

CREATIVE COMPUTER APPLICATIONS INC
Form 10QSB
January 14, 2005

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-QSB

(Mark One)

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended November 30, 2004.

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF
THE EXCHANGE ACT**

For the transition period from _____ to _____

Commission file number 0-12551

CREATIVE COMPUTER APPLICATIONS, INC.

(Exact name of small business issuer as specified in its charter)

California
(State or other jurisdiction of
incorporation or organization)

95-3353465
(I.R.S. Employer
Identification No.)

26115-A Mureau Road, Calabasas, California 91302
(Address of principal executive offices)

(818) 880-6700
Issuer's telephone number:

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: **3,321,900**
common shares as of December 31, 2004.

Transitional Small Business Disclosure Format (check one):

Yes No

CREATIVE COMPUTER APPLICATIONS, INC.

FORM 10-QSB

INDEX

PART I - Financial Information:

Condensed Consolidated Balance Sheets, as at November 30, 2004 and August 31, 2004

Condensed Consolidated Statements of Operations for the three months ended November 30, 2004 and November 30, 2003

Condensed Consolidated Statements of Cash Flows for the three months ended November 30, 2004 and November 30, 2003

Notes to Condensed Consolidated Financial Statements

Management's Discussion and Analysis of Results of Operations and Financial Condition

Controls and Procedures

PART II - Other Information:

Items 1 through 6

Signatures

Exhibits and Certifications

CREATIVE COMPUTER APPLICATIONS, INC.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS

	November 30, 2004 (Unaudited)	August 31, 2004
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,623,598	\$ 1,574,377
Receivables, net	1,913,115	1,722,340
Inventory	136,634	118,517
Prepaid expenses and other assets	273,130	266,848
Deferred tax asset	539,420	539,420
TOTAL CURRENT ASSETS	4,485,897	4,221,502
PROPERTY AND EQUIPMENT, net	328,222	183,814
INVENTORY OF COMPONENT PARTS	191,599	199,031
CAPITALIZED SOFTWARE COSTS, net of accumulated amortization of \$1,203,218 and \$1,103,009	1,519,952	1,492,661
DEFERRED TAX ASSET	254,457	254,457
	\$ 6,780,127	\$ 6,351,465
LIABILITIES AND SHAREHOLDERS EQUITY		
CURRENT LIABILITIES:		
Notes payable to bank (Note 3)	300,000	
Accounts payable	393,718	185,869
Accrued liabilities:		
Vacation pay	249,563	230,183
Accrued payroll	66,669	158,092
Other	202,071	188,338
Deferred service contract income	1,206,685	1,175,509
Deferred revenue on system sales	261,796	244,882
TOTAL CURRENT LIABILITIES	2,680,502	2,182,873
SHAREHOLDERS EQUITY:		
Common shares, no par value; 20,000,000 shares authorized; 3,318,900 and 3,318,900 shares issued and outstanding	6,192,692	6,192,692
Accumulated deficit	(2,093,067)	(2,024,100)
TOTAL SHAREHOLDERS EQUITY	4,099,625	4,168,592
	\$ 6,780,127	\$ 6,351,465

See Notes to Condensed Consolidated Financial Statements.

* As presented in the audited consolidated financial statements

CREATIVE COMPUTER APPLICATIONS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended November 30,	
	2004	2003
	(Unaudited)	
NET SYSTEM SALES AND SERVICE REVENUE:		
System sales	\$ 632,479	\$ 471,355
Service revenue	1,158,229	1,124,206
	1,790,708	1,595,561
COSTS OF PRODUCTS AND SERVICES SOLD:		
System sales	418,021	447,375
Service revenue	390,998	405,054
	809,019	852,429
Gross profit	981,689	743,132
OPERATING EXPENSES		
Selling, general and administrative		