000
Noteholder 5	8/11/2016	Past Due	3,140	3,140
Total Notes Payable			\$ 77,699	\$ 77,699

## **NOTE 8 - FAIR VALUE MEASUREMENTS**

The Company's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy.

The following table presents information about the Company's liabilities measured at fair value on a recurring basis and the Company's estimated level within the fair value hierarchy of those assets and liabilities as of January 31, 2021 and January 31, 2020:

Fair value measured at January 31, 2021				
	Total carrying value at January 31, 2021	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets:</b>				
Foreign currency investments	\$ -	\$ -	\$ -	\$ -
<b>Liabilities:</b>				
Derivative liabilities	\$ 781,828	\$ -	\$ -	\$ 781,828

Fair value measured at January 31, 2020				
	Total carrying value at January 31, 2020	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets:</b>				
Foreign currency investments	\$ 9,123	\$ -	\$ -	\$ 9,123
<b>Liabilities:</b>				
Derivative liabilities	\$ 773,486	\$ -	\$ -	\$ 773,486

There were no transfers between Level 1, 2 or 3 during the years ended January 31, 2021 and 2020.

#### **NOTE 9 - DERIVATIVE LIABILITIES**

As discussed in *Note 6 – Convertible Notes Payable*, the Company analyzed the conversion features of the agreements for derivative accounting consideration under ASC 815-15 “Derivatives and Hedging” and determined that the embedded conversion features should be classified as a derivative because the exercise price of these convertible notes are subject to a variable conversion rate. The Company has determined that the conversion feature is not considered to be solely indexed to the Company’s own stock and is therefore not afforded equity treatment. As a result of the variable conversion feature on this note, the related party notes 5a through 5e disclosed in *Note 6 – Convertible Notes Payable* were considered tainted. In accordance with AC 815, the Company has bifurcated the conversion feature of the note and recorded a derivative liability.

The embedded derivatives for the notes are carried on the Company’s balance sheet at fair value. The derivative liability is marked- to-market each measurement period and any unrealized change in fair value is recorded as a component of the income statement and the associated fair value carrying amount on the balance sheet is adjusted by the change. The Company fair values the embedded derivative using the Black-Scholes option pricing model.

The fair value of the embedded derivatives for the notes were determined using the Black-Scholes option pricing model based on the following assumptions during the fiscal year ending January 31, 2020: (1) dividend yield of 0%, (2) expected volatility ranging from 164% - 320%, (3) risk- free interest rate ranging from 1.54% – 2.53%, (4) expected life 0.5 of a year, and (5) estimated fair value of the Company’s common stock ranging from \$0.0002 - \$.0015 per share. The fair value of the embedded derivatives for the notes were determined using the Black-Scholes option pricing model based on the following assumptions during the fiscal year ending January 31, 2021: (1) dividend yield of 0%, (2) expected volatility ranging from 342% - 853%, (3) risk- free interest rate ranging from .07% – 1.56%, (4) expected life 0.5 of a year, and (5) estimated fair value of the Company’s common stock ranging from \$0.0001 - \$.0010 per share. The instrument was fair valued on the date it became convertible, each conversion date and the period end date of January 31, 2021.

The table below presents the change in the fair value of the derivative liability:

Fair value as of January 31, 2019	\$ 196,747
Fair value on the date of issuance recorded as a debt discount	242,210
Fair value on the date of issuance recorded as a loss on derivatives	227,091
Settlement of derivative liability	(228,927)
Loss on change in fair value of derivatives	336,365
Fair value as of January 31, 2020	773,486
Settlement of derivative liability	(245,317)
Loss on change in fair value of derivatives	253,659
Fair value as of January 31, 2020	<u>\$ 781,828</u>

## **NOTE 10 - COMMITMENTS AND CONTINGENCIES**

The Company is required to file its annual and quarterly financial reports with SEDAR in Canada. Due to delays in filing its financial statements and other possible forms, the Company believes it may be subject to certain potentially significant penalties to be levied by the Alberta Securities Commission (ASC). These fines have now been stated to be CDN\$10,120 or approximately US\$7,500 as advised and invoiced by the ASC and have been accrued into the financial statements as of October 31, 2017. The Company is considering engaging its legal counsel to assist in reducing or eliminating these penalties and requests to file. Further correspondence has been delivered to the ASC after filing the 10-K for January 31, 2016. Management has asked counsel to reach out to the authorities to seek resolution.

The Company had retained TESO Communications as its Investor Relations and Public Relations manager and under the agreement the Company may pay the invoice with cash or by issuing shares against the invoices submitted. The Company's Board of Directors opted to issue shares before the end of the initial agreement period of January 16, 2015. To date, however, such shares have not yet been issued. The agreement represented a cash payment of \$25,000 or the issuance of 50,000 restricted common shares at the completion of the agreement which was extended to May 15, 2016. No invoice has been presented to the Company and no shares have been issued to date.

APT Systems, Inc. agrees to pay Apollo Games, Inc. the amount of \$3,500 payable in the combination of \$500 cash or check, \$1,500 in preferred shares and \$1,500 in common restricted shares of APT Systems, Inc within 30 days of completion of this purchase agreement. Apollo Games, Inc. further agrees to provide marketing and administrative support for a period not less than three months from the date of the agreement first written above at the monthly rate of \$1,820 beginning on October 1, 2017. Monthly rate to be paid in the combination of 50% common stock and 50% preferred shares of APT Systems or as otherwise mutually agreed by both parties in writing. As of January 31, 2019 all amounts to be settled in shares are recorded in accounts payable as the shares have not been issued. As of January 31, 2020 and 2021, \$26,660 is due and will be settled in either cash or a combination of Series B Preferred Shares and shares of Common Stock.

In June 2018 the Company entered into an agreement with a consultant who is to provide strategic advice. The agreement is for an initial term of six months with a total fee of 15,000,000 shares of common stock. As of January 31, 2021 the shares have not been issued and the Company recorded \$71,000 to accounts payable related to this agreement. Subsequent to January 31, 2021 the company issued 15,000,000 the shares to settle the outstanding payable in full.

## **NOTE 11 - STOCKHOLDERS' DEFICIT**

### ***Common Stock***

The Company entered into an agreement with Triton Funds LLC to provide equity funding to the Company under a registered offering. The Company has asked counsel to prepare the necessary S-1 for the \$600,000 funding commitment at \$0.01 per share.

The Company issued 5,000,000 to Triton Fund LLC as a donation; the donation supports the initiative founded by undergraduates from the University of California, San Diego (UC San Diego) and provided a press release accordingly on April 30, 2018. The share issuance was recorded as deferred offering cost and valued at \$21,000. During the year ending January 31, 2020 the company amortized these costs to professional fees as the company and Triton mutually agreed to no longer pursue the equity raise.

During the year ending January 31, 2020 the Company issued 598,422,087 shares to settle \$122,900 in convertible notes payable and accrued interest. During the year ending January 31, 2021 the Company issued 1,122,864,861 shares of common stock to settle \$117,697 in convertible notes payable and accrued interest.

On August 22, 2018 the Company sent an Amendment to the APT SYSTEMS 10B-18 STOCK REPURCHASE PLAN. The Company and the broker dealer (Wilson Davis and Co. Inc) agreed to suspend the stock repurchase plan until December 1, 2018 after which the repurchase plan is once again effective. This amendment was voluntarily entered into by both parties. The company intends to return shares currently in the account to Treasury and expect to do so by year end.

### ***Preferred Shares***

The Company created Series B preferred shares with a par value of \$0.001 and 1,000,000 shares authorized. The Series B Preferred Stock bears dividends (interest) at an annual rate of six percent (6%) payable annually and is convertible into shares of the Company's common stock at a conversion price of 90% of the average closing sale price for the Company's common stock for the two trading days prior to conversion. If insufficient shares are available the Company is required to redeem the shares for cash. The cash redemption price for Series B preferred shares will be face value plus 6% plus accrued dividends. The Series B Preferred Stock may be redeemed by the Company at any time prior to conversion at its face amount plus accrued but unpaid dividends. The Series B Preferred Stock has a liquidation preference equal to the greater of (a) the value of the common shares into which it could be converted or (b) its face amount plus accrued but unpaid dividends. The Series B Preferred Stock is without voting rights except as required by the Delaware General Corporation Law.

The Company created Series C preferred shares with a par value of \$0.001 and 750,000 shares authorized. The Series C Preferred Stock bears dividends (interest) at an annual rate of twelve percent (12%) payable annually and is convertible into shares of the Company's

common stock following the first anniversary of the issuance, at a conversion price of 70% of the average closing sale price for the Company's common stock for the two trading days prior to conversion. If insufficient shares are available the Company is required to redeem the shares for cash. The cash redemption price for Series C preferred shares will be face value plus 12% plus accrued dividends. The Series C Preferred Stock may be redeemed by the Company at any time prior to conversion at its face amount plus accrued but unpaid dividends. The Series C Preferred Stock has a liquidation preference equal to the greater of (a) the value of the common stock into which it could be converted or (b) its face amount plus accrued but unpaid dividends. The Series C Preferred Stock is without voting rights except as required by the Delaware General Corporation Law.

For the year ended January 31, 2021 and 2020, total dividends applicable to Series B and C Preferred Stock were \$16,846 and \$17,295, respectively. The Company did not declare or pay any dividends in fiscal 2020 or 2021. Although no dividends have been declared, the cumulative total of preferred stock dividends due to these stockholders upon declaration was \$48,527 as of January 31, 2021.

The carrying value of the Series B preferred shares was \$83,401 and \$79,490 as of January 31, 2021 and January 31, 2020, respectively. The carrying value of the Series C preferred shares was \$149,221 and \$136,286 as of January 31, 2021 and January 31, 2020.

The Company evaluated the Series B and C Preferred Stock and concluded that the redemption features qualify for temporary equity presentation in accordance with ASC 480-10-S99.

### ***Stock Options***

The Company adopted the 2013 Equity Incentive Plan (the "Plan") on January 31, 2012, reserving 5,500,000 shares for future issuances, of which a maximum of 2,500,000 may be issued as incentive stock options. The Plan provides for the issuance of non- statutory stock options or restricted stock to officers and employees, with an exercise price that is at least equal to the fair market value of the Company's common stock on the date of grant. Vesting terms and the lives of the options are to be determined by the Board of Directors upon grant. As of January 31, 2021 no options have been issued under this Plan.

### **NOTE 12 - INCOME TAXES**

The Company utilizes FASB ASC 740, "Income Taxes," which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the tax basis of assets and liabilities and their financial reporting amounts based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. A valuation allowance is recorded when it is "more likely than not" that a deferred tax asset will not be realized.

The Company generated a deferred tax asset through net operating loss carry-forwards. Based upon Management's evaluation, a valuation allowance of 100% has been established due to the uncertainty of the Company's realization of the benefit derived from net operating loss carry-forwards.

Deferred income taxes arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or noncurrent depending on the periods in which the temporary differences are expected to reverse. The Company does not have any uncertain tax positions.

The Company has net operating loss carryforwards of approximately \$3,417,000 and \$3,322,000 included in the deferred tax asset table below for the years ending January 31, 2021 and 2020, respectively. However, due to limitations of carryover attributes, it is unlikely the company will benefit from these NOL and thus Management has determined a 100% valuation reserved is required. The loss carry-forwards will start to expire in 2031.

For U.S. purposes, the Company has not completed its evaluation of NOL utilization limitations under Internal Revenue Code, as amended (the "Code") Section 382, change of ownership rules. If the Company has had a change in ownership, the NOL's would be limited as to the amount that could be utilized each year, based on the Code.

The Company has not filed all prior year income tax returns, as Management has stated. Due to the Net Operating Losses incurred it is not expected that there is any material Income Taxes due Federally or in State and Local jurisdictions, but any minimum tax payments due are delinquent and penalty and interest on such payments continue to accrue. Management is aware of its obligation to file income tax returns in jurisdictions the Company has Nexus.

In assessing the reliability of the deferred tax assets management considered whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, the projected future taxable income and tax planning strategies in making this assessment. Based on management's analysis, the Company concluded not to retain a deferred tax asset since it is uncertain whether the Company can utilize this asset in future periods. Therefore, the Company has established a full reserve against this asset.

The Company's policy is to recognize interest and/or penalties related to income tax matters in income tax expense. As of January 31, 2021 and 2020, the Company has no accrued interest and penalties related to uncertain tax positions.

The Company is subject to taxation in the U.S. The tax years for 2010 and forward are subject to examination by tax authorities. The Company is not currently under examination by any tax authority.

Management has evaluated tax positions in accordance with FASB ASC 740, and has not identified any tax positions, other than those discussed above, that require disclosure.

The provision for federal income tax consists of the following for the periods ending:

	January 31, 2021	January 31, 2020
Federal & State income tax benefit attributed to:		
Net loss	\$ 81,000	\$ 248,000
Expenses not currently deductible	(61,000)	(128,000)
Valuation allowance	(20,000)	(120,000)
Net benefit	<u>\$ -</u>	<u>\$ -</u>

The cumulative tax effect at the expected rate of 21% of significant items comprising our net deferred tax amount is as follows:

	January 31, 2021	January 31, 2020
Deferred tax attributed:		
Net operating loss carryover	\$ 718,000	\$ 698,000
Less: valuation allowance	(718,000)	(698,000)
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

### **NOTE 13 - SUBSEQUENT EVENTS**

The Company's management reviewed all material events through August 26, 2021, the date these financial statements were available to be issued for subsequent event disclosure consideration.

On May 21, 2021, the Company issued 55,000,000 shares of common stock for the conversion of \$23,750 of outstanding principal related to the note held by Noteholder 6 along with 24,409 of accrued interest.

On June 10, 2021, the Company issued 77,818,007 shares of common stock for the full conversion of \$75,000 of outstanding principal related to the note held by Noteholder 11 along with 33,945 of accrued interest.

On June 10, 2021, the Company sold 8,000,000 shares of common stock to an unrelated party for \$20,000.

On June 11, 2021, the Company issued 30,238,583 shares of common stock for the full conversion of \$25,000 of outstanding principal related to the note held by Noteholder 9 along with 11,286 of accrued interest.

On June 26, 2021, the Company issued 15,000,000 shares of common stock valued at \$232,500 for the settlement of outstanding payables related to services performed in the year ending January 31, 2019.

On July 28, 2021, the Company entered into a \$25,000 bridge loan agreement for further funding of its operations and immediate goals.