

WESTSPHERE ASSET CORP INC  
Form 10QSB  
November 14, 2007

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: September 30, 2007

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commissions file number 0-32051

**WESTSPHERE ASSET CORPORATION, INC.**

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

COLORADO  
(State or other jurisdiction  
of incorporation or organization)

98-0233968  
(IRS Employer  
Identification No.)

2140 Pegasus Way N.E.

Calgary, Alberta Canada T2E 8M5

Telephone (403) 290-0264  
(Issuer's telephone number)

NOT APPLICABLE

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

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

Yes  No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the last practicable date:

592,785 shares of Common Stock, no par value, as of November 14, 2007

1,416,143 shares of Preferred Stock, no par value, as of November 14, 2007

Transitional Small Business Disclosure Format

(check one): Yes  No



**WESTSPHERE ASSET CORPORATION, INC.**

**INDEX TO THE FORM 10-QSB**

**For the quarterly period ended September 30, 2007**

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**PART I - FINANCIAL INFORMATION**

**ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS**

*WESTSPHERE ASSET CORPORATION, INC.*

*Consolidated Balance Sheet*

ASSETS	September 30, 2007 (Unaudited)	December 31, 2006 (Note 1)
<b>CURRENT ASSETS</b>		
Cash	\$ 361,373	\$ 413,398
Accounts receivable net of allowance for doubtful accounts of \$75,976 and \$75,292	247,863	293,814
Accounts receivable related parties	47,960	11,563

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Inventory		267,326		218,434
Prepaid expense and deposit		18,625		17,102
Current portion of notes receivable		28,319		48,361
Total current assets		971,466		1,002,672
Property and equipment, net of depreciation		391,267		277,453
Intellectual property		2,286		2,289
Notes receivable, less current portion		114,171		
Mortgage receivable				12,930
Other investments		2,303		
Future tax benefits		9,877		8,408
Total assets	\$	1,491,370	\$	1,303,752

*LIABILITIES AND STOCKHOLDERS EQUITY*

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	444,664	\$	576,621
Accounts payable, related parties		110,982		122,463
Current portion of loans payable		123,501		
Total current liabilities		679,147		699,084
Shareholder loans		256,109		223,771
Bank loan				14,125
Loans payable, less current portion		224,440		
Total liabilities		1,159,696		936,980

Minority interest in subsidiaries

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS EQUITY

Preferred stock - authorized 75,000,000 shares, no par value,				
1,416,143 and 1,416,143 shares issued and outstanding		1,400,719		1,400,719
Common stock - authorized 75,000,000 shares, no par value;				
592,785 and 551,702 shares issued and outstanding		558,960		509,261
Accumulated other comprehensive income		148,336		92,166

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Accumulated deficit	(1,776,341)	(1,635,374)
Total stockholders equity	331,674	366,772
Total liabilities and stockholders equity	\$ 1,491,370	1,303,752

*WESTSPHERE ASSET CORPORATION, INC.*

*Consolidated Statements of Operations*

*For the Nine Months Ended September 30,*

*(Unaudited)*

	2007	2006
Revenue -		
Equipment and supplies	\$ 254,887	\$ 388,894
Residual and interchange income	3,036,044	3,164,571
Other	55,613	98,034
Total revenue	3,346,544	3,651,499
Cost of sales -		
Equipment and supplies	198,803	340,074
Residual and interchange costs	1,782,887	1,931,238
Commissions	1,906	16,447
Other	103,310	91,675
Total cost of sales	2,086,906	2,379,434
Gross profit	1,259,638	1,272,065
Administrative expenses -		
Depreciation and amortization	97,194	84,009
Consulting fees	130,783	120,377
Legal and accounting fees	106,776	25,042
Salaries and benefits	595,649	546,363
Travel, delivery and vehicle expenses	121,346	97,923
(Gain) on currency exchange	(15,704)	(133,271)

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Other	336,554	283,855
Total administrative expenses	1,372,598	1,024,298
Income (loss) from operations	(112,960)	247,767
Other income & expense -		
Interest income	9,819	51,446
Interest expense	(37,826)	(33,849)
Net income (loss) before income taxes	(140,967)	265,364
Provision for income taxes		
Net income (loss)	\$ (140,967)	\$ 265,364
Net (loss) per common share	\$ (.24)	\$ .48
Weighted number of shares outstanding	592,785	551,702
Other comprehensive income:		
Net income (loss)	\$ (140,967)	\$ 265,364
Foreign currency translation adjustment	56,170	5,258
Total comprehensive income	\$ (84,797)	\$ 270,622

*WESTSPHERE ASSET CORPORATION, INC.*

*Consolidated Statements of Operations*

*For the three Months Ended September 30,*



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*(Unaudited)*

	2007	2006
Revenue -		
Equipment and supplies	\$ 76,033	\$ 56,877
Residual and interchange income	1,089,951	1,103,299
Other	17,718	64,205
Total revenue	1,183,702	1,224,381
Cost of sales -		
Equipment and supplies	55,700	50,351
Residual and interchange costs	626,990	667,858
Commissions	1,720	532
Other	40,141	27,683
Total cost of sales	724,551	746,424
Gross profit	459,151	477,957
Administrative expenses -		
Depreciation and amortization	31,703	26,145
Consulting fees	44,920	38,274
Legal and accounting fees	8,650	4,080
Salaries and benefits	224,055	177,457
Travel, delivery and vehicle expenses	41,743	40,583
(Gain) on currency exchange	(8,190)	(133,271)
Other	126,414	91,326
Total administrative expenses	469,295	244,594
Income (loss) from operations	(10,144)	233,363
Other income & expense -		
Interest income	1,284	16,471
Interest expense	(14,883)	(10,338)
Net income (loss) before income taxes	(23,743)	239,496
Provision for income taxes		

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Net income (loss)	\$ (23,743)	\$ 239,496
Net (loss) per common share	\$ (.04)	\$ .43
Weighted number of shares outstanding	592,785	551,702
Other comprehensive income:		
Net income (loss)	\$ (23,743)	\$ 239,496
Foreign currency translation adjustment	24,721	9,261
Total comprehensive income	\$ 978	\$ 248,757

## WESTSPHERE ASSET CORPORATION, INC.

## Consolidated Statement of Cash Flows

For the Nine Months Ended September 30,

(Unaudited)

	2007	2006
Cash flows from operating activities:		
Net (loss) from operations	\$ (140,967)	\$ 265,362
Reconciling adjustments -		
Depreciation and amortization	97,194	74,845
Other non-cash transactions	48,033	3,552
Changes in operating assets and liabilities		
Accounts receivable	(75,448)	82,129
Inventory	(10,167)	101,691
Prepaid expenses and other	1,389	30,479
Accounts payable and accrued liabilities	(41,612)	(425,693)
Net cash provided by (used for) operations	(121,578)	132,365
Cash flows from investing activities:		
Purchase of equipment	(220,656)	(105,988)
Disposal of equipment	53,856	37,017
Collection on loans receivable	68,267	66,170
Net cash provided by (used for) investing activities	(98,533)	(2,801)
Cash flows from financing activities:		
Repayment of debt	(15,733)	(84,409)
Increase in debt	113,276	
Exercise of options	7,017	
Net cash provided by financing activities	104,560	(84,409)
Foreign currency translation adjustment	63,526	9,552
Net change in cash and cash equivalents	(52,025)	54,707
Cash and cash equivalents at beginning of period	413,398	484,799
Cash and cash equivalents at end of period	\$ 361,373	\$ 539,506

Supplemental schedule of cash flow information

Interest paid in cash	\$ 23,911	\$ 5,425
Income taxes paid in cash	\$	\$

Non-cash investing and financing activities:

Stock issued for minority interest in subsidiary

Stock issued to satisfy debt

*WESTSPHERE ASSET CORPORATION, INC.*

*Notes to Financial Statements*

*September 30, 2007 and 2006*

*(Unaudited)*

**Note 1 Financial Statements**

The accompanying consolidated financial statements included herein have been prepared by Westsphere Asset Corporation, Inc. (the Company) without audit, pursuant to the rules and regulations of the Securities and Exchange Commission for reporting on Form 10-QSB. Certain information and footnote disclosure normally included in the financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted as allowed by such rules and regulations, and Westsphere Asset Corporation, Inc. believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these financial statements be read in conjunction with the December 31, 2006 audited financial statements and the accompanying notes thereto contained in the Annual Report on Form 10-KSB filed with the Securities and Exchange Commission. While management believes the procedures followed in preparing these financial statements are reasonable, the accuracy of the amounts are in some respects dependent upon the facts that will exist, and procedures that will be accomplished by Westsphere Asset Corporation, Inc. later in the year. The results of operations for the interim periods are not necessarily indicative of the results of operations for the full year. In the management's opinion, all adjustments necessary for a fair presentation of the Company's financial statements are reflected in the interim periods included.

## **Note 2 Common Stock**

In January 2007, Westsphere issued 31,058 common shares at a fair market value at \$1.38 (\$1.62 CDN) per share. Westsphere executed a share exchange agreement with unaffiliated TRAC shareholders to exchange a total of 24,142 shares of our common stock at \$1.38 (\$1.62 CDN) per share for a nineteen percent (19%) interest plus \$19,092 (\$22,500 CDN) shareholders loan in TRAC. Concurrently, Westsphere entered into share exchange agreements with affiliated TRAC shareholders, Jack Thomson and Brett Border, to exchange a total of 6,916 shares of our common stock at \$1.38 (\$1.62 CDN) per share for a twelve percent (12%) interest in TRAC. Mr. Thomson is a member of our Board of Directors and Mr. Border is the President of Vencash Capital and TRAC. This share exchange resulted in increasing our holdings in TRAC to eighty-two percent (82%).

In March 2007, Westsphere issued 10,025 common shares. 10,025 common shares issued to one of the Executive Officers who has exercised a portion of his 2002 options to purchase shares of our common stock at \$0.70 per share.

As at September 30, 2007, Westsphere has a total of 1,416,143 preferred shares and 592,785 common shares issued and outstanding.

## **Note 3 Notes Receivable**

There are four notes receivable which are demand loan agreements. The first note receivable of \$26,916 (\$31,112 CDN) bearing interest at 12% per annum has a three year term, requiring monthly payments of principal and interest of \$894 (\$1,033 CDN) to December 1, 2009. The current balance is \$24,520 (\$24,346 CDN).

The remaining three notes receivable totaled \$115,822 (\$115,000 CDN) bearing interest at 12% per annum, requiring monthly payments of interest only of \$1,158 (\$1,150 CDN). The purpose of these notes receivable are to supply vault cash to Westsphere's wholly owned subsidiary Vencash's customers' ATM equipment and site locations.

**Note 4 Loan Payable**

Westsphere's subsidiary Vencash entered into two loan agreements with its major ATM supplier in July of 2006. The first loan agreement bearing interest at 6% per annum requires blended monthly payments of principal and interest of \$4,452 to March 2009. The second loan agreement, bearing interest at 18% per annum, requires blended monthly payments of principal and interest of \$1,041 (\$1,204 CDN) to July 2011; with a final payment of \$90 in August 2011.

*WESTSPHERE ASSET CORPORATION, INC.*

*Notes to Financial Statements*

*September 30, 2007 and 2006*

*(Unaudited)*

In May 2007, Westsphere's subsidiary Vencash entered into a loan agreement with its major ATM supplier, bearing interest at 18% per annum, requiring blended monthly payments of principal and interest of \$820 (\$869 CDN) to May 2012; with a final payment of \$90 in May 2012.

In June 2007, Westsphere's subsidiary Vencash entered into a loan agreement with its major ATM supplier, bearing interest at 18% per annum, requiring blended monthly payments of principal and interest of \$820 (\$869 CDN) to June 2012; with a final payment of \$90 in June 2012.

In September 2007, Westsphere's subsidiary Vencash entered into a loan agreement totaling \$100,715 (\$100,000 CDN) with an external arms-length investor, bearing interest at 12% per annum, blended monthly payments of interest only of \$1,007 (\$1,000 CDN) to September 2008, with an automatic extension for a further 6 month term. The principle is to be repaid in a maximum of 18 months. The purpose of the loan is to supply vault cash to Westsphere's wholly owned subsidiary Vencash's customers ATM equipment and site locations.

**Note 5 Related Party Transactions**

The following table summarizes the Company's accounts receivable related party transactions:

Revenue

Sales of ATM to:

Directors 100% owned company

\$37,759

Officers 100% owned company

7,401

\$45,160

Debit shareholder loan from:

49% shareholder s of personal financial solution

\$2,800

The debit shareholder loan is payable on demand.

#### **Note 6 Subsequent Events**

On October 1, 2007 Vencash Capital Corporation commenced an agreement with Trans Armored Canada Ltd. a Halifax, Nova Scotia, Canada based corporation providing armored transport/ATM technical services for the delivery of currency and maintenance of cash dispensing machines. The terms of the agreement allows for Vencash to acquire a twenty percent share position within TAC and the allocation of the right to appoint fifty percent of the board of Directors of TAC. Financially Vencash will participate equally with TAC in the distribution of revenues both profit and loss. To date Vencash has not acquired any TAC ownership nor has Vencash appointed any Directors to TAC.

On October 21, 2007, Westsphere Asset Corporation, Inc. through its subsidiary companies Vencash Capital Corporation and Westsphere Systems Inc. have commenced an agreement with ACI Worldwide Inc. for the enablement of Westsphere Systems Inc to become a new ATM/POS acquirer ( Switch ) in the Canadian marketplace and in association with Canadian electronic payment network, Interac which Westsphere Systems Inc. is an indirect connect member.

*WESTSPHERE ASSET CORPORATION, INC.*

*Notes to Financial Statements*

*September 30, 2007 and 2006*

*(Unaudited)*

In order to fund Westsphere's business growth in TAC and in its development of its electronic payment Switch as per its agreements with TAC and ACI, Westsphere is dependent upon private placements, loans and/or joint venture arrangements along with Westsphere's subsidiary cash flows to meet its financial needs. On November 5, 2007, Westsphere's subsidiary Westsphere Systems Inc. raised \$81,579 (\$81,000 CDN) through a loan agreement with an external arm-length investor, bearing interest at 12% per annum, blended monthly payments of interest only of \$816 (\$810 CDN) to October 2009, with an automatic extension for a further 12 month term.





**ITEM 2.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION**

*Current Corporate Structure September 30, 2007*

**WESTSPHERE ASSET CORPORATION, INC.**

**Subsidiaries CDN**

<b>Subsidiaries CDN</b>	<b>Subsidiaries US</b>	
Vencash Capital Corporation	Trac POS Processing Inc.	Vencash Financial
100%	82%	Systems Inc. (US)
<b>Active</b>	<b>Active</b>	100%
		<b>Inactive</b>
Westsphere Systems Inc.	Cash Direct Financial Services Ltd.	
100%	100%	
<b>Active</b>	<b>Active</b>	
E Debit International Inc.	105725 Alberta Ltd.	
100%	o/a Personal Financial Solutions	
<b>Inactive</b>	51% owned by Cash Direct Financial	

Services Ltd .

**Inactive**

Vencash POS Services Inc.

*(Formerly Westsphere POS  
Services Ltd.)*

100%

**Active**

Kan-Can Resorts Ltd.

99%

**Inactive**

Westsphere Capital Group Ltd.

100%

**Active**

Active = with business activity

Inactive = no business activity

## Plan of Operations

During the three (3) month period of operations ending September 30, 2007, Westsphere and its subsidiaries generated a net loss from operations of \$23,743, while a net income from operations of \$239,496 was realized for the same period from the previous year. The decrease in net income of \$263,239 over the same period from the previous year was caused by an increase in total administrative expenses of \$224,701 to \$469,295 from the previous year's amount of \$244,594. The increase of \$224,701 in total administrative expenses are primarily due to an increase in salaries and benefits of \$46,598, an increase in other expense of \$35,088, and a decrease in gain on currency exchange of \$125,081. In addition, the decrease is also caused by a decrease in interest income of \$15,187.

The increase in salaries and benefits of \$46,598 was primarily due to an additional three new positions to the organization; a sales manager, a service technician, and a junior accountant. The increase in other expenses was primarily caused by an increase in office lease and staff accommodation totaling \$23,948, a write off of inventory with zero market value totaling \$9,506, and the remainder of \$1,634 was related to general operating costs. The decrease in gain on currency exchange of \$125,081 was caused by Westsphere's subsidiary Vencash no longer experiencing the fluctuation of currency exchange gain of 15% as the same period from previous year which is used between the time the payable is recorded and the time the payable is paid to an ATM supplier.

The significant decrease in interest income was caused by the sale of the sales-type lease contract in November 2006 and the mortgage receivable was paid in full on April 1, 2007. Therefore, no interest income was earned.

Westsphere's gross margin during the third quarter of year 2007 slightly decreased by 0.25% to 38.79% from the gross margin during the same period from the previous year of 39.04%. This was caused by a decrease in other revenue of \$46,487 and an increase in cost of sales under other expense of \$12,458. The increase in costs of sales under other expense is mainly from ATM telephone expenses. The decrease is partially offset against an increase in net residual and interchange income of \$27,520. The increase in net residual and interchange income was mainly caused by an increase in the number of placements of ATMs. Vencash capital mainly focuses on the placement, and finance/lease program offered by an ATM supplier in year 2006. The finance/lease program provides Vencash Capital an opportunity to place more ATMs in the market at a lower cost.

Westsphere and its subsidiaries currently generate sufficient cash flow to cover all of their consolidated operating expenses.

In order to grow Westsphere's businesses in ATM machines, in Finance/Lease, and in POS machines, Westsphere is dependent upon private placements, loans and/or joint venture arrangements. The profits are expected to be generated by the interchange and surcharges collected from ATM and POS machines, the sale of ATM and POS machines, and from Financing and leasing charges.

To this date 930 ATM and 543 POS sites are being processed between two switches.

On October 1, 2007 Vencash Capital Corporation commenced an agreement with Trans Armored Canada Ltd. a Halifax, Nova Scotia, Canada based corporation providing armored transport/ATM technical services for the delivery of currency and maintenance of cash dispensing machines. The terms of the agreement allows for Vencash to acquire a twenty percent share position within TAC and the allocation of the right to appoint fifty percent of the board of Directors of TAC. Financially Vencash will participate equally with TAC in the distribution of revenues both profit and loss. To date Vencash has not acquired any TAC ownership nor has Vencash appointed any Directors to TAC.

On October 21, 2007, Westsphere Asset Corporation, Inc. through its subsidiary companies Vencash Capital Corporation and Westsphere Systems Inc. have commenced an agreement with ACI Worldwide Inc. for the enablement of Westsphere Systems Inc to become a new ATM/POS acquirer ( Switch ) in the Canadian marketplace and in association with Canadian electronic payment network, Interac which Westsphere Systems Inc. is an indirect connect member.

In order to fund Westsphere s business growth in TAC and in its development of its electronic payment Switch as per its agreements with TAC and ACI, Westsphere is dependent upon private placements, loans and/or joint venture arrangements along with Westsphere s subsidiary cash flows to meet its financial needs.

On November 5, 2007, Westsphere s subsidiary Westsphere Systems Inc. raised \$81,579 (\$81,000 CDN) through a loan agreement with an external arm-length investor, bearing interest at 12% per annum, blended monthly payments of interest only of \$816 (\$810 CDN) to October 2009, with an automatic extension for a further 12 month term. The purpose of the loan is to funds the start up costs for the switch development.

### **Changes in Financial Position**

During the Nine (9) month period ending September 30, 2007, total assets increased to \$1,491,370 primarily due to an increase in a property and equipment, a net of depreciation of \$113,814, and an increase in accounts receivable related parties of \$36,397, and an increase in notes receivable of \$114,171. The increase is partially offset against a decrease in accounts receivable of \$45,951.

The increase in property and equipment, net of depreciation, was caused by the purchase of used ATMs from investors at below market costs and an exercised early buyout on the leased ATMs.

The increase in accounts receivable related parties was caused by the sale of ATM and ATM parts to an officer 100% owned company. These transactions are in the normal course of operations and on terms and conditions that are similar to those of transactions with unrelated parties.

There are four notes receivable which are demand loan agreements. The first note receivable of \$26,916 (\$31,112 CDN) bearing interest at 12% per annum has a three year term, requiring monthly payments of principal and interest of \$894 (\$1,033 CDN) to December 1, 2009. The current balance on this note receivable is \$25,176 (\$26,669 CDN).

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The remaining three notes receivable of \$115,822 (\$80,000CDN, \$20,000 CDN, \$15,000 CDN) bearing interest at 12% per annum, require monthly payments of interest only of \$1,158 (\$1,150 CDN). The purpose of these notes receivable are to supply vault cash to Westsphere's wholly owned subsidiary Vencash's customers' ATM equipment and site locations.

The two notes receivable of \$26,916 (\$31,112 CDN) and \$75,522 (\$80,000 CDN) are classified under current assets as an operating receivable at the time of filing the 10KSB 2006. These notes were converted into a formal note receivable during the first quarter of 2007. The remaining two notes receivable of \$18,880 (\$20,000 CDN) and \$9,507 (\$15,000 CDN) occurred during the year 2007.

Westsphere's current liabilities consist of accounts payable of \$444,664, accounts payable to related parties of \$110,982, and current portion of loans payable of \$123,501. Accounts payable includes payables of \$44,792 to suppliers for the purchase of ATM machines and POS machines, \$200,012 is payable for the return of surcharge and interchange, accounting and legal payables in the amount of \$69,696, unearned revenue in the amount of \$21,147, vehicle payable in the amount of \$6,002, travel expense in the amount of \$4,003, telephone expenses in the amount of \$9,968, vacation payable in the amount of \$37,058, and \$51,986 due for consulting services, office expenses and various other general fees and charges.

Accounts payable to related parties consists of Officers' and Directors' bonuses payable carried forward from year 2002 in the amount of \$67,598, and a loan advanced from Westsphere's President in the amount of \$43,384.

Long term liabilities as at September 30, 2007 consisted of \$256,109 for outstanding accounts due to shareholders of Westsphere and loan payables, less current portion of \$224,440. Westsphere's shareholder loans related to TRAC of \$198,198 and shareholder loans related to Westsphere of \$50,357 have interest rates of 18% and 9%, respectively. Trac's shareholder loan is a demand loan and Westsphere's shareholder loan is not a demand loan. The remaining shareholder loan related to TRAC of \$7,554 is without interest and specific repayment terms.

Westsphere's subsidiary Vencash entered into two loan agreements with its major ATM supplier in July of 2006. The first loan agreement of \$161,249 (\$188,080 CDN) bearing interest at 6% per annum requires blended monthly payments of principal and interest of \$4,452 to March 2009. The second loan agreement of \$36,226 (42,254 CDN), bearing interest at 18% per annum, requires blended monthly payments of principal and interest of \$1,041 to July 2011; with a final payment of \$90 in August 2011. These two loan payables are classified under current liabilities as an operating payable at the time of filing the 10KSB 2006. These two loans were converted into a formal loan payable during the first quarter of 2007.

In May 2007, Westsphere's subsidiary Vencash entered into a loan agreement with its major ATM supplier, bearing interest at 18% per annum, requiring blended monthly payments of principal and interest of \$820 (\$869 CDN) to May 2012; with a final payment of \$90 in May 2012.

In June 2007, Westsphere's subsidiary Vencash entered into a loan agreement with its major ATM supplier, bearing interest at 18% per annum, requiring blended monthly payments of principal and interest of \$820 (\$869 CDN) to June 2012; with a final payment of \$90 in June 2012.

In September 2007, Westsphere's subsidiary Vencash entered into a loan agreement totaling \$100,715 (\$100,000 CDN) with an external arms-length investor, bearing interest at 12% per annum, blended monthly payments of interest

only of \$1,007 (\$1,000 CDN) to September 2008 with an automatic extension for a further 6 month term. The principle is to be repaid in a maximum of 18 months. The purpose of the loan is to supply vault cash to Westsphere's wholly owned subsidiary Vencash's customers' ATM equipment and site locations.

Shareholders' equity as of September 30, 2007 was \$331,674; inclusive of an accumulated loss from operations of \$1,776,341, as compared to shareholders equity of \$366,772 as of the same date from the previous year. Total issued and outstanding share capital as of the period ending September 30, 2007 was 592,785 common shares and 1,416,143 preferred shares as compared to a total of 551,700 common shares and 1,416,143 preferred shares as of December 31, 2006.

## **Liquidity and Capital Resources**

### ***Summary of Working Capital and Stockholders' Equity***

As of September 30, 2007, the Company had working capital of \$292,319 and Stockholders' Equity of \$331,674 compared with working capital of \$303,588 and Stockholders' Equity of \$366,772 as of December 31, 2006. The Company's working capital has decreased principally as a result of a decrease in accounts receivable of \$45,951 and an increase in current portion of loans payable of \$123,501. The decrease is partially offset against the decrease in accounts payable of \$131,957 and the repayment of accounts payable to related parties of \$11,481. Stockholders' Equity decreased as a result of a net loss for the nine months ending September 30, 2007 of \$140,967. The decrease is partially offset against an increase in common stock of \$49,699. There was no change in operations during the third quarter of year 2007.

The Company's consolidated operations provided negative \$121,578 in net cash, compared to the use of net cash in the amount of \$132,365 during the same period from the previous year. This decrease in net cash flow from operations was the result of a decrease in accounts receivable of \$75,448, a decrease in inventory of \$10,167, and a decrease in accounts payable and accrued liabilities of \$41,612.

Investing activities during the nine month period resulted in the use of net cash of negative \$98,533, which was caused by the purchase of equipment of \$220,656 and partially offset against the disposal of equipment of \$53,856 and collection on loans receivable of \$68,267.

Financing activities during the nine month period resulted in the use of net cash of positive \$104,560, which were primarily caused by the funds raised during September from an arms-length investor totaling \$100,715 (\$100,000 CDN). The purpose of the loan is to supply vault cash to Westsphere's wholly owned subsidiary Vencash's customers

ATM equipment and site locations. The increase was also caused by the issuance of common stock of \$7,017 to one of the Executive Officers who has exercised a portion of his 2002 options to purchase shares of our common stock at \$0.70 per share. The increase is partially offset against the repayment of debt totaled \$15,733.

### ***Liquidity***

On a short term basis, Westsphere anticipates that its subsidiary Vencash Capital will generate sufficient revenues to meet overhead needs. The Company, as of November 13, 2007, has \$189,132 in cash, and will not have to raise additional funds to meet its operational needs for the next twelve months. In order to meet its growth plan, Westsphere will continue to be dependent on equity funds raised, joint venture arrangements and/or loan proceeds. Westsphere believes that it will continue as a going concern with the present revenues from its subsidiary Vencash Capital Corporation, but it will be unable to meet its market growth projections without further funding outside of the ongoing revenue from operations of Vencash.

As mentioned above, Westsphere believes that its subsidiary, Vencash Capital, generates sufficient ongoing revenues to ensure that Westsphere is a going concern. It is anticipated that operations will have substantial increases in net cash flow at the fiscal year end December 31, 2007. In addition, Westsphere believes that further substantial cost savings will occur with the new program system implemented to improve the effectiveness and efficiency of the operations. Westsphere will remain reliant on the successful development and marketing of the products related to its business for possibility of future income.

### ***Capital Resources***

The primary capital resource of Westsphere is the operations of Vencash Capital, its wholly owned subsidiary.

### ***Off-Balance Sheet Arrangements***

The Company does not have any off-balance sheet arrangements.

## **ITEM 3. CONTROLS AND PROCEDURES**



The Company's Chief Executive Officer, Mr. Douglas Mac Donald, and its Chief Financial Officer, Mr. Kim Law, have implemented the Company's disclosure controls and procedures to ensure that material information relating to the Company is made known to Mr. Mac Donald and Mr. Law. These executive officers have evaluated the effectiveness of the Company's disclosure controls and procedures as of September 30, 2007 (the Evaluation Date ).

Based on such evaluation, Messrs. Mac Donald and Law have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective in alerting them on a timely basis to material information relating to the Company that is required to be included in our reports filed or submitted under the Securities Exchange Act of 1934. Moreover, there were no significant changes in internal controls or in other factors that have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

## **PART II - OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

There are no changes since the filing of the 10K on December 31, 2006.

### **ITEM 2. CHANGES IN SECURITIES**

In January 2007, Westsphere issued 31,058 common shares at a fair market value at \$1.38 (\$1.62 CDN) per share. We executed a share exchange agreement with unaffiliated TRAC shareholders to exchange a total of 24,142 shares of our common stock at \$1.38 (\$1.62 CDN) per share for a nineteen percent (19%) interest plus \$19,092 (\$22,500 CDN) shareholders loan in TRAC. Concurrently, we entered into share exchange agreements with affiliated TRAC shareholders, Jack Thomson and Brett Border, to exchange a total of 6,916 shares of our common stock at \$1.38 (\$1.62 CDN) per share for a twelve percent (12%) interest in TRAC. Mr. Thomson is a member of our Board of Directors and Mr. Border is the President of Vencash Capital and TRAC. This share exchange resulted in increasing our holdings in TRAC to eighty-two percent (82%).

In March 2007, Westsphere issued 10,025 common shares. 10,025 common shares issued to one of the Executive Officers who has exercised a portion of his 2002 options to purchase shares of our common stock at \$0.70 per share.

There are no changes in securities in the third quarter ended September 30, 2007.

As at September 30, 2007, Westsphere has a total of 1,416,143 preferred shares and 592,785 common shares issued and outstanding.

Each of the foregoing issuances of securities was exempt from registration due to the exemption found in Regulation S promulgated by the Securities and Exchange Commission under the Securities Act of 1933. These sales were offshore transactions since all of the offerees were not in the United States and the purchasers were outside the United States at the time of the purchase. Moreover, there were no direct selling efforts of any kind made in the United States; neither by us nor by any affiliate or any person acting on our behalf in connection with any of these offerings. All offering materials and documents used in connection with the offers and sales of the securities included statements to the effect that the securities have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States or to U.S. persons unless the securities are registered under the Act or an exemption there from is available and that no hedging transactions involving those securities may be conducted unless in compliance with the Act. Each purchaser under Regulation S certified that they were not a U.S. person, and were not acquiring the securities for the account or benefit of any U.S. person, and agreed to resell such securities only in accordance with the provisions of Regulation S, pursuant to registration under the Act or pursuant to an available exemption from registration. The shares sold are restricted securities and the certificates representing these shares have been affixed with a standard restrictive legend, which states that the securities cannot be sold without registration under the Securities Act of 1933, or an exemption there from and we are required to refuse to register any transfer that does not comply with such requirements.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

### **ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

None.

### **ITEM 5. OTHER INFORMATION**

None.

### **ITEM 6. EXHIBITS**

See Exhibit Index below.

**SIGNATURES**

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**WESTSPHERE ASSET CORPORATION, INC.**

By: /s/ Douglas MacDonald

Name: Douglas MacDonald

Title:

President

Date:

November 14, 2007

By: /s/ Kim Law

Name: Kim Law

Title:

Principal Financial Officer and Accounting Officer

Date:

November 14, 2007

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Exhibit Number	Description	Reference
3.1(i)	Articles of Incorporation filed and all amendments thereto filed with the Secretary of the State of Colorado July 21, 1998	Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000
3(i)(a)	By-Laws of Westsphere Asset Corporation, Inc.	Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000
3(i)(b)	By-Laws of Vencash Capital Corporation	Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000
4	Specimen Stock Certificate	Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000
10.1	Agreement dated December, 1998 by and between Westsphere Asset Corporation, Inc. and 3 Ocean Investment Corporation	Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000
10.2	Share Exchange Agreement dated December 7, 1998 by and between Westsphere Asset Corporation, Inc. MacDonald Venture Corporation, Mr. Joseph Bowser and Mr. Robert L. Robins	Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000
10.3	Sample Conversion Agreement by and among Westsphere Asset Corporation, Inc. and various shareholders of Vencash Capital Corporation	Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000
10.4	ABS Processing Agreement dated October 28, 1998 by and between Vencash Capital Corporation and TNS Smart Network Inc.	Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000
10.5	Agreement dated June 24, 1999 by and between Vencash Capital Corporation and TCS (Canada) Limited	Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000
10.6	Sample Convertible Debenture issued by Westsphere Asset Corporation, Inc. in connection with the offering of \$105,600 convertible debentures	Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000

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| 10.7 | Sample Loan Agreement and Promissory Note between Westsphere Asset Corporation, Inc. and various investors | Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2000 |
| 10.8 | Loan Agreement between Westsphere Asset Corporation, Inc. and the Canadian Western Bank                    | Incorporated by reference to the Exhibits filed with the Registrant's quarterly Report on Form 10-QSB for the period ended June 30, 2003  |

10.9	Agreement dated April 1, 2003 between Douglas MacDonald and Westsphere Asset Corporation	Incorporated by reference to the Exhibits filed with the Registrant's quarterly report on Form 10-QSB for the period ended September 30, 2003.
10.10	Agreement dated April 1, 2003 between Vencash Capital Corporation, Douglas MacDonald and MacDonald & Associates Gaming Specialists Inc.	Incorporated by reference to the Exhibits filed with the Registrant's quarterly report on Form 10-QSB for the period ended September 30, 2003.
10.11	Agreement dated April 1, 2003 between Westsphere Financial Group Ltd., Douglas MacDonald and MacDonald & Associates Gaming Specialists Inc.	Incorporated by reference to the Exhibits filed with the Registrant's quarterly report on Form 10-QSB for the period ended September 30, 2003.
31.1	Rule 12aq-14(a)/15D-14(a) Certification of the Chief Executive Officer	Filed herewith
31.2	Rule 12aq-14(a)/15D-14(a) Certification of the Chief Financial Officer	Filed herewith
32.1	Certification Chief Executive Officer pursuant to 18USC Section 1350, as adapted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.2	Certification Chief Financial Officer pursuant to 18USC Section 1350, as adapted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
3.1(i)(c)	Amendment to the Articles of Incorporation filed with the Secretary of the State of Colorado March 29, 2005	Incorporated by reference to the Exhibits filed with the Registrant's Annual Report on Form 10-KSB for the period ended December 31, 2004
31.1	Rule 12aq-14(a)/15D-14(a) Certification of the Chief Executive Officer	Filed herewith
31.2	Rule 12aq-14(a)/15D-14(a) Certification of the Chief Financial Officer	Filed herewith
32.1	Certification Chief Executive Officer pursuant to 18USC Section 1350, as adapted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.2	Certification Chief Financial Officer pursuant to 18USC Section 1350, as	Filed herewith

adapted pursuant to Section 906 of the  
Sarbanes-Oxley Act of 2002

## Endnotes