AMERICAN BUSING CORP
Form 8-K/A
March 31, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

AMENDMENT No. 1 to

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported): January 16, 2004

AMERICAN BUSING CORPORATION
(Exact name of Registrant as specified in its charter)

Nevada	000-50243	33-1025552
(State of Incorporation or Other Jurisdiction)	(Commission File No.)	(IRS Identification Number)

13134 State Route 62, Salem, Ohio 44460
(Address of principal executive offices)

(330) 332-8534
Registrant's telephone number including area code

(Former name or former address, if changed since last report)

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

Financial Statements and Pro Forma Financial Information

In connection with the events reported in the Registrant's Form 8-K filed with the Commission on January 23, 2004, the Registrant is filing the following financial statements of its subsidiary, W.W. Cycles, Inc. ("Cycles"), and certain pro forma financial information, as required pursuant to Item 7 of Form 8-K herewith:

(a) Audited Financial Statements of Cycles for the years ended December 31, 2003 and 2002; and

(b) Pro forma financial information reflecting the acquisition of Cycles by the Registrant, presented as required pursuant to Article 11 of Regulation S-X.

SIGNATURES

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

AMERICAN BUSING CORPORATION

By: /s/ Gregory A. Haehn

Gregory A. Haehn
President

Dated: As of March 31, 2004

FINANCIAL STATEMENTS

W. W. CYCLES, INC.

Years ended December 31, 2003 and 2002

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C O N T E N T S

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Report of Independent Certified Public Accountants

W. W. Cycles, Inc.
Salem, Ohio

We have audited the accompanying balance sheets of W. W. Cycles, Inc. as of December 31, 2003 and 2002 and the related statements of operations, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of W. W. Cycles, Inc. as of December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BDO Seidman, LLP
Philadelphia, Pennsylvania

March 23, 2004

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BALANCE SHEETS

W. W. CYCLES, INC.

December 31, 2003 and 2002

ASSETS

	2003	2002
CURRENT ASSETS		
Cash and cash equivalents	$ 587,917	$ 780,372
Accounts receivable, net	1,285,106	917,214
Accounts receivable, affiliates	315,343	-
Inventories	10,986,080	7,319,486
Current portion of note receivable, officer	679,405	375,994
Prepaid expenses	8,000	31,712
TOTAL CURRENT ASSETS	13,861,851	9,424,778
PROPERTY AND EQUIPMENT, NET	425,177	462,170
OTHER ASSETS		
Accounts receivable, affiliate	-	220,000
Note receivable, officer	-	139,677
Deposits	16,000	16,000
TOTAL OTHER ASSETS	16,000	375,677
	$14,303,028	$10,262,625

See accompanying notes to financial statements

BALANCE SHEETS (CONTINUED)

W. W. CYCLES, INC.

December 31, 2003 and 2002

LIABILITIES AND SHAREHOLDERS' EQUITY

	2003	2002
CURRENT LIABILITIES		
Lines of credit	$ 450,000	$ 150,000
Notes payable, floor plans	11,575,660	7,662,177
Accounts payable, trade	675,042	682,126
Accrued expenses	258,412	229,377
Customer deposits	215,632	61,751
Current portion of long-term debt	97,073	113,413
TOTAL CURRENT LIABILITIES	13,271,819	8,898,844
LONG-TERM DEBT, NET	-	102,631
TOTAL LIABILITIES	13,271,819	9,001,475
COMMITMENTS		
STOCKHOLDERS' EQUITY		
Common stock - no par value: Authorized 750 shares; issued and outstanding 100 shares	45,000	45,000
Retained earnings	986,209	1,216,150
TOTAL STOCKHOLDERS' EQUITY	1,031,209	1,261,150
	$14,303,028	$10,262,625

See accompanying notes to financial statements

STATEMENTS OF OPERATIONS

W. W. CYCLES, INC.

Years ended December 31, 2003 and 2002

	2003	2002
OPERATING INCOME		
Sales	$ 45,217,270	$ 38,461,692
Finance, insurance and extended service revenues	838,573	1,041,228
TOTAL OPERATING INCOME	46,055,843	39,502,920
COST OF MERCHANDISE SOLD	41,229,644	34,357,908
GROSS PROFIT	4,826,199	5,145,012
OPERATING EXPENSES		
Selling expenses	2,513,276	2,564,627
General and administrative expenses	1,460,092	1,337,531
	3,973,368	3,902,158
INCOME FROM OPERATIONS	852,831	1,242,854
OTHER INCOME AND (EXPENSE)		
Other income, net	6,608	15,987
Interest expense, net	(300,937)	(244,433)
	(294,329)	(228,446)
NET INCOME	$ 558,502	$ 1,014,408

See accompanying notes to financial statements

STATEMENTS OF STOCKHOLDERS' EQUITY

W. W. CYCLES, INC.

Years ended December 31, 2003 and 2002

	Common Stock Shares	Common Stock Amount	Retained Earnings	Total
Balance, January 1, 2002	100	$45,000	$ 618,697	$ 663,697
Net income	-	-	1,014,408	1,014,408
Distributions	-	-	(416,955)	(416,955)
Balance, December 31, 2002	100	45,000	1,216,150	1,261,150
Net income	-	-	558,502	558,502
Distributions	-	-	(788,443)	(788,443)
Balance, December 31, 2003	100	$45,000	$ 986,209	$ 1,031,209

See accompanying notes to financial statements

STATEMENTS OF CASH FLOWS

W. W. CYCLES, INC.

Years ended December 31, 2003 and 2002

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 558,502	$1,014,408
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	74,564	64,912
Provision for doubtful accounts	6,295	3,542
Loss on sale of property and equipment	1,609	-
Increase in accounts receivable, net	(374,187)	(206,245)
Increase in inventories	(3,666,594)	(1,371,749)
Increase in floor plan liability	3,913,483	2,325,256
Decrease in prepaid expenses	23,712	50,582
Increase (decrease) in customer deposits	153,881	(105,239)
Increase (decrease) in accounts payable trade	(7,084)	350,950
Increase in accrued expenses	29,035	11,566
NET CASH PROVIDED BY OPERATING ACTIVITIES	713,216	2,137,983
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(89,420)	(183,725)
Proceeds from sale of property and equipment	50,240	-
Increase in deposits	-	(14,300)
(Increase) decrease in accounts receivable affiliates	(95,343)	(668,984)
Increase in notes receivable from officers	(163,734)	(133,442)
NET CASH USED IN INVESTING ACTIVITIES	(298,257)	(1,000,451)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings	300,000	-
Distributions	(788,443)	(416,955)
Payments on long-term debt	(118,971)	(112,427)
NET CASH USED IN FINANCING ACTIVITIES	(607,414)	(529,382)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(192,455)	608,150
CASH AND CASH EQUIVALENTS, beginning of Year	780,372	172,222
CASH AND CASH EQUIVALENTS, end of Year	$ 587,917	$ 780,372

OTHER SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid during the year	$ 293,887	$ 261,657

See accompanying notes to financial statements

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NOTES TO FINANCIAL STATEMENTS

W. W. CYCLES, INC.

December 31, 2003 and 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations:

W.W. Cycles, Inc. (the Company), doing business as Andrews Cycles, was incorporated in Ohio in 1984 and operates a retail dealer of motorcycles, all terrain vehicles, scooters and personal watercraft in northeastern Ohio.

Cash and Cash Equivalents:

Cash and cash equivalents include amounts held in demand deposit accounts and overnight investment accounts. The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Contracts in Transit:

Contracts in transit represent customer finance contracts evidencing loan agreements or lease agreements between the Company, as creditor, and the customer, as borrower, to acquire or lease a vehicle whereby a third-party finance source has given the Company initial, non-binding approval to assume the Company's position as creditor. Funding and approval from the finance source is provided upon the finance source's review of the loan or lease agreement and related documentation executed by the customer at the dealership. These finance contracts are typically funded within ten days of the initial approval of the finance transaction by the third-party finance source. The finance source is not contractually obligated to make the loan or lease to the customer until it gives its final approval and funds the transaction. Until such final approval is given, contracts in transit represent amounts due from the customer to the Company. See Note B for additional information.

Allowance for Doubtful Accounts:

Accounts are written off when management determines that an account is uncollectible. Recoveries of accounts previously written off are recorded when received. An estimated allowance for doubtful accounts is determined to reduce the Company's receivables to their carrying value, which approximates fair value. The allowance is estimated based on historical collection experience, specific review of individual customer accounts, and current economic and business conditions. Historically, the

Company has not incurred any significant credit related losses.

Revenue Recognition:

Vehicle Sales:

The Company records revenue when vehicles are delivered and title has passed to the customer, when vehicle service or repair work is performed and when parts are delivered. Sales promotions that are offered to customers are accounted for as a reduction to the sales price at the time of sale. Incentives, rebates and holdbacks offered by manufacturers directly to the Company are recognized at the time of sale if they are vehicle specific, or as earned in accordance with the manufacturer program rules and are recorded as a reduction of cost of merchandise sold.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued):

Finance, Insurance and Extended Service Revenues:

The Company arranges financing for customers through various financial institutions and receives a commission from the lender equal to the difference between the interest rates charged to customers and the interest rates set by the financing institution. The Company also receives commissions from the sale of various third party insurance products to customers and extended service contracts. These commissions are recorded as revenue at the time the customer enters into the contract. The Company is not the obligor under any of these contracts. In the case of finance contracts, a customer may prepay or fail to pay their contract, thereby terminating the contract. Customers may also terminate extended service contracts, which are fully paid at purchase, and become eligible for refunds of unused premiums. In these circumstances, a portion of the commissions the Company receives may be charged back based on the relevant terms of the contracts. The revenue the Company records relating to commissions is net of an estimate of the ultimate amount of chargebacks the Company will be required to pay. Such estimates of chargeback experience is based on our historical chargeback expense arising from similar contracts.

Fair Value of Financial Instruments:

Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and debt, including floor plan notes payable. The carrying amount of all significant financial instruments approximates fair value due either to length or maturity or variable interest rates that approximate prevailing market rates.

Inventories:
Parts and accessories inventories are stated at the lower of cost or market using the first-in, first-out method. Vehicle inventories are stated at the lower of cost or market using the specific identification method.

Concentration of Credit Risk:
Financial instruments that potentially subject the Company to credit risk consist of cash equivalents and accounts receivable.

The Company's policy is to review the amount of credit exposure to any one financial institution and place investments with financial institutions evaluated as being creditworthy. In the ordinary course of business, the Company has bank deposits and overnight repurchase agreements that may exceed federally insured limits.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

W. W. CYCLES, INC.

December 31, 2003 and 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk (Continued):
Concentration of credit risk, with respect to accounts receivable-customers, is limited through the Company's credit evaluation process. The Company reviews the credit history before extending credit. Generally, the Company does not require collateral from its customers.

Property and Equipment:
Property and equipment are stated at cost. Maintenance and repairs that do not add materially to the value of the asset nor appreciably prolong its useful life are charged to expense as incurred. Gains or losses on the disposal of property and equipment are included in the determination of income.

Depreciation of property and equipment and amortization of leasehold improvements are provided using the straight-line method over the following estimated useful lives:

Fixtures, and equipment..............	5-7 years
Vehicles.............................	5 years
Leasehold Improvements................	15 years

Impairment of Long-Lived Assets:
Long-lived assets are reviewed for impairment whenever events such as product discontinuances, product dispositions or other changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the

carrying amount of a long-lived asset exceeds the sum of non-discounted cash flows expected to result from the asset's use and eventual disposition. An impairment loss is measured as the amount by which the carrying amount exceeds its fair value, which is typically calculated using discounted expected future cash flows. The discount rate to these cash flows is based on the Company's weighted average cost of capital, which represents the blended after-tax costs of debt and equity. There were no indications of impairments at December 31, 2003 or 2002.

Income Taxes:

The Company, with the consent of its shareholders, has elected to have its income taxed as an S corporation under Section 1362 of the Internal Revenue Code. As such, the Company does not pay corporate income taxes and is not allowed net operating tax loss carrybacks or carryovers as deductions. Instead, the shareholders include their proportionate share of the Company's taxable income or loss in their individual income tax returns.

The book basis of net assets differ from the tax basis primarily due to depreciation differences caused by accelerated depreciation methods used for tax and certain accrued expenses which are not deductible for tax until paid.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

W. W. CYCLES, INC.

December 31, 2003 and 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Product Warranty:

The Company sells both manufacturers and company warranties. The anticipated costs related to company's product warranties are accrued when units are sold. Product warranties are insignificant.

Advertising Costs:

Advertising costs are expensed when incurred. Charges to operations amounted to
$752,371 in 2003 and $645,080 in 2002.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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 reporting period. Actual results could differ from those estimates.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

W. W. CYCLES, INC.

December 31, 2003 and 2002

NOTE B - ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following:

	2003	2002
A/R-Customers and dealers	$ 651,932	$ 365,168
A/R-Manufacturers	328,790	247,640
A/R-Employees	4,902	24,086
Contracts in transit	324,482	305,320
	1,310,106	942,214
Allowance for doubtful accounts	25,000	25,000
	$ 1,285,106	$ 917,214

NOTE C - INVENTORIES

Inventories consisted of the following:

	2003	2002
Parts and accessories	$ 736,308	$ 624,499
Vehicles	10,249,772	6,694,987
TOTALS	$10,986,080	$ 7,319,486

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2003	2002
Fixtures and equipment	$ 178,737	$ 135,561
Vehicles	234,558	260,898
Leasehold improvements	264,328	264,328
	677,623	660,787
Less accumulated depreciation	252,446	198,617
NET PROPERTY AND EQUIPMENT	$ 425,177	$ 462,170

Depreciation expense charged to operations amounted to $74,564 in 2003 and $64,912 in 2002.

NOTE E - NOTE RECEIVABLE OFFICER

Note receivable officer consisted of advances to an officer and advances to companies that the officer owns bearing interest at 6% with no stipulated repayment terms. Interest income on these notes amounted to $13,364 in 2003 and $15,980 in 2002. The notes are expected to be repaid within a year.

NOTE F - LINES OF CREDIT

The following is a summary of the Company's line of credit agreements:

	2003	2002
A $250,000 line of credit with one of its suppliers bearing interest at 7.5%. The loan is collateralized by substantially all of the Company's assets. The outstanding principal balance is payable in full by December 2004. The Company can re-borrow on the line one month subsequent to payoff.	$ 150,000	$ 150,000
A $300,000 revolving line of credit at a bank bearing interest at a variable rate of prime plus one percent (5% at December 31, 2003). The loan is collateralized by substantially all the Company's assets and the building owned personally by an officer.	300,000	0
	$ 450,000	$ 150,000

NOTE G - NOTES PAYABLE - FLOOR PLANS

The Company has floor plan financing agreements for the purchase of its new and used vehicle inventory. The floor plans are collateralized by substantially all corporate assets. The following is a summary of floor plan financing agreements:

	2003	2002
Kawasaki Motors Finance Company floor plan agreement provides for borrowings up to $1,240,010. Interest is payable monthly and fluctuates with prime and varies based on the type of unit financed and the length of time the unit remains on the floor plan (ranging from 7% to 18% at December 31, 2003). Principal payments are due upon the sale of the specific units financed.	$ 720,246	$ 1,126,763
American Honda Finance floor plan agreement provides for borrowings up to $2,000,000. Manufacturers at their discretion may increase the borrowings. Interest is payable monthly and fluctuates with prime and varies based on the type of unit financed and the length of time the unit remains on the floor plan (ranging from 4.5% to 6% at December 31, 2003). Principal payments are due upon the sale of the specific units financed.	3,706,011	2,238,128
CARRIED FORWARD	4,426,257	3,364,891

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

W. W. CYCLES, INC.

December 31, 2003 and 2002

NOTE G - NOTES PAYABLE (CONTINUED)

	2003	2002
BROUGHT FORWARD	$ 4,426,257	$ 3,364,891
Deutsche Financial Service floor plan agreement for Yamaha units provides for borrowings up to $2,500,000. Interest is payable monthly and fluctuates with prime and varies based on the type of unit financed and the length of time the unit remains on the floor plan (ranging from 3.3% to 5.83% at December 31, 2003). Principal payments are due upon the sale of the specific units financed.	1,247,034	1,452,955
Deutsche Financial Service floor plan agreement for Suzuki units provides for borrowings up to $1,000,000. Manufacturers at their discretion may increase the borrowings. Interest is payable monthly and fluctuates with prime and varies based on the type of unit financed and the length of time the unit remains on the floor plan (ranging from 3% to 4.583% at December 31, 2003). Principal payments are due upon the sale of the specific units financed.	4,508,402	2,300,237
Deutsche Financial Service floor plan agreement for Special Products provides for borrowings up to $1,500,000. Interest is payable monthly and fluctuates with prime and varies based on the type of unit financed and the length of time the unit remains on the floor plan. Principal payments are due upon the sale of the specific units financed.	0	5,450
Polaris Acceptance floor plan agreement provides for borrowings up to $325,000. Manufacturers at their discretion may increase the borrowings. The agreement is collateralized by specific units financed (ranging from 2.43% to 3.61% at December 31, 2003). Principal payments are due the earlier of date of sale or one year after financing.	398,230	220,234
Fifth Third Bank floor plan agreement provides for borrowings up to $2,500,000. Interest is payable monthly and fluctuates with prime and varies based on the type of unit financed and the length of time the unit remains on the floor plan (4% at December 31, 2003). Principal payments are due upon the sale of the specific units financed.	995,737	318,410
TOTALS	$11,575,660	$ 7,662,177

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

W. W. CYCLES, INC.

December 31, 2003 and 2002

NOTE H - LONG-TERM DEBT

The following is a summary of long-term debt:

	2003	2002
Note payable to bank bearing interest at 6.85%, payable in monthly installments of $1,635, through July 2004, collateralized by vehicle.	$ 11,186	$ 29,358
Noninterest bearing note payable to finance company, payable in monthly installments of $518, through November 2004, collateralized by vehicle.	5,177	11,389
Note payable to bank bearing interest at 5.75%, payable in monthly installments of $7,576, through November 2004, collateralized by second mortgage on commercial real estate owned by a shareholder.	80,710	164,324
Note payable to bank bearing interest at 8.6%, payable in monthly installments of $546, through December 2005, collateralized by vehicle.	0	10,973
	97,073	216,044
Less current maturities	97,073	113,413
TOTALS	$ 0	$ 102,631

NOTE I - RELATED PARTY TRANSACTIONS

Related Party Transactions:

Accounts receivable, affiliates consisted of the following:

	2003	2002
Noninterest bearing advances to and transfer of product at cost to Andrews North, Inc., a corporation		

in Cleveland, Ohio affiliated through common ownership interest to be repaid within one year	$ 220,000	$ 220,000
Non-interest bearing advances of $90,000 and sale of product of $5,343 to individuals related to the shareholders of the corporation to be repaid within one year	95,343	0
	315,343	220,000
Less current maturities	315,343	0
TOTALS	$ 0	$ 220,000

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

W. W. CYCLES, INC.

December 31, 2003 and 2002

NOTE I - RELATED PARTY TRANSACTIONS (CONTINUED)

Note receivable officer amounted to $679,405 at December 31, 2003 and $515,671 at December 31, 2002 (See Note E).

A portion of GAP insurance was purchased through a related corporation. Charges to operations amounted to $-0- in 2003 and $36,654 in 2002.

The Company leases a vehicle from a shareholder on a month-to-month basis. Charges to operations amounted to $4,370 in 2003 and $9,014 in 2002.

The Company leases its retail facility from a shareholder under a five-year agreement with two five year renewal terms. The Company guarantees the debt on the building which amounted to approximately $350,000 at December 31, 2003. In accordance with Financial Accounting Standards Board Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), the rental activities may qualify as a Variable Interest Entity and need to be consolidated by the Company in the first quarter 2004. The Company can not currently estimate the impact that this will have on its financial statements.

Charges to operations amounted to $180,000 in 2003 and in 2002.

The following is a summary of future minimum lease payments under operating leases that have initial or remaining noncancellable terms in excess of one year as of December 31, 2003:

YEAR ENDING	AMOUNT

2004	$180,000
2005	180,000
2006	180,000
2007	180,000
2008	180,000
	$900,000

NOTE J - EMPLOYEE BENEFIT PLANS

The Company sponsors a Simple Retirement Plan for all eligible employees. The Company matches 100% of employee contributions up to 3% of compensation. Charges to operations amounted to $20,870 in 2003 and $24,092 in 2002.

NOTE K - SUBSEQUENT EVENTS

On December 30, 2003, the shareholders of the Company entered into a Stock Purchase and Reorganization Agreement in which effective January 16, 2004 (the Closing Date) the Company was issued an aggregate of 7,850,000 restricted shares of common stock, $.001 par value, of American Busing Corporation in exchange for all of the outstanding shares of the common stock of the Company, resulting in the Company becoming a wholly-owned subsidiary of American Busing Corporation, an inactive public company. The acquisition was accounted for as a recapitalization with the Company being the registrant subsequent to the merger. The Company will continue to operate as a motorcycle dealership in northeastern Ohio under the name of Andrews Cycles.

Effective January 1, 2004, the Company's election to be an S Corporation was terminated.

On February 27, 2004, the shareholders of the Company signed a letter of intent to purchase a motorcycle dealership in Chicago currently operating as Chicago Cycles. The letter of intent is subject to the performance of a due diligence review and the ability to raise the financing needed to complete the transaction. Upon completion of the acquisition, the Chicago dealership will operate as a wholly owned subsidiary of American Busing Corporation.

UNAUDITED CONSOLIDATED PRO FORMA FINANCIAL STATEMENTS

On December 30, 2003, the shareholders of W.W. Cycles, Inc., an Ohio Corporation, (Cycles) entered into a Stock Purchase and Reorganization Agreement in which the shareholders of Cycles were issued 7,850,000 restricted shares of common stock, $.001 par value, of American Busing Corporation, a Nevada Corporation, (Registrant) in exchange for all of the issued and outstanding common shares of Cycles. The transaction became effective on January 16, 2004 (Closing date) and as a result, Cycles became a wholly-owned subsidiary of American Busing Corporation. The acquisition will be accounted for as a recapitalization whereby, for accounting purposes, Cycles will be considered the accounting acquirer and the historical financial statements of Cycles will become the historical financial statements of the registrant.

On the Closing Date, in consideration of a payment of $21,250, the Registrant acquired and subsequently retired all of the shares of Common Stock (8,500,000 shares) of the Registrant owned by the Registrant's sole director and officer. In addition, loans from the former shareholder amounting to $30,000 were forgiven. The funds used to acquire the shares were loaned to the Registrant by the majority shareholder of Cycles.

In connection with the merger, the Registrant issued to a financial advisor, warrants to purchase up to 1,000,000 shares of the Common Stock in consideration for financial advisory services provided to the Registrant and Cycles in connection with the merger. The Warrants are exercisable for a period of six years after their date of issuance, at an exercise price of $1.00 per share, provided that the Warrants may not be exercised prior to the first anniversary date of issuance.

The following Pro Forma Consolidated Balance Sheet presents Cycles' Consolidated Balance Sheet at December 31, 2003 as if the merger had taken place on that date. The Pro Forma Consolidated

Statements of Operations were omitted due to the fact that the operations of American Busing Corporation are insignificant and the pro forma operating results would essentially be the same as Cycles' historical results.

AMERICAN BUSING CORPORATION
UNAUDITED PROFORMA CONSOLIDATED BALANCE SHEET

	BALANCE SHEET		
	W. W. Cycles, Inc. December 31, 2003	American Busing Corporation August 31, 2003	ADJUSTM
ASSETS			
CURRENT ASSETS			
Cash	$ 587,917	$ 1,706	$
Accounts receivable, net	1,285,106		
Accounts receivable affiliates	315,343		
Inventories	10,986,080		
Current portion of note receivable officer	679,405		
Prepaid expenses and other current assets	8,000		
Deferred income taxes	-		35
TOTAL CURRENT ASSETS	13,861,851	1,706	35
PROPERTY AND EQUIPMENT, NET	425,177	9,166	
OTHER ASSETS	16,000		
	$ 14,303,028	$ 10,872	$ 35
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Notes payable	$ 12,025,660	$ -	$
Accounts payable and accrued expenses	933,454	7,841	
Loans from shareholder	-	30,000	(30
			21
Customer deposits	215,632		
Current portion of long-term debt	97,073		
TOTAL CURRENT LIABILITIES	13,271,819	37,841	(8
DEFERRED INCOME TAXES			20
TOTAL LIABILITIES	13,271,819	37,841	11

STOCKHOLDERS' EQUITY			
Common stock	45,000	11,075	(37 (8
Additional paid-in capital	-	5,250	37 17 15 (43 971 15
Retained earnings (deficit)	986,209	(43,390)	43 (15 (971
Other accumulated comprehensive income	-	106	
	1,031,209	(26,959)	23
Less: share subscription receivable	-	10	
TOTAL SHAREHOLDERS' EQUITY	1,031,209	(26,969)	23
	14,303,028	10,872	35

a = Issuance of 7,850,000 shares of American Busing Corporation in exchange for all of the 100 shares of W.W. Cycles, Inc.

b = Repurchase and retirement of 8,500,000 shares of American Busing Corporation in exchange for payment of $21,250 that was loaned to the Company by its majority shareholder. Cancellation of all outstanding loans from a former shareholder of the Registrant totaling $30,000.

c = Issuance of warrants to the financial advisor. The warrants were valued at fair value ($.015) of the underlying common stock at the date of issuance.

d = Elimination of accumulated deficit of American Busing Corporation.

e = Effect of change from an S Corporation to a C Corporation.