INVU INC
Form 10KSB/A
June 05, 2001

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-KSB/A
Amendment No. 2

[x] Annual report under Section 13 or 15 (d) of the Securities Exchange Act of 1934 for the fiscal year ended January 31, 2000

[ ] Transition report under Section 13 or 15 (d) of the Securities Exchange Act of 1934 for the transition period from ______________ to ______________

Commission File Number 000-22661

INVU, INC.
(Name of Small Business Issuer in Its Charter)

Colorado	84-1135638
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

The Beren
Blisworth Hill Farm
Stoke Road
Blisworth Northamptonshire NN7 3DB
(Address of Principal Executive Offices) (Zip code)

011 44 1604 859 893
(Issuer's Telephone Number, Including Area Code.)

Securities registered under Section 12(b) of the Exchange Act:

Title of Each Class	Name of Each Exchange on Which Registered
NONE	N/A

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, no par value
(Title of class)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 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 past 90 days.

Yes ____x____ No ____________

Indicate by checkmark if disclosure of delinquent filers pursuant to Item 405 of

Regulation S-B is not contained in this form, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB/A or any amendment to this Form 10-KSB/A. [ ]

State issuer's revenues for its most recent fiscal year: $15,754

The aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant as of May 10, 2000, was approximately $19,049,617.50. For purposes of this computation, all executive officers, directors and 10% stockholders were deemed affiliates. Such a determination should not be construed as an admission that such executive officers, directors or 10% stockholders are affiliates.

As of May 10, 2000, there were 30,206,896 shares of the common stock, no par value, of the registrant issued and outstanding.

Transitional Small Business Disclosure Format: Yes ___________ No ____x_____

Part II Item 6 (except for the material under the heading "Financing Management's Plan of Operation") is amended as follows:

Item 6. Management's Discussion and Analysis or Plan of Operations

The following description of "Management's Plan of Operation" constitutes forward-looking statements for purposes of the Securities Act and the Exchange Act, and as such involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. The words "expect", "estimate", "anticipate", "predict", "believes", "plan", "seek", "objective", "will" and similar expressions are intended to identify forward-looking statements. Important factors that could cause the actual results, performance or achievement of the Company to differ materially from the Company's expectations include the following: 1) one or more of the assumptions or other cautionary factors discussed in connection with particular forward-looking statements or elsewhere in this Form 10-KSB/A prove not to be accurate; 2) the Company is unsuccessful in increasing sales through its anticipated marketing efforts; 3) mistakes in cost estimates and cost overruns; 4) the Company's inability to obtain financing for general operations including the marketing of the Company's products; 5) non-acceptance of one or more products of the Company in the marketplace for whatever reason; 6) the Company's inability to supply any product to meet market demand; 7) generally unfavorable economic conditions that would adversely effect purchasing decisions by distributors, resellers or consumers; 8) development of a similar competing product at a similar price point; 9) the inability to successfully integrate one or more acquisitions, joint ventures or new subsidiaries with the Company's operations (including the inability to successfully integrate businesses that may be diverse as to type, geographic area, or customer base and the diversion of Management's attention among several acquired businesses) without substantial costs, delays, or other problems; 10) if the Company experiences labor and/or employment problems such as the loss of key personnel, inability to hire and/or retain competent personnel, etc.; and 11) if the Company experiences unanticipated problems and/or force majeure events (including but not limited to accidents, fires, acts of God etc.), or is adversely affected by problems of its suppliers, shippers, customers or others. All written or oral forward-looking statements attributable to the Company are expressly qualified in their entirety by such factors. The Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Notwithstanding the foregoing, the Company is not entitled to rely on the safe harbor for forward looking statements under 27A of the Securities Act or 21E of the Exchange Act as long as the Company's stock is classified as a penny stock within the meaning of Rule 3a51-1 of the Exchange Act. A penny stock is generally defined to be any equity security that has a market price (as defined in Rule 3a51-1) of less than $5.00 per share, subject to certain exceptions.

The following discussion should be read in conjunction with the Consolidated Financial Statements, including the notes thereto.

The Company develops, markets and sells software (under the brand name of INVU) for the electronic management of many types of information and documents such as forms, correspondence, literature, faxes, technical drawings, electronic files and web pages. Management believes that the INVU software is simple, intuitive and cost effective, yet powerful.

The Company's objective is to establish itself as a leading supplier of information and document management software and services in the world. For its professional range of products, INVU Series 100, Series 200, ViewSafe, and Series 2000 (formerly WEBFAST) the Company expects to target its marketing efforts initially in the United Kingdom and the United States on departmental users in organizations, distributors and resellers. For its personal user (SOHO-small office / home office) market the Company envisages its marketing will mainly target retailers for INVU WebServant and FileServant.

The Company's first product, INVU SOLO, was released to distributors in December 1998 and sales to the SOHO market commenced in January 1999. Management was satisfied with the initial response to this product, but in view of comments and advice received from retailers they have decided to re-launch more suitably packaged and targeted products for the personal user market. Two new products were released to retailers in March 2000. The first, "WebServant," enables web users to quickly and easily build a personal library from the internet with a competitive price of less than $50. This product's key features are the simple downloading, storing and organisation of web pages thus enabling on or off line browsing. The second product, "FileServant," is a re-launch of the original INVU SOLO product with additional features included including the aforementioned web technology.

The first production release of INVU Series 100, Series 200 (formerly INVU PRO), and ViewSafe (collectively known as "the professional range of products") was made on October 5, 1999 to an exclusive distributor in the United Kingdom, and sales to end users were anticipated in October 1999. However, the exclusive distributor went into administrative receivership in October 1999 before any product orders had been fulfilled. Although no significant financial loss has accrued to the Company, the closure of this distribution outlet has meant a change in sales and marketing strategy in the United Kingdom. In response, Management has decided to directly recruit resellers while also pursuing non-exclusive distributors for the products. The number of early resellers sign-ups has been encouraging.

As a consequence of initial marketing activities associated with the launch of the Company's professional range of products, many end user enquiries have been received. These enquiries are now being pursued by our expanding team of sales personnel. Although the loss of the Company's U.K. distributor has caused a delay in sales revenues, Management is confident that its direct sales team and newly recruited resellers will provide positive results during the second half of year 2000.

INVU Series 2000 (formerly INVU WEBFAST), continues to be developed and Management now estimates that this product will be released in late 2000.

INVU software engineers have also successfully developed a prototype information management internet service. This service will allow advanced internet information management within fully encrypted secure databases. Individuals and corporations will be able to store their documents on an INVU web site and access them via password controls from anywhere in the world. Development work continues on this project and Management anticipates a release date later in 2000.

Management is delighted with the contribution made over the last year by its non-executive directors Tom Maxfield and Daniel Goldman. They are also pleased with the appointment of David Andrews as a further non-executive director on February 29, 2000. Management expects the ex Irish Foreign Minister will add significant experience to the board particularly with regard to the company's global aspirations.

Results of Operations

The following is a discussion of the results of operations for the year ended January 31, 2000, compared with the year ended January 31, 1999, and changes in financial condition during the year ended January 31, 2000.

INVU, Inc. (formerly Sunburst Acquisitions I, Inc.) engaged in no significant operations prior to the Share Exchange Agreement with INVU PLC on August 31, 1998.

The Company has restated its financial statements for the year ended January 31, 2000 to reflect the beneficial conversion feature for the convertible debentures issued on August 23, 1999. At that date, the aggregate market value of the Common Stock into which the debt could be converted exceeded the value of the debt by $723,077.

The Company has also restated its financial statements for the year ended January 31, 2000 to reflect the credit enhancements of $630,000 provided to lenders by a major shareholder during February 1999 and August 1999. The shareholder transferred 2,400,000 shares of Common Stock to certain lenders to help obtain for the Company $656,000 of debt in February 1999 and transferred 225,000 shares of Common Stock to the convertible debenture holders in August 1999 to help obtain for the Company the $1 million convertible debentures. A value of $630,000 was ascribed to the shares based upon the allocation of the relative fair values of Common Stock. This amount was recorded as a discount to the debt and was amortized as interest expense over the estimated life of the debt.

Accordingly, common stock and accumulated deficit during the development stage have been increased by $1,353,077 on the January 31, 2000 balance sheet and interest, net and net loss have been increased by $1,353,077 and net loss per common share has increased by 4 cents per share on the Company's Statements of Operations for the year ended January 31, 2000 and for the period February 18, 1997 (date of inception) to January 31, 2000. These adjustments have no effect on loss from operations, cash flows or the deficit in stockholders' equity.

Net sales for fiscal year 2000 were $15,754, which compares to $8,267 sales for fiscal 1999. The low level of sales reflects the continued development stage of the business and relates to sales of INVU SOLO and initial sales of INVU Series 100 and Series 200 to end users. The net loss in fiscal 2000 was ($2,786,081), which significantly exceeds the net loss of fiscal 1999 of ($694,809). The fiscal 2000 net loss was due to: increased production, distribution, research and development, and administrative expenses (including expenses incurred in complying with U.S. securities laws and other expenses relating to public company requirements) of $1,369,771, which reflected the Company's investment in product development, marketing support, and administrative infrastructure, together with costs associated with the various financing transactions undertaken during the year. As the Company neared the completion of its development stage, its attention and resources have been diverted towards sales and marketing and administrative collateral. An entire sales team has been hired, including field sales, sales support and technical support personnel. Management plans to greatly increase marketing expenditure to create greater brand awareness. New premises have been leased as from March 19, 2000 with additional IT and administrative infrastructure. These additional resources have affected operating expenses in the year ended January 31, 2000 but Management expects a considerably greater impact in the year to end January 31, 2001.

In fiscal 2000, the Company incurred net interest expense of $1,432,064 compared with net interest expense of $6,419 for fiscal 1999. This increase in interest expense was due to the beneficial conversion feature for the convertible debentures issued on August 23, 1999 amounting to $723,077 and the credit enhancements of $630,000 provided to lenders by a major shareholder during February 1999 and August 1999. Increased bank and loan interest was also incurred in fiscal 2000 due to increased bank loan borrowings, and interest associated with the Second Financing Transaction. See "Item 1. Description of Business - First Financing Transaction and Second Financing Transaction."

The tax rates for the years 2000 and 1999 are zero due to a net loss in each period.

The total current assets of the Company were $61,416 at January 31, 2000, a decrease of $96,062, compared to $157,478 at January 31, 1999. Working capital was negative $1,750,749 as of January 31, 2000, compared with negative $272,080 as of January 31, 1999. These changes are due to the addition of short-term credit facilities in 2000 and an increase of current maturities of long-term obligations, following the procurement of substantial additional loan funding.

Total assets of the Company were $288,175 at January 31, 2000, an increase of $50,936, compared to $237,239 at January 31, 1999. The difference is mainly attributable to the purchase of fixed assets and reduction in inventories.

The total current liabilities of the Company increased by $1,382,607 from $429,558 at January 31, 1999 to $1,812,165 at January 31, 2000. Long term liabilities were $525,777 at January 31, 2000 compared to $422,193 at January 31, 1999. The current and long term liabilities increases are attributable to debt incurred in order to finance the development of the products and the infrastructure of the business.

Total stockholders' equity decreased by $1,435,255 during the year ended January 31, 2000 from a deficit of $614,512 at January 31, 1999 to a deficit of $2,049,767 at January 31, 2000 as a result of the net loss for the year and an increase of $1,353,077 in the value of common stock as a result of the beneficial conversion feature of $723,077 for the convertible debentures and $630,000 for credit enhancements provided to lenders by a major shareholder. The Company is evaluating various financing options, including issuing debt and equity to finance future development, marketing of products, and strategic acquisitions now that its development stage is ending and it's operational stage will soon commence.

Item 7. Financial Statements

Filed herewith beginning on page F-1 are the audited financial statements of the Company.

CONSOLIDATED FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS

INVU, INC
AND SUBSIDIARIES
(A DEVELOPMENT STAGE ENTERPRISE)

January 31, 2000 and 1999

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors INVU, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of INVU, Inc. (a development stage enterprise) and Subsidiaries as of January 31, 2000 and 1999 and the related consolidated statements of operations, deficit in stockholders' equity and cash flows for the years ended January 31, 2000 and 1999 and for the period February 18, 1997 (date of inception) to January 31, 2000. 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 generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 statements 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 consolidated financial position of INVU, Inc. and Subsidiaries as of January 31, 2000 and 1999 and the consolidated results of their operations and their consolidated cash flows for the years ended January 31, 2000 and 1999 and for the period February 18, 1997 (date of inception) to January 31, 2000 in conformity with generally accepted accounting principles in the United States of America.

As discussed in Note J, the Company has restated its financial statements for the year ended January 31, 2000.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As shown in the financial statements, the Company has experienced losses, is not generating cash from operations and has a deficit in stockholders' equity. These circumstances raise substantial doubt about the Company's ability to continue as a going concern. The Company's plans with respect to these matters, including plans to continue funding its development expenses, are described in Note C. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Grant Thornton
Northampton, England

May 12, 2000 (except for Note J as to which the date is May 15, 2001)

INVU, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE ENTERPRISE)

CONSOLIDATED BALANCE SHEETS

	January 31, 2000 As restated $
ASSETS	
Current assets	
Accounts receivable:	
Trade, net	1,916
VAT recoverable and other	22,000
Inventories	25,110
Prepaid expenses	12,390
Total current assets	61,416
Equipment, furniture and fixtures	
Computer equipment	42,450
Vehicles	226,348
Office furniture and fixtures	31,096
	299,894
Less accumulated depreciation	73,135
	226,759
	288,175
LIABILITIES	
Current liabilities	
Short-term credit facility	413,247
Current maturities of long-term obligations	1,074,185
Accounts payable	126,204
Accrued liabilities	198,529
Total current liabilities	1,812,165
Long-term obligations, less current maturities	525,777
Deficit in stockholders' equity	
Preferred stock, no par value	
Authorised - 20,000,000 shares; nil shares issued and outstanding	-
Common stock, no par value	
Authorised - 100,000,000 shares; issued and outstanding - 30,206,896 shares	1,641,432
Accumulated other comprehensive income	6,844
Accumulated deficit during the development stage	(3,698,043)
	(2,049,767)

288,175

The accompanying notes are an integral part of these financial statements.

INVU, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE ENTERPRISE)

CONSOLIDATED STATEMENTS OF OPERATIONS

	Jan 31, 2000 As restated $	Jan 31, 1999 $
Revenues	15,754	8,267
Expenses:		
Production cost	106,979	65,188
Selling and distribution cost	250,995	81,421
Research and development cost	210,219	128,959
Administrative costs	801,578	422,581
Total operating expenses	1,369,771	698,149
Operating loss	(1,354,017)	(689,882)
Other income (expense)		
Interest, net	(1,432,064)	(6,419)
Other	-	1,492
Total other expense	(1,432,064)	(4,927)
Loss before income taxes	(2,786,081)	(694,809)
Income taxes	-	-
Net loss	(2,786,081)	(694,809)
Weighted average shares outstanding:		

Basic and Diluted	30,206,896	30,206,896
Net loss per common share:		
Basic and Diluted	(0.09)	(0.02)

The accompanying notes are an integral part of these statements.

INVU, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE ENTERPRISE)

CONSOLIDATED STATEMENTS OF DEFICIT IN STOCKHOLDERS' EQUITY AS RESTATED

	Preferred stock		Common stock	
	Shares	Amount $	Shares	Amoun
Issuance of common stock ($1.64 per share)	-	-	176,000	288,64
Reclassification of $1.64 common stock	-	-	(176,000)	(288,640
Issuance of no par common stock in connection with reverse acquisition	-	-	28,696,552	288,35
Issuance of common stock ($0.50 per share)	-	-	1,510,344	750,00
Reverse acquisition transaction costs	-	-	-	(750,000
Comprehensive income:				
Foreign currency translation adjustment	-	-	-	
Net loss during the period	-	-	-	
Total comprehensive income				
Balance at January 31, 1998	-	-	30,206,896	288,35
Comprehensive income:				
Foreign currency translation adjustment	-	-	-	
Net loss during the year	-	-	-	
Total comprehensive income				

Balance at January 31, 1999	-	-	30,206,896	288,35
Beneficial conversion feature of convertible debentures	-	-	-	723,07
Credit enhancement provided by the major shareholder	-	-	-	630,00
Comprehensive income:				
Foreign currency translation adjustment	-	-	-	
Net loss during the year as restated	-	-	-	
Total comprehensive income as restated				
Balance at January 31, 2000 as restated	-	-	30,206,896	1,641,43

Table continued on following page.

Table continued from previous page.

	Total $	Comprehensive income $
Issuance of common stock ($1.64 per share)	288,640	
Reclassification of $1.64 common stock	(288,640)	
Issuance of no par common stock in connection with reverse acquisition	288,355	
Issuance of common stock ($0.50 per share)	750,000	
Reverse acquisition transaction costs	(750,000)	
Comprehensive income:		
Foreign currency translation adjustment	440	440
Net loss during the period	(217,153)	(217,153)
Total comprehensive income		(216,713)
Balance at January 31, 1998	71,642	
Comprehensive income:		
Foreign currency translation adjustment	8,655	8,655
Net loss during the year	(694,809)	(694,809)

Total comprehensive income		(686,154)
Balance at January 31, 1999	(614,512)	
Beneficial conversion feature of convertible debentures	723,077	
Credit enhancement provided by the major shareholder	630,000	
Comprehensive income:		
Foreign currency translation adjustment	(2,251)	(2,251)
Net loss during the year as restated	(2,786,081)	(2,786,081)
Total comprehensive income as restated		(2,788,332)
Balance at January 31, 2000 as restated	(2,049,767)	

The accompanying notes are an integral part of these statements.

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INVU, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE ENTERPRISE)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Jan 31, 2000 As restated $	Jan 31, 1999 $
Net cash flows used in operating activities		
Net loss during the period	(2,786,081)	(694,809)
Interest expense relating to beneficial conversion feature	723,077	-
Interest expense relating to debt discount	630,000	-
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	42,286	29,390
Accounts receivable	(11,966)	19,247
Inventories	98,702	(128,134)
Prepaid expenses	6,243	(8,342)
Accounts payable	51,138	65,953
Accrued liabilities	118,886	69,878
Net cash used in operating activities	(1,127,715)	(646,817)

Cash flows used in investing activities:		
Acquisitions of property and equipment	(46,143)	(36,676)
Proceeds from sale of vehicles	19,356	-
Net cash used in investing activities	(26,787)	(36,676)
Cash flows provided by financing activities:		
Short-term credit facility	343,613	66,953
Borrowings received from notes payable	1,661,472	1,102,884
Repayment of borrowings	(833,091)	(523,265)
Principal payments on capital lease	(15,857)	(8,911)
Proceeds from issuance of stock	-	-
Net cash provided by financing activities	1,156,137	637,661
Effect of exchange rate changes on cash	(1,635)	835
Net decrease in cash	-	(44,997)
Cash at beginning of period	-	44,997
Cash at end of period	-	-
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	79,000	6,100
Income taxes	-	-

Major non-cash transactions

The beneficial conversion feature of the Convertible Notes amounting to $723,077 and debt discounts of $630,000 have been included in the Statement of Operations for the year ended January 31, 2000 as restated. These items are non-cash transactions.

The accompanying notes are an integral part of these statements.

INVU, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE ENTERPRISE)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A summary of significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

NOTE A - COMPANY DESCRIPTION

INVU, Inc. (the Company) is a holding company which operates one subsidiary INVU Plc, which is a holding company for two subsidiaries of its own, INVU Services (Services) and INVU International Holdings Limited (Holdings). The Company was incorporated under the laws of the State of Colorado, United States of America, in February 1997. INVU Plc, Services and Holdings are companies incorporated under English Law. The Company operates in one industry segment which includes developing and selling software for electronic management of many types of information and documents such as forms, correspondence, literature, faxes, technical drawings and electronic files. Services is the sales, marketing and trading company and Holdings holds the intellectual property rights to the INVU software.

On August 31, 1998, Sunburst Acquisitions I Inc. (Sunburst) (a public development stage enterprise) acquired all of the outstanding shares of INVU Plc in exchange for restricted shares of common stock of Sunburst (the Exchange) pursuant to a Share Exchange Agreement between Sunburst and the principal shareholders of INVU Plc. Sunburst exchanged 26,506,552 shares of common stock for all of INVU Plc's issued and outstanding shares of common stock. For accounting purposes, the Exchange was treated as a recapitalization of INVU Plc where INVU Plc is the accounting acquirer. All periods have been restated to give effect to the recapitalization. The historic statements from inception up to the Exchange are those of INVU Plc. Proforma information is not presented since this combination is not considered to be a business combination. In connection with the Exchange, the directors and officers of INVU Plc became the directors and officers of Sunburst. Also, Sunburst changed its name to INVU, Inc. At the time of the Exchange, the Company issued 1,510,344 shares of common stock of the Company to a consultant pursuant to a consulting agreement for introducing INVU Plc and Sunburst. The shares were estimated to have a value of $750,000 and have been treated as a transaction cost in connection with the Exchange. Immediately after the Exchange, INVU Plc's former shareholders owned approximately 88% of the outstanding common stock of Sunburst.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 Development stage company

The Company (a development stage company) is in the development stage as defined by Statement of Financial Accounting Standard No. 7, "Accounting and Reporting by Development Stage Enterprises" (SFAS No. 7).

2 Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries INVU Plc, Services and Holdings. All significant intercompany accounts and transactions have been eliminated in consolidation.

3 Revenue recognition

The Company recognizes revenue in accordance with the provisions of Statement of Position 97-2 "Software Revenue Recognition" (SOP 97-2) issued by the American Institution of Certified Public Accountants ("AICPA"). Fees for services and maintenance are generally charged to customers separately from the license of software. Revenues from license fees are recognized upon product shipment when fees are fixed, collectability is probable and the Company has no significant obligations remaining under the licensing agreement. In instances where a significant vendor obligation exists, revenue recognition is delayed until such obligation has been satisfied.

For those license agreements which provide the customers the right to multiple copies in exchange for guaranteed amounts (including non refundable advance royalties), license revenues are recognized at delivery of the product master or the first copy. Per copy royalties on sales which exceed the guarantee are recognized as earned.

Services revenue consists of training and consulting for which revenue is recognized when the services are performed. Maintenance revenue consists of ongoing support and maintenance and product updates for which revenue is deferred and recognized ratably over the term of the contract, normally twelve months.

In December 1998, the AICPA issued Statement of Position 98-9 "Modification of SOP 97-2, Software Revenue Recognition, With Respect to Certain Transactions" (SOP 98-9). SOP 98-9 amends SOP 97-2 to require recognition of revenue using the residual method for certain multiple-element arrangement transactions entered into in fiscal years beginning after March 15, 1999.

The Company has assessed the effects of complying with SOP 98-9 and concluded that there is no significant impact to date on its financial position or results of operations.

4 Software development costs

Software development costs are included in research and development and are expensed as incurred. Statement of Financial Accounting Standard No. 86 "Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed" (SFAS No. 86) requires the capitalization of certain software development costs once technological feasibility is established, which the Company defines as establishment of a working model. The working model criteria is used because the Company's process of creating software (including enhancements) does not include a detailed program design. To date, the period between achieving technological feasibility and the general availability of such software has been short and software development costs qualifying for capitalization have been insignificant. Accordingly, the Company has not capitalized any software development costs.

5 Equipment, furniture and fixtures

Equipment, furniture and fixtures are stated at cost. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. The straight line method of depreciation is followed for financial reporting purposes. The useful lives are as follows:

	Years
Computer equipment	4
Vehicles	4
Office furniture and fixtures	4

Expenditures for repairs and maintenance are charged to expense as incurred and additions and improvements that significantly extend the lives of assets are capitalized. Upon sale or retirement of depreciable property, the cost and accumulated depreciation are removed from the related accounts and any gain or loss is reflected in the results of operations.

INVU, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE ENTERPRISE)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 Cash

For the purpose of the consolidated statements of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

7 Inventories

Inventories consist of licensed goods and goods for resale and are stated at the lower of FIFO (first-in, first-out) cost or market.

8 Advertising costs

Advertising costs of $142,707, $46,336 and $206,136 for the years ended January 31, 2000 and 1999, and for the period February 18, 1997 (date of inception) to January 31, 2000, respectively, have been charged to expense as incurred.

9 Income taxes

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. An allowance against deferred tax assets is recorded when it is more likely than not that such tax benefits will not be realized.

10 Use of estimates in financial statements

In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

11 Net loss per share

The Company has adopted Statement of Financial Accounting Standard No. 128, "Earnings Per Share" (SFAS No. 128).

The Company's basic net loss per share amount has been computed by dividing net loss by the weighted average number of outstanding common shares. For the years ended January 31, 2000 and 1999 no common stock equivalents were included in the computation of diluted net earnings per share. Convertible debentures excluded from the calculation of loss per share because their effect is anti-dilutive amounted to 1,723,077 common shares for the year ended January 31, 2000.

12 Fair Value of Financial Instruments

The Company's financial instruments consists of cash, trade receivables, borrowings, trade payables and accrued liabilities. The carrying amount of these instruments approximate the fair values because of their short maturity. The fair value of non-current financial assets and liabilities are estimated to approximate carrying value based on considerations of risk, current interest rates and remaining maturities.

13 Foreign currency translation

The functional currency of the Company and its Subsidiaries is the British pound sterling. The consolidated financial statements are presented in US dollars using the principles set out in Statement of Financial Accounting Standard No. 52 "Foreign Currency Translation" (SFAS No. 52). Assets and liabilities are translated at the rate of exchange in effect at the close of the period. Revenues and expenses are translated at the weighted average of exchange rates in effect during the period. The effects of exchange rate fluctuations on translating foreign currency assets and liabilities into US dollars are included as part of the accumulated other comprehensive income component of stockholders' equity.

(A DEVELOPMENT STAGE ENTERPRISE)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14 Recently Issued Accounting Standards

Statement of Financial Accounting Standard No. 133 (SFAS 133), as modified by SFAS 137 "Accounting for Derivative Investments and Hedging Activities - Deferral of the Effective Date of FASB Statement 133," requires entities to recognize all derivatives in their financial statements as either assets or liabilities measured at fair value. SFAS 133 also specifies new methods for accounting for hedging transactions, prescribes the items and transactions that may be hedged, and specifies detailed criteria to be met to qualify for hedge accounting. SFAS 133, as modified by SFAS 137, is effective for fiscal years beginning after June 15, 2000. The Company does not believe that the adoption of SFAS 133 will have a material impact on its financial statements.

NOTE C - GOING CONCERN

The Company's liabilities exceed its assets and the Company has incurred losses from operations primarily as a result of treating virtually all development expenses since inception as current operating expenses. The Company is not generating cash from operations. Operations to date have been funded principally by equity capital and borrowings. The Company plans to continue to fund its development expenses through additional capital raising activities, including one or more offerings of equity and/or debt through private placements and/or public offerings. The Company's ability to continue to develop its infrastructure depends on its ability to raise other additional capital. The financial statements do not include any adjustment that might result from the outcome of this uncertainty.

The Company is still building its operational infrastructure. Additional capital raised by the Company, if any, will be used for this purpose and to fund its planned launch of operations within the United Kingdom.

INVU, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE ENTERPRISE)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE D - INVENTORIES

Inventories consist of the following:

	January 31, 2000	January 31, 1999
	$	$

Licensed goods	25,110	118,080
Goods for resale	-	8,510
	25,110	126,590

Licensed goods represent software licenses purchased by the Company which allow the Company to manufacture and distribute a separate company's proprietary software products in conjunction with and as an embedded component of the Company's proprietary software. Goods for resale represent the finished consolidated product to be sold to the end user. Licenses amounting to $82,160 have been charged to profits in the year as the Company believes it unlikely to utilize this proposition of licenses before their expiry in June 2000.

NOTE E - SHORT-TERM CREDIT FACILITY

The Company has a $486,000 ((pound)300,000) (1999: $65,600 ((pound)40,000)), 10% short-term credit facility with an English bank. The credit facility is collateralized by all assets of the Company and a limited personal guarantee by a director of the Company. The amount drawn against the facility at January 31, 2000 was $413,247 ((pound)255,091), (1999 $66,146 ((pound)40,333)). The amount drawn is payable on demand at the bank's discretion.

INVU, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE ENTERPRISE)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE F - LONG-TERM OBLIGATIONS

Long-term obligations at January 31, 2000 and January 31, 1999, consist of the following:

	January 2
Non-interest bearing, unsecured loan from an individual, no stated maturity date	298,
8% note payable to corporate investors and individuals payable in six monthly instalments commencing August 1999, paid in full using proceeds from Convertible Notes described below (1)	
4% above Libor rate (Libor rate was 5.75% and 5.75% at January 31, 2000 and 1999, respectively) notes payable to an English bank, monthly payment aggregating to(pound)500, maturing in March 2002, collateralized by all assets of the Company and a limited personal guarantee by a director	22,
4% above Libor rate (Libor rate was 5.75% and 5.75% at January 31, 2000 and 1999, respectively) notes payable to an English	

bank, monthly payments aggregating to(pound)1,333, maturing in June 2004, collateralized by all assets of the Company and unlimited multilateral guarantees between subsidiary undertakings; a quarterly loan guarantee premium of 1 1/2% per annum is payable on 85% of the outstanding balance	114,
Convertible A Note 1999-2002, with interest at 6%; interest due in arrears biannually on January 1 and July 1	600,
Convertible B Note 1999-2002, bearing interest of 8% per annum for the first six months, 9% per annum for the next six months and 10% per annum thereafter; interest due in arrears biannually on January 1 and July 1	400,
Capital leases for vehicles, interest ranging from 10.2% - 16.9% with maturities through 2004	165,
	1,599,
Less current maturities	(1,074,1
	525,

(1) All corporate and individual investors are minority shareholders in the Company.

INVU, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE ENTERPRISE)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Convertible debentures

The A and B Convertible Notes 1999-2002 are held by individuals who are minority shareholders in the Company. They are convertible into common shares at the rate of one common share for every US$0.65 of outstanding principal Note converted for the A Notes and one common share for every US$0.50 of outstanding principal Note converted for the B Notes. Conversion will take place:

i) immediately prior to an Initial Public Offering

ii) at the option of the investor for the B Notes and automatically for the A Notes, upon new equity capital resulting in proceeds to the Company of at least $4,000,000

iii) at the option of the investor giving 30 days notice to the Company.

The Notes may be redeemed together with accrued interest by the Company at any time during the 12 months to 16 August 2000. Any outstanding principal not converted or redeemed by the anniversary date will be redeemed at par plus interest in the year 2002 upon receipt of 30 days written notice from the Company or the Investor.

In consideration of the Investor advancing an aggregate of $1,000,000, the Company caused Montague Limited, the principal shareholder, to transfer and register in the name of the Investor, 225,000 shares of Common Stock of no par value.

In view of the Company's present status with regard to its equity and/or debt offerings, it is probable that the Convertible A and B notes will be converted within the next twelve months. Accordingly, the notes have been disclosed as repayable within current maturities.

Scheduled maturities of long-term obligation are as follows:

Year ending January 31,	$
2001	1,074,185
2002	65,595
2003	91,810
2004	59,563
2005	10,800
Thereafter	298,009
	1,599,962

INVU, INC. AND SUBSIDIARIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company leases vehicles under noncancellable capitalized leases.

	January 31, 2000 $	January 31, 1999 $
Vehicles	226,348	34,706
Less accumulated depreciation	(30,958)	(6,941)
	195,390	27,765

The following is a schedule by years of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of January 31, 2000.

Year ending January 31,	$
2001	53,250
2002	43,160
2003	75,743
2004	37,365
Thereafter minimum lease payments	-
	209,518
Less amount representing interest	(44,152)
Present value of net minimum lease payments	165,366

The scheduled net minimum lease payments to maturity are included in the long-term obligation table above.

INVU, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE ENTERPRISE)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE G - LEASE COMMITMENTS

The Company leases office space which expires in 2002. Rent expense totaled approximately $27,500 and $17,200 at January 31, 2000 and for the year ended January 31, 1999. The rent expense for the period February 18, 1997 (date of inception) to January 31, 2000 totaled $57,700. New premises have been leased effective from February, 2000 at an annual commitment of $67,600.

The future minimum rental commitments as of January 31, 2000 are as follows:

Year ending January 31,	$
2001	67,600
2002	67,600
2003	67,600
2004	67,600
Thereafter	405,600
	676,000

INVU, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE ENTERPRISE)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE H - INCOME TAXES

The Company has adopted the provisions of Statement of Financial Accounting Standards No 109 "Accounting for Income Taxes". Accordingly, a deferred tax liability or deferred tax asset (benefit) is computed by applying the current statutory tax rates to net taxable or deductible temporary differences between pre-tax financial and taxable income.

Deferred tax benefits are recorded only to the extent that the amount of net deductible temporary differences or carry forward attributes may be utilized against current period earnings, offset against taxable temporary differences reversing in future periods, or utilized to the extent of management's estimate of future taxable income. Deferred tax liabilities are provided for on differences between amounts reported for financial and tax basis accounting.

At January 31, 2000, due to the Company's cumulative losses since inception, a loss carry forward of approximately $2,087,000 may be utilized in the future for an indefinite period.

Net deferred tax assets resulting from the loss carry forward have been offset by a valuation allowance of equal amounts at January 31, 2000 and January 31, 1999 due to the uncertainty of realizing the net deferred tax asset through future operations. The valuation allowances were approximately $417,000 and $159,000 at January 31, 2000 and January 31, 1999, respectively. The valuation allowance increased approximately $258,000 and $118,000 at January 31, 2000 and 1999 respectively. The effective tax rate differs from the statutory rate as a result of the valuation allowance. Gross deferred tax liabilities were immaterial for all periods.

NOTE I - SUBSEQUENT EVENT

On March 10, 2000 the Company received a non-interest bearing unsecured loan of $571,500 from an individual with no stated maturity date to provide funds for trading operations.

NOTE J - RESTATEMENT OF FINANCIAL INFORMATION

The Company has restated its financial statements for the year ended January 31, 2000 to reflect the beneficial conversion feature for the convertible debentures issued on August 23,1999. At that date, the aggregate market value of the common stock into which the debt could be converted exceeded the value of the debt by $723,077.

The Company has also restated its financial statements for the year ended January 31, 2000 to reflect the credit enhancements of $630,000 provided to lenders by a major shareholder during February 1999 and August 1999. The shareholder transferred 2,400,000 shares to certain lenders to help secure $656,000 of debt in February 1999 and transferred 225,000 shares to the convertible debenture holders in August 1999 to secure the $1 million convertible debentures. A value of $630,000 was ascribed to the shares based upon the allocation of the relative fair values. This was recorded as a discount to the debt and was amortized as interest expense over the estimated life of the debt.

Accordingly, common stock and accumulated deficit during the development stage have been increased by $1,353,077 on the January 31, 2000 balance sheet and interest, net and net loss have been increased by $1,353,077 and net loss per common share has increased by 4 cents per share on the Company's Statements of Operations for the year ended January 31, 2000 and for the period February 18, 1997 (date of inception) to January 31, 2000. These adjustments have no effect on loss from operations, cash flows or the deficit in stockholders' equity.

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SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment No. 2 on Form 10-KSB/A to its annual report on Form 10-KSB to be signed on its behalf by the undersigned thereto duly authorized.

INVU, Inc.
(Registrant)

Date: June 4, 2001 By: /s/ David Morgan

David Morgan, President and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Amendment No. 2 on Form 10-KSB/A to its annual report on Form 10-KSB has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	OFFICE	
/s/ David Morgan David Morgan	President, Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	Ju
/s/ Jan Halestrap Jon Halestrap	Director and Vice President - Marketing and Sales	Ju
/s/ Daniel Goldman	Director	Ju

Daniel Goldman

/s/ J.C. Agostini --- John Agostini	Director and Chief Finance Officer (Principal Financial Officer and Chief Accounting Officer)	Ju
--- Tom Maxfield	Director	Ju
/s/ David Andrews --- David Andrews	Director	Ju