

Berkshire Homes, Inc.
Form 10-Q
July 17, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended May 31, 2013

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

For the transition period _____ to _____

BERKSHIRE HOMES, INC.
(Exact name of registrant as specified in its charter)

Nevada	333-171423	68-0680858
(State or Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2375 East Camelback Road, Suite 600
Phoenix, AZ 85016
(Address of principal executive offices)

(602) 387-5393
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the

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Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 10,760,000 shares of common stock with par value of \$0.0001 outstanding as of July 16, 2013.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

BERKSHIRE HOMES, INC.
(Formerly Indigo International, Corp.)
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEETS (unaudited)
AS OF MAY 31, 2013 AND NOVEMBER 30, 2012

	May 31, 2013	November 30, 2012
ASSETS		
Current Assets		
Cash and equivalents	\$9,542	\$-
TOTAL ASSETS	\$9,542	\$-
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and accrued interest	\$583,185	\$551,479
Accounts payable – related party	9,900	3,989
Accrued compensation	25,000	-
Due to related party	275	275
Promissory notes	500,000	400,000
Total Liabilities	\$1,118,360	955,743
Stockholders' Deficit		
Preferred stock, \$0.0001 par value, 20,000,000 shares authorized; no shares issued and outstanding	-	-
Common Stock, \$0.0001 par value, 500,000,000 shares authorized, 4,510,000 shares issued and outstanding	451	451
Additional paid-in capital	23,149	23,149
Deficit accumulated during the development stage	(1,132,418)	(979,343)
Total Stockholders' Deficit	(1,108,818)	(955,743)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$9,542	\$-

See accompanying notes to unaudited financial statements.

BERKSHIRE HOMES, INC.
(Formerly Indigo International, Corp.)
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF OPERATIONS (unaudited)
FOR THE THREE MONTHS AND SIX MONTHS ENDED MAY 31, 2013 AND 2012
FOR THE PERIOD FROM JUNE 2, 2010 (INCEPTION) TO MAY 31, 2013

	Three months ended May 31, 2013	Three months ended May 31, 2012	Six months ended May 31, 2013	Six months ended May 31, 2012	For the period from June 2, 2010 (Inception) to May 31, 2013
REVENUES	\$0	\$0	\$0	\$0	\$22,000
EXPENSES					
Consulting fees	-	67,544	1,000	84,419	554,922
General and administrative	6,406	31,472	22,299	54,768	151,808
Professional fees	1,894	29,363	43,376	35,613	130,232
Management fees	37,500	57,659	50,000	109,422	235,776
Bad debt expense	-	-	-	-	2,125
TOTAL EXPENSES	45,800	186,038	116,675	284,222	1,074,863
LOSS FROM OPERATIONS	(45,800)	(186,038)	(116,675)	(284,222)	(1,052,863)
OTHER INCOME (EXPENSE)					
Interest expense	(19,350)	(8,832)	(36,400)	(11,155)	(79,555)
	(19,350)	(8,832)	(36,400)	(11,155)	(79,555)
PROVISION FOR INCOME TAXES	0	0	0	0	0
NET LOSS	\$(65,150)	\$(194,870)	\$(153,075)	\$(295,377)	\$(1,132,418)
NET LOSS PER SHARE: BASIC AND DILUTED	\$(0.01)	\$(0.04)	\$(0.03)	\$(0.07)	
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: BASIC AND DILUTED	4,510,000	4,510,000	4,510,000	4,510,000	

See accompanying notes to unaudited financial statements.

BERKSHIRE HOMES, INC.
(Formerly Indigo International, Corp.)
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CASH FLOWS (unaudited)
FOR THE SIX MONTHS ENDED MAY 31, 2013 AND 2012
PERIOD FROM JUNE 2, 2010 (INCEPTION) TO MAY 31, 2013

	Six months ended May 31, 2013	Six months ended May 31, 2012	For the period from June 2, 2010 (Inception) to May 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period	\$(153,075)	\$(295,377)	\$(1,132,418)
Adjustments to reconcile net loss to net cash used in operating activities:			
Changes in operating assets and liabilities:			
Prepaid expenses	-	(7,500)	-
Accrued compensation	25,000	-	25,000
Accounts payable and accrued interest	31,706	(8,850)	583,186
Accounts payable – related party	5,911	(10,349)	9,900
Net Cash Used by Operating Activities	(90,458)	(322,076)	(514,332)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans from related parties	-	-	274
Issuance of promissory notes	100,000	400,000	500,000
Sale of common stock	-	-	23,600
Net Cash Provided by Financing Activities	100,000	400,000	523,874
Net Increase (Decrease) in Cash	9,542	77,924	9,542
Cash, beginning of period	-	-	0
Cash, end of period	\$9,542	\$77,924	\$9,542
SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest paid	\$0	\$0	\$0
Income taxes paid	\$0	\$0	\$0

See accompanying notes to unaudited financial statements.

BERKSHIRE HOMES, INC.
(Formerly Indigo International, Corp.)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS (Unaudited)
MAY 31, 2013

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited interim financial statements of Berkshire Homes, Inc. (the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission, and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's most recent Annual Report on Form 10-K. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosures contained in the audited financial statements for the most recent fiscal year ended November 30, 2012 as reported in the Company’s most recent Annual Report on Form 10-K, have been omitted.

NOTE 2 – GOING CONCERN

These financial statements 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 has incurred losses since inception resulting in an accumulated deficit of \$1,132,418 as of May 31, 2013 and further losses are anticipated 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 to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management anticipates financing operating costs over the next twelve months with loans and/or private placement of common stock. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty.

NOTE 3 – RELATED PARTY TRANSACTIONS

During the three months and six months ended May 31, 2013, the Company incurred management fees of \$37,500 (2012- \$ 57,659) and \$ 50,000 (2012-\$109,422) respectively to the sole director and officer of the Company. As of May 31, 2013, accrued compensation in the amount of \$ 25,000 (2012-\$ nil) was due to the sole director and officer.

During the six months ended May 31, 2013, the sole director and officer of the Company made payments of \$9,900 on behalf of the Company which is outstanding and recorded as accounts payable to related party at May 31, 2013.

A former director of the Company loaned \$275 to the Company on June 2, 2010. The amount was outstanding at May 31, 2013.

The amounts due to related parties are due on demand, non-interest bearing and unsecured.

BERKSHIRE HOMES, INC.
(Formerly Indigo International, Corp.)
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NOTES TO FINANCIAL STATEMENTS (Unaudited)
MAY 31, 2013

NOTE 4 – PROMISSORY NOTES

During the year ended November 30, 2012, the Company issued three promissory notes for total proceeds of \$400,000 at an interest rate of 16% per annum. On February 4, 2013, the Company sold a promissory note for gross proceeds of \$100,000 at an interest rate of 16% per annum. All four promissory notes are unsecured and payable on demand.

During the six months ended May 31, 2013, the Company recorded interest expense of \$36,400 on the four promissory notes.

NOTE 5 – COMMON STOCK

From inception through November 30, 2012, the Company issued an aggregate of 4,510,000 common shares for cash proceeds of \$23,600.

On January 11, 2013, the Company amended and restated its Articles of Incorporation and increased the Company's authorized capital stock from 75,000,000 shares of Common Stock, par value \$0.001 per share, and no Preferred Stock to 500,000,000 shares of Common Stock, par value \$0.0001 per share, and 20,000,000 shares of "blank-check" Preferred Stock, par value \$0.0001 per share.

The financial statements herein have been retroactively restated to reflect the amended par value of Common Stock.

NOTE 6 – SUBSEQUENT EVENTS

In accordance with ASC 855-10, the Company has analyzed its operations subsequent to July 5, 2013 to the date these financial statements were issued, and has determined that it does not have any material subsequent events to disclose in these financial statements, except as noted below

In June 2013, the Company issued two promissory notes for total proceeds of \$2,650,000 at an interest rate of 5% per annum. Both promissory notes are unsecured and due twenty four months from the date of issuance.

On July 9, 2013, the Company issued 6,250,000 shares of the Company's Common Stock to the holder of four notes payables with an aggregate principal amount of \$500,000, as payment for all accrued interest on the notes as of July 9, 2013.

FORWARD LOOKING STATEMENTS

Statements made in this Form 10-Q that are not historical or current facts are "forward-looking statements". These statements often can be identified by the use of terms such as "may," "will," "expect," "believe," "anticipate," "estimate," "approximate" or "continue," or the negative thereof. We wish to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Any forward-looking statements represent management's best judgment as to what may occur in the future. However, forward-looking statements are subject to risks, uncertainties and important factors beyond our control that could cause actual results and events to differ materially from historical results of operations and events and those presently anticipated or projected. We disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statement or to reflect the occurrence of anticipated or unanticipated events.

We are a development stage corporation. We have generated limited revenue and incurred losses since inception.

Our auditors have issued a going concern opinion. This means that our auditors believe there is substantial doubt that we can continue as an on-going business for the next twelve months unless we obtain additional capital to discharge our obligations and pay for our ongoing expenses.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Description of Business

Overview

We were incorporated in the State of Nevada on June 2, 2010 under the name "Indigo International, Corp."

Since November 2012, our business strategy has been focused on the acquisition and rehabilitation of distressed residential real estate in the United States. On December 4, 2012, our majority shareholder, who is our sole officer and director, approved an amendment to our Articles of Incorporation for the purpose of changing our name to "Berkshire Homes, Inc."

Our corporate offices are located at 2375 East Camelback Road, Suite 600, Phoenix, AZ 85016. Our telephone number is 602-387-5393.

On January 11, 2013, we filed an Amended and Restated Articles of Incorporation with the Secretary of State of the State of Nevada in order to, among other things, change our authorized capital stock to Five Hundred and Twenty Million (520,000,000) shares, consisting of Five Hundred Million (500,000,000) shares of Common Stock, \$0.0001 par value per share and Twenty Million (20,000,000) shares of "blank-check" Preferred Stock, \$0.0001 par value per share.

Recent Developments

In June 2013 we sold an aggregate of \$2,650,000 of our 5% unsecured promissory notes (the "5% Notes") for gross proceeds to us of \$2,650,000. The 5% Notes accrued interest at the rate of 5% per annum are due and payable twenty four months from their respective dates of issuance, subject to acceleration in the event of default and the 5% Notes may be prepaid, in whole or in part, without penalty or premium.

On July 9, 2013, we issued 6,250,000 shares of our Common Stock to the holder of four 16% promissory notes (the "16% Notes") with an aggregate principal amount of \$500,000 pursuant to the terms of a Conversion Agreement. Pursuant to the terms of the Conversion Agreement, the holder of the 16% Notes agreed to convert all accrued but unpaid interest on the 16% Notes as of July 9, 2013, into 6,250,000 shares of our Common Stock.

Results of Operations

We are a development stage company incorporated on June 2, 2010. From our inception to May 31, 2013, we generated revenues of \$22,000 and accumulated a deficit of \$1,132,418 from our prior consultation business which ceased in November 2012. We cannot guarantee we will be successful in developing and expanding our business. Our business is subject to risks inherent in the establishment of a new business enterprise including limited capital resources.

We anticipate that we will continue to incur losses in the next 12 months. Our financial statements have been prepared assuming that we will continue as a going concern. We expect we will require additional financing to meet our long term operating requirements through the sale of equity and/or debt securities among other options.

There is no assurance that future financing will be available to us on acceptable terms. If financing is not available on satisfactory terms, we may be unable to continue, develop or expand our operations. Equity financing could result in additional dilution to existing shareholders.

Three Months Ended May 31, 2013 Compared to Three Months Ended May 31, 2012

Our net loss for the three months ended May 31, 2013 was \$65,150, a decrease of \$129,720 or 67% from a net loss of \$194,870 during the three months ended May 31, 2012. The decrease was due to reduced consulting fees, professional fees and general and administrative expenses.

During the three months ended May 31, 2013 and May 31, 2012, we generated no revenues.

During the three months ended May 31, 2013, we incurred operating expense of \$45,800, a decrease of \$140,238 or 75.4% from \$186,038 during the three months ended May 31, 2012. Our general and administrative expenses decreased by \$25,066 or 79.6% from \$31,472 for the three months ended May 31, 2012 to \$6,406 for the three months ended May 31, 2013 as we streamlined our operations in 2013. Professional fees decreased from \$29,363 for the three months ended May 31, 2012 by \$27,469 or 93.5% to \$1,894 for the three months ended May 31, 2013. Management fees decreased from \$57,659 for the three months ended May 31, 2012 by \$20,159 or 35.0% to \$37,500 for the three months ended May 31, 2013 as a result of a reduced management fee agreement with the new officer.

During the three months ended May 31, 2013 we incurred interest expense of \$19,350 on our outstanding promissory notes with total principal amount of \$500,000. During the three months ended May 31, 2012, we incurred interest expense of \$8,832 on outstanding promissory notes with total principal amount of \$400,000.

Six Months Ended May 31, 2013 Compared to Six Months Ended May 31, 2012

Our net loss for the six months ended May 31, 2013 was \$153,075, a decrease of \$142,302 or 48.2% from a net loss of \$295,377 during the six months ended May 31, 2012. The decrease was due to lower consulting, professional, management and general and administrative costs.

During the six months ended May 31, 2013 and May 31, 2012, we generated no revenues.

During the six months ended May 31, 2013, we incurred operating expense of \$116,675, a decrease of \$167,547 or 58.9% from \$284,222 during the six months ended May 31, 2012. Our general and administrative expenses decreased by \$32,469 or 59.3% from \$54,768 for the six months ended May 31, 2012 to \$22,299 for the six months ended May 31, 2013 as we streamlined our operations in 2013. Professional fees increased from \$35,613 for the six months ended May 31, 2012 by \$7,763 or 21.8% to \$43,376 for the six months ended May 31, 2013, largely due to increased legal costs. Management fees decreased from \$109,422 for the six months ended May 31, 2012 by \$59,422 or 54.3% to \$50,000 for the six months ended May 31, 2013 as a result of reduced compensation for arrangements for the new officer.

During the six months ended May 31, 2013, we incurred interest expense of \$36,400 on our outstanding promissory notes with a total principal amount of \$500,000. During the six months ended May 31, 2012, we incurred interest expense of \$11,155 on outstanding promissory notes with total principal amount of \$400,000.

Liquidity and Capital Resources

As of May 31, 2013, we had current assets of \$9,542 and current liabilities of \$1,118,360.

As of November 30, 2012, we had no assets and current liabilities of \$955,743.

We financed our operations during the six months ended May 31, 2013 primarily through the sale of an additional \$100,000 promissory note. We have financed our operations during the six months ended May 31, 2012 primarily with the sale of three promissory notes we issued during the period for total proceeds to us of \$400,000.

Plan of Operation and Funding

We expect that working capital requirements will continue to be funded through further issuances of equity securities or debt financing. Our working capital requirements are expected to increase in line with the growth of our business.

We have generated \$22,000 in revenues to date. We are still a development stage corporation.

Over the next twelve months we believe we will need \$2,500,000 to carry out our ongoing operations and to expand our operations which will come from funds currently available and additional financing.

Recent Accounting Pronouncements

See Note 1 to the Financial Statements.

Off-balance Sheets Arrangements

As of the date of this Quarterly Report, we do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Going Concern

We have funded our initial operations through the issuance of 4,510,000 shares of capital stock for net proceeds of \$23,600, the sale of six promissory notes in the aggregate principal amount of \$3,150,000, and cash proceeds of \$22,000 generated from providing consulting service from inception to date. Due to the uncertainty of our ability to generate sufficient revenues from our operating activities and/or to obtain the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they come due, in their report on our financial statements for the fiscal year ended November 30, 2012, our registered independent auditors included additional comments indicating concerns about our ability to continue as a going concern. Our financial statements contain additional note disclosures describing the circumstances that led to this disclosure by our registered independent auditors. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Management plans to continue to seek financing on favorable terms; however, there is no assurance that such financing can be obtained on favorable terms. If we are unable to generate sufficient revenue or obtain additional funds for our working capital needs, we may need to cease or curtail operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer who is also our principal financial officer, we have conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as of the end of the period covered by this report. Based on this evaluation, our principal executive officer, who is also our principal financial officer, concluded as of the evaluation date that our disclosure controls and procedures were not effective such that the material information required to be included in our Securities and Exchange Commission reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms relating to the Company, particularly during the period when this report was being prepared. However, because we have limited transactions which are all approved, carried out and reviewed by our sole director and officer, the impact of the limitations are not material.

Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting during our most recent fiscal quarter that materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number and Exhibit Title

Exhibit Document Description

No.

31.1 Section 302 Certification under Sarbanes-Oxley Act of 2002 of the Chief Executive Officer and Chief Financial Officer

32.1 Section 906 Certification under Sarbanes-Oxley Act of 2002 of the Chief Executive Officer and Chief Financial Officer

Signatures

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

Berkshire Homes, Inc.
(Registrant)

Date: July 17, 2013

By: /s/ Llorin Kylo
Llorin Kylo
President, Chief Executive Officer, Chief
Financial Officer, Secretary, Treasurer
and Director (Principal Executive Officer
and Principal Financial and Accounting
Officer)