CENUCO INC
Form 10QSB
May 15, 2003

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 fiscal quarter ended: March 31, 2003
Commission file number: 033-25900

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

DELAWARE	75-2228820
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6421 CONGRESS AVENUE, SUITE 201
BOCA RATON, FLORIDA 33432
(Address of principal executive offices)
(Zip code)

(561) 994-4446
(Registrant's telephone number, including area code)

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

Yes [X] No [ ]

APPLICABLE TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practical date:

On April 30, 2003, the issuer had outstanding 8,714,757 shares of common stock, $.001 par value per share.

CENUCO, INC. AND SUBSIDIARIES
FORM 10-QSB
QUARTERLY PERIOD ENDED MARCH 31, 2003
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CENUCO, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31, 2003 (Unaudited)
CURRENT ASSETS:	
Cash and Cash Equivalents	$ 1,048,810
Tuition Receivable - current (Net of Allowance for Doubtful Accounts of $109,000 and $152,000, respectively)	885,119
Accounts Receivable	56,371
Inventories	33,325
Prepaid Recruiting Fees	72,003
Other Current Assets	-
Total Current Assets	2,095,628
PROPERTY AND EQUIPMENT:	
Computer Equipment and Software	159,516
Furniture, Fixtures and Office Equipment	50,700
Leasehold Improvements	3,051

	213,267
Less: Accumulated Depreciation	(89,299)
Total Property and Equipment	123,968
OTHER ASSETS:	
Tuition Receivable -non-current (Net of Allowance for Doubtful Accounts of $415,000 and $296,000, respectively)	806,257
Prepaid Recruiting Fees	12,803
Deferred Tax Asset	416,100
Security Deposits	8,642
Total Other Assets	1,243,802
Total Assets	$ 3,463,398

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:	
Accounts Payable	$ 40,759
Unearned Revenues	1,223,232
Accrued Recruiting Fees	38,683
Other Accrued Expenses	43,239
Total Current Liabilities	1,345,913
NON-CURRENT LIABILITIES:	
Unearned Revenues	1,471,132
Accrued Recruiting Fees	6,878
Total Non-Current Liabilities	1,478,010
Total Liabilities	2,823,923
STOCKHOLDERS' EQUITY:	
Preferred Stock ($.001 Par Value; 1,000,000 Shares Authorized) No Shares Issued and Outstanding)	-
Common Stock ($.001 Par Value; 10,000,000 Shares Authorized; 8,714,757 and 8,701,467 Shares Issued and Outstanding at March 31, 2003 and June 30, 2002, respectively)	8,715
Additional Paid-in Capital	1,453,724
Accumulated Deficit	(783,964)
Deferred Compensation	(39,000)
Total Stockholders' Equity	639,475
Total Liabilities and Stockholders' Equity	$ 3,463,398

See accompanying notes to consolidated financial statements

CENUCO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended March 31,		For the Ended
	2003	2002	2003
	(Unaudited)	(Unaudited)	(Unaudited)
NET REVENUES	$ 449,381	$ 951,554	$ 1,386,821
COSTS AND EXPENSES:			
Cost of Equipment Sales	8,285	6,363	155,301
Instructional and Educational Support	31,102	79,514	83,976
Research and Development	17,886	-	41,493
Selling and Promotion	104,630	194,935	321,395
General and Administrative	418,503	654,943	1,525,746
Total Operating Expenses	580,406	935,755	2,127,911
(LOSS) INCOME FROM OPERATIONS	(131,025)	15,799	(741,090
OTHER INCOME:			
Interest Income	3,059	8,383	16,476
(LOSS) INCOME BEFORE INCOME TAXES	(127,966)	24,182	(724,614
INCOME TAX BENEFIT (EXPENSE):			
Current	-	(97,245)	-
Deferred Income Tax	64,220	114,270	262,944
Total Income Tax Benefit (Expense)	64,220	17,025	262,944
NET (LOSS) INCOME	$ (63,746)	$ 41,207	$ (461,670
BASIC AND DILUTED:			
Net (Loss) Income Per Common Share - Basic .	$ (0.01)	$ 0.00	$ (0.05
Net (Loss) Income Per Common Share - Diluted	$ (0.01)	$ 0.00	$ (0.05
Weighted Common Shares Outstanding - Basic .	8,714,757	8,695,294	8,707,239
Weighted Common Shares Outstanding - Diluted	8,714,757	8,946,341	8,707,239

See accompanying notes to consolidated financial statements

CENUCO, INC. AND SUBSIDIAIRES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended March 31, 2003	For the Nine Months Ended March 31, 2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (Loss) Income	$ (461,670)	$ 75,958
Adjustments to Reconcile Net (Loss) Income to Net Cash Flows Used in Operating Activities:		
Depreciation	28,680	20,461
Non-cash Compensation	31,474	30,000
Deferred Income Taxes	(262,944)	(96,368)
Provision for Doubtful Accounts	76,098	190,000
(Increase) Decrease in:		
Tuition Receivable	461,250	321,626
Accounts Receivable	(27,958)	-
Inventories	73,968	-
Prepaid Recruiting Fees	22,972	56,488
Other Current Assets	38,554	(28,424)
Other Assets:		
Tuition Receivable - Non-current	116,007	(721,660)
Prepaid Recruiting Fees - Non-current	2,262	2,334
Security Deposits	-	(236)
Increase (Decrease) in:		
Accounts Payable	9,029	13,524
Unearned Revenues	(383,577)	(185,753)
Accrued Recruiting Fees	(56,809)	20,682
Other Accrued Expenses	(28,054)	64,652
Other Liabilities:		
Unearned Revenues - Non-current	(49,161)	55,482
Accrued Recruiting Fees - Non-current	(8,269)	(1,671)
Net Cash Flows Used in Operating Activities	(418,148)	(182,905)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of Property and Equipment	(62,893)	(25,394)
Net Cash Flows Used in Investing Activities	(62,893)	(25,394)
Net Decrease in Cash and Cash Equivalents	(481,041)	(208,299)
Cash and Cash Equivalents - Beginning of Period	1,529,851	1,775,206
Cash and Cash Equivalents - End of Period	$ 1,048,810	$ 1,566,907
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$ -	$ -

Income Taxes	$ -	$ -
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See accompanying notes to consolidated financial statements

CENUCO, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION

Cenuco, Inc. (the "Company") is engaged in the development and sale of wireless solutions and web services, which include the development of business-to-business and business-to-consumer wireless applications, and state of the art web technology and design services. Additionally, the Company is a distance learning company that provides Internet education to students throughout the world. The Company's businesses are primarily conducted under the names of Barrington University (the "School"), Cenuco and the Academy of Health Science and Nutrition (the "Academy"). Additionally, the Company established a wireless e-learning platform in the academic, consumer and corporate marketplaces.

On December 17, 2002, the Company changed its name to Cenuco, Inc. and symbol to CNUO. The Board of Directors of Virtual Academics.Com, Inc. recommended and the majority of the shareholders approved the change of its name to Cenuco, Inc. to better reflect its business direction and operation. Reflecting the changing focus of its business, the Company plans to accelerate the development of its suite of fully integrated wireless solutions for the Security, Real Estate and Insurance markets.

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The accompanying consolidated financial statements for the interim periods are unaudited and reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the periods presented. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended June 30, 2002, as amended, and notes thereto contained in the Company's report on Form 10-KSB, as amended, as filed with the SEC. The results of operations for the nine months ended March 31, 2003 are not necessarily indicative of the results for the full fiscal year ending June 30, 2003.

Certain reclassifications have been made to the prior period's consolidated statements of operations to conform to the current period's presentation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

In connection with the development and sale of wireless solutions and web services, which include the development of business-to-business and business-to-consumer wireless applications, and state of the art web technology and design services, the Company recognizes revenue as services are performed or products are delivered.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company recognizes tuition and registration revenue based on the number of courses actually completed in each student's course of study. For example, if a student completes three out of his nine required courses, the Company will recognize 33% of the tuition regardless of the amount of time that the student has taken to fulfill these requirements. Tuition refunds are based on the date that the student cancels and the policy is as follows: If the student withdraws within 5 calendar days after midnight of the day the student signs the Enrollment Agreement (Full Refund Period) the student will receive a full refund with no further obligation. If the student cancels after the Full Refund Period but before the school receives the first completed lesson, the student will be charged a registration fee of $150 and the student will receive a full refund less the registration fee charge. If the student cancels after the school receives the first completed lesson, the student's tuition obligation will be their registration fee plus a portion of the remaining tuition as defined below.

Percentage of Course Completed	Amount of Tuition Obligated
10% of less	10% of tuition
Between 11% - 25%	25% of tuition
Between 26% - 50%	50% of tuition
Over 50%	Obligated for full tuition.

When a student withdraws, the Company writes off the remaining tuition receivable balance against the remaining unearned revenue balance and records a net increase or decrease to net revenues and did not have a material effect on the Company's consolidated results of operations.

Stock Options

We account for stock transactions in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees." In accordance with Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation," we adopted the pro forma disclosure requirements of SFAS 123. Had compensation cost for the stock options granted to employees and non-employee directors been determined based on the fair value of the options at the grant dates consistent with the method of SFAS 123, "Accounting for Stock Based Compensation", the Company's net earnings and earnings per share would have been changed to the pro forma amounts indicated below for the nine months ended March 31, 2003:

Net earnings	
As reported	$ (461,670)
Pro forma	(560,990)
Basic earnings per share	
As reported	(.05)
Pro forma	(.06)

NOTE 3 - STOCKHOLDERS' EQUITY

Common stock

On December 3, 2002, the Company issued 13,290 shares of common stock to consultants for services rendered. Such shares were valued at their market value on the date of issuance at $1.39 per share and recorded consulting expense of $18,474 related to the consulting services.

Stock options

On August 29, 2002, the Company granted options to purchase 240,000 shares of common stock to certain employees of the Company. The options are exercisable at $.42 per share, which was the fair market value of the common stock at the grant date. Accordingly, under APB 25, no compensation expense was recognized.

On August 29, 2002, the Company granted options to purchase 20,000 shares of common stock to directors. The options expire on August 29, 2012 and are exercisable at $.42 per share, which was the fair market value of the common stock at the grant date. Accordingly, under APB 25, no compensation expense was recognized.

On January 7, 2003, the Company granted options to purchase 10,000 shares of common stock to an employee of the Company. The options are exercisable at $1.55 per share, which was the fair market value of the common stock at the grant date. Accordingly, under APB 25, no compensation expense was recognized.

On January 7, 2003, the Company granted options to purchase 40,000 shares of common stock to consultants for serviced rendered and to be rendered through December 2003. The options expire on January 7, 2013 and are exercisable at $1.55 per share, which was the fair market value of the common stock at the grant date. These options were valued using the Black-Scholes pricing method at a fair value of $1.30 per option. Accordingly, the Company recorded consulting expense of $13,000 and deferred compensation of $39,000 that will be amortized over the service period.

NOTE 4 - SEGMENT INFORMATION

Currently, the Company operates in two reportable business segments - (1) the online distance learning industry and (2) the development and sale of wireless products and services. The online distant learning segment provides internet education to students domestically and internationally. The latter segment includes development of business-to- business and business-to-consumer wireless applications, and state of the art web technology and design services. The Company's reportable segments are strategic business units that offer different products, which complement each other. They are managed separately based on the fundamental differences in their operations.

NOTE 4 - SEGMENT INFORMATION (Continued)

Information with respect to these reportable business segments for the nine and three months March 31, 2003 and 2002 is as follows.

	For the Nine Months Ended March 31, 2003		
	Online Distance	Wireless	Consolidated

	Learning	Solutions	Total
Net Sales	$ 1,029,865	$ 356,956	$ 1,386,821
Costs and Operating Expenses	(883,228)	(1,244,683)	(2,127,911)
Interest Income	9,511	6,965	16,476
Income Tax Benefit (Provision)	(13,936)	276,880	262,944
Net Income (Loss)	$ 142,212	$ (603,882)	$ (461,670)
Total Assets	$ 2,046,167	$ 1,417,231	$ 3,463,398

	For the Three Months Ended March 31, 2003		
	Online Distance Learning	Wireless Solutions	Consolidated Total
Net Sales	$ 377,693	$ 71,688	$ 449,381
Costs and Operating Expenses	(147,880)	(432,526)	(580,406)
Interest Income	521	2,538	3,059
Income Tax Benefit (Provision)	(40,108)	104,328	64,220
Net Income (Loss)	$ 190,226	$ (253,972)	$ (63,746)

CENUCO, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 4 - SEGMENT INFORMATION (Continued)

	For the Nine Months Ended March 31, 2002		
	Online Distance Learning	Wireless Solutions	Consolidated Total
Net Sales	$ 2,448,565	$ 88,668	$ 2,537,233
Costs and Operating Expenses	(2,261,378)	(230,395)	(2,491,773)
Interest Income	29,154	2,221	31,375
Income Tax (Provision) Benefit	(877)	-	(877)
Net Income (Loss)	$ 215,464	$ (139,506)	$ 75,958
Total Assets	$ 4,170,531	$ 573,243	$ 4,743,774

For the Three Months Ended March 31, 2002

	Online Distance Learning	Wireless Solutions	Consolidated Total
Net Sales	$ 888,114	$ 63,440	$ 951,554
Costs and Operating Expenses	(718,978)	(216,777)	(935,755)
Interest Income	6,309	2,074	8,383
Income Tax Benefit	17,025	-	17,025
Net Income (Loss)	$ 192,470	$ (151,263)	$ 41,207

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS AND RESULTS OF OPERATIONS

GENERAL

The following analysis of the results of operations and financial condition of the Company should be read in conjunction with the consolidated financial statements for the year ended June 30, 2002 and notes thereto contained in the Report on Form 10-KSB, as amended, of Virtual Academics.com, Inc. as filed with the SEC. These financial statements reflect the consolidated operations of Cenuco, Inc. (formerly Virtual Academics.com, Inc.) for the three and nine months ended March 31, 2003 and 2002, respectively.

This report on Form 10-QSB contains forward-looking statements. These statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward-looking terminology such as "may," "expect," "anticipate," "estimate" or "continue" or the negative thereof or other variations thereon or comparable terminology. The reader is cautioned that all forward-looking statements are necessarily speculative and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward-looking statements. We do not have a policy of updating forward-looking statements and thus it should not be assumed that silence over time means that actual events are bearing out as we estimated in such forward-looking statements.

On December 11th, 2002, the Board of Directors of Virtual Academics.Com, Inc. recommended and approved the change of its name to Cenuco, Inc. to better reflect our business direction and operation. Effective December 17, 2002, a majority of our shareholders approved of the name change. Reflecting the changing focus of our business, we plan to accelerate the development of our suite of fully integrative wireless solutions for the Security, Real Estate and Insurance markets.

The change in name signifies the focus on our development of wireless applications, while maintaining our market presence in the distance- learning sector. We will continue to expand our online distance- learning programs, including the AIG Environmental Institute, the Innovation Institute, Barrington University and the Academy of Health Science and Nutrition.

The development and cultivation of wireless applications will now serve as the focal point for our initiatives. Already, the wireless subsidiary has produced viable solutions for the real estate and security markets. In addition, we launched our line of wireless video monitoring solutions, MommyTrack(TM) and CenVid(TM). Both products offer the world's first truly mobile surveillance monitoring solution for the consumer and business market.

Through our subsidiaries, we are engaged in the online distance learning business with a focus on the international, second-career adult and corporate training markets. We currently operate our main school, Barrington University, from Mobile, Alabama, where the State of Alabama Department of Education, Code of Alabama, Title 16-46-1 through 10, licenses the school. We offer degrees and training programs to students in over 80 countries and in multiple languages. The programs are "virtual" in their delivery format and can be completed from a laptop, home computer or through a wireless device.

In addition to degree completion programs, we are focusing on training corporate personnel, continuing education (CE) courses and wireless technology for education, which we believe is a major growth area.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS AND RESULTS OF OPERATIONS (Continued)

We are currently developing affordable wireless platforms to provide companies with quality training services for their employees. Our staff works directly with Human Resource departments to ensure the training is scalable and applicable to their employees' needs. Our technology provides seamless information to all employees, regardless if they are in the home, office or out in the field.

We have released other wireless application products that are currently being used in the Security, Real Estate and insurance industries. The software applications are compatible with most existing wireless devices. We expect to release several academic and training solutions in fiscal 2003.

We have received full approval for Sallie Mae funding for our students that qualify for Sallie Mae loans. Sallie Mae has been providing funds for educational loans. Sallie Mae currently owns or manages student loans for more than seven million borrowers and is the nation's leading provider of educational loans.

We operate in two reportable business segments - (1) the online distance learning industry, and (2) the development and sales of wireless solutions and web services. The latter segment includes development of business-to-business and business-to-consumer wireless applications, and state of the art web technology and design services. Our reportable segments are strategic business units that offer different products, which complement each other. They are managed separately based on the fundamental differences in their operations and are discussed separately below.

SEASONALITY IN RESULTS OF OPERATIONS

We experience seasonality in our results of operations from our online distance-learning segment primarily as a result of changes in the level of student enrollments and course completion. While we enroll students throughout the year, December and January average enrollments and course completion and related revenues generally are lower than other quarters due to seasonal breaks in December and January. Accordingly, costs and expenses historically increase as a percentage of tuition and other net revenues as a result of certain fixed costs not significantly affected by the seasonal second quarter declines in net revenues.

We experience a seasonal increase in new enrollments in August of each year when most other colleges and universities begin their fall semesters. As a result, instructional costs and services and selling and promotional expenses historically increase as a percentage of tuition and other net revenues in the fourth quarter due to increased costs in preparation for the August peak enrollments.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS AND RESULTS OF OPERATIONS (Continued)

RESULTS OF OPERATIONS

Nine Months Ended March 31, 2003 compared to Nine Months Ended March 31, 2002

Online Distance Learning Segment

Revenues

For the nine months ended March 31, 2003, we had a 57.9% decrease in earned revenues to $1,029,865 from $2,448,565 for the nine months ended March 31, 2002. The decrease in revenues is due primarily to a decrease in the number of students that have registered for our programs. We have decreased our marketing efforts and have been focusing on our wireless segment. Additionally, our students completed their courses at a slower rate than expected. Unearned revenue represents the portion of tuition revenue invoiced but not earned and is reflected as a liability in the accompanying consolidated balance sheets. Since we will recognize tuition and registration revenue based on the number of courses actually completed in each student's course of study, student course completion efforts, if successful, are extremely beneficial to operating results. During the nine months ended March 31, 2003, we experienced a general slowdown in course completion by our students, which had an adverse effect on our revenue.

Expenses

Instruction and Educational Support

Instruction and educational support expenses consist primarily of student supplies such as textbooks as well as course development fees, credit card fees, computer related expenses, and printing fees. For the nine months ended March 31, 2003, instructional and educational support expenses decreased by 68.5% to $83,976 or 8.2% of net revenues as compared to $247,569 or 10.1% of net revenues for the nine months ended March 31, 2002. The decrease in instructional and educational support expenses and the related percentages was mainly attributable to the fact that we have enrolled less students in the current period and we are able to purchase text books from a new supplier at reduced prices. Accordingly, student supply expense was $34,280 or 3.3% of revenues for the nine months ended March 31, 2003 as compared to $141,970 or 5.8% of revenue for the nine months ended March 31, 2002. Printing and reproduction costs decreased to $16,790 for the nine months ended March 31, 2003 as compared to $22,629 for the nine months ended March 31, 2002. Computer and internet expenses decreased to $5,901 for the nine months ended March 31, 2003 as compared to $54,287 for the nine months ended March 31, 2002 due to a decreased need for development and maintenance of our websites related to our online university. This was offset by increased costs associated with course development for the nine months ended March 31, 2003 of $11,592 as compared to $5,400 for the nine months ended March 31, 2002.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS AND RESULTS OF OPERATIONS (Continued)

RESULTS OF OPERATIONS (CONTINUED)

Nine Months Ended March 31, 2003 compared to Nine Months Ended March 31, 2002

Online Distance Learning Segment (Continued)

Selling and Promotion

Selling and promotion expense consists primarily of recruiting fees, advertising and travel. For the nine months ended March 31, 2003, selling and promotion expenses decreased by 53% to $115,190 or 11.2% of net revenues as compared to $333,764 or 13.6% of net revenues for the nine months ended March 31, 2002. The decrease in selling and promotion expenses is attributable to the shift in our selling and promotion efforts to our wireless solutions segment. For the nine months ended March 31, 2003, advertising expense amounted to $85,422 as compared to $98,651 for the nine months ended March 31, 2002. Additionally, our recruiting fees decreased to $19,136 for nine months ended March 31, 2003 from $210,249 for the nine months ended March 31, 2002. The decrease is attributable to our decreased use of recruiters to obtain students and a general slow-down in new students. We are currently running advertisements in various national publications and newspapers in order to attract more students. We expect our advertising budget to remain constant or increase through the end of fiscal 2003.

General and Administrative Expenses

General and administrative expenses, which includes salaries, professional fees, rent, travel and entertainment, insurance, bad debt, and other expenses, were $684,062 for the nine months ended March 31, 2003 as compared to $1,680,045 for the nine months ended March 31, 2002. This amounted to 66.4% of net revenues for the nine months ended March 31, 2003 as compared to 68.6% for the nine months ended March 31, 2003. The decrease was primarily due to the following factors:

The cost of professional fees decreased to $64,778 for the nine months ended March 31, 2003 as compared to $258,696 for the nine months ended March 31, 2002. During the nine months ended March 31, 2002, we incurred additional costs associated with the filing of a registration statement with the Securities and Exchange Commission and incurred legal expenses in connection with the dismissal of a lawsuit. For the nine months ended March 31, 2003, salaries were $190,857 as compared to salaries of $570,392 for the nine months ended March 31, 2002. The decrease in salaries was attributable to the allocation of administrative and executive salaries to our wireless segment, where we have concentrated a significant part of our resources and efforts. Additionally, we experienced a decrease in postage and delivery and telephone expenses due to a decrease in student activity. We incurred bad debt expense of $246,279 for the nine months ended March 31, 2003 as compared to $302,217 for the nine months ended March 31, 2002, as a result of student inactivity.

Interest Income

Interest income was $9,511 for the nine months ended March 31, 2003 as compared to $29,154 for the nine months ended March 31, 2002, a decrease of

$19,643 due to the fact that cash was transferred to our wireless segment. We currently invest our excess cash balances in primarily two interest-bearing accounts with two financial institutions.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS AND RESULTS OF OPERATIONS (Continued)

RESULTS OF OPERATIONS (CONTINUED)

Nine Months Ended March 31, 2003 compared to Nine Months Ended March 31, 2002

Wireless and Web Solutions Segment

For the nine months ended March 31, 2003 and 2002, we had net revenues of $356,956 and $88,668, respectively, which consisted of the following:

Equipment Sales	$182,566	$ 6,488
Wireless Solutions and Web Services	150,873	82,180
Other	23,517	-
	$356,956	$ 88,668

For the nine months ended March 31, 2003 and 2002, we incurred cost of sales related to the sale of equipment of $155,301 and $6,363, respectively.

For the nine months ended March 31, 2003 and 2002, we incurred research and development expenses from the development of our new products of $41,493 and $0, respectively.

For the nine months ended March 31, 2003, selling and promotion expenses amounted to $206,205, which included $16,021 in commission expense, $5,362 in advertising expense, $97,427 of trade show expense, printing and reproduction expense of $25,642, travel expenses of $31,125, and licensing fees of $30,628. For the nine months ended March 31, 2002, selling and promotion expenses amounted to $55,805, which included $40,015 in commission expense.

For the nine months ended March 31, 2003, we incurred $841,684 of general and administrative expenses, which included salaries expense of $449,837, consulting expense of $76,895, computer and internet related expenses of $12,226, rent expense of $31,967, professional fees of $46,221 and other expenses. For the nine months ended March 31, 2002, we incurred $168,227 of general and administrative expenses, which included salaries of $49,385, consulting expense of $6.545, computer and internet related expenses of $7,892, rent expense of $4,196, licensing fees of $68,062 and other expenses. For the nine months ended March 31, 2003, salaries were $449,837 for the nine months ended March 31, 2003 as compared to $49,385 for the nine months ended March 31, 2002. This reflected a growth in the number of employees during the nine months ended March 31, 2003 as a result of the growth that we are experiencing and new development projects as well as the allocation of administrative and executive salaries to our wireless segment. Additionally, since we began our wireless segment in November 2001, amounts for the nine months ended March 31, 2002 do not reflect the entire period. We increased our technical staff to develop our wireless technologies.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS AND RESULTS OF OPERATIONS

(Continued)

RESULTS OF OPERATIONS (CONTINUED)

Nine Months Ended March 31, 2003 compared to Nine Months Ended March 31, 2002

Wireless and Web Solutions Segment (Continued)

For the nine months ended March 31, 2003 and 2002, interest income was $6,965 and $2,221, respectively. We currently invest our excess cash balances in primarily two interest-bearing accounts with two financial institutions.

Overall Consolidated Results

Income Taxes

Deferred tax assets and liabilities are provided for significant income and expense items recognized in different years for tax and financial reporting purposes. As of March 31, 2003, we did not record a valuation allowance on the deferred tax assets because we believe that we will realize these benefits "more likely than not". The Company expects the wireless segment to begin to generate profits. The Company will continue to evaluate their performance and should projected operating profits not occur, then an allowance will be established. The deferred tax asset was reported in the accompanying balance sheet at March 31, 2003 and June 30, 2002. We were able to utilize previous year's net operating losses to offset our income in fiscal year 2001. Accordingly, for the nine months ended March 31, 2003 and 2002, we recorded an income tax benefit (expense) of $262,944 and $(877), respectively.

Net income (loss)

As a result of the foregoing factors, we recognized a net loss of $(461,670) or $(.05) per share on a consolidated basis for the nine months ended March 31, 2003 as compared to net income of $75,958 or $.01 per share for the nine months ended March 31, 2002.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2003, we had $1,048,810 in cash and equivalents on hand to meet our obligations.

During the nine months ended March 31, 2003, we invested substantial time and resources developing and evaluating products and opportunities for our wireless solutions segment. We will continue to develop new wireless solutions for both of our segments and may consider acquisitions, business combinations, or start up proposals, which could be advantageous to our product lines or business plans, although the Company expects to be profitable in the future there can be no assurance.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS AND RESULTS OF OPERATIONS (Continued)

Net cash used in operations was $418,148 for the nine months ended March 31, 2003 as compared to net cash used in operations of $182,905 for the nine months ended March 31, 2002. We used additional cash funds for salaries and expenses related to the development of our wireless security products and a significant decrease in revenues. We feel that with expected positive cash flow, our current cash balance is sufficient to sustain our operations over the ensuing 12-month period, including the expected growth during this period.

Net cash used in investing activities for the nine months ended March 31, 2003 was $62,893 as compared to $25,394 for the nine months ended March 31, 2002 and related to the acquisition of property and equipment. During the nine months ended March 31, 2003, we acquired computer equipment to be used in the development of our wireless solutions.

We currently have no material commitments for capital expenditures. Our future growth is dependent on our ability to raise capital for expansion, and to seek additional revenue sources. If we decide to pursue any acquisition opportunities or other expansion opportunities, we may need to raise additional capital, although there can be no assurance such capital- raising activities would be successful.

CRITICAL ACCOUNTING POLICIES

A summary of significant accounting policies is included in Note 1 to the audited financial statements included in our Annual Report on Form 10-KSB, as amended, for the year ended June 30, 2002 as filed with the United States Securities and Exchange Commission. We believe that the application of these policies on a consistent basis enables us to provide useful and reliable financial information about our operating results and financial condition.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

We account for stock transactions in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees." In accordance with Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation," we adopted the pro forma disclosure requirements of SFAS 123.

In connection with the development and sale of wireless solutions and web services, which include the development of business-to-business and business-to-consumer wireless applications, and state of the art web technology and design services, the Company recognizes revenue as services are performed or on a pro rata basis over the contract term.

We recognize tuition and registration revenue based on the number of courses actually completed in each student's course of study. For example, if a student completes three out of his nine required courses, the Company will recognize 33% of the tuition regardless of the amount of time that the student has taken to fulfill these requirements. Tuition refunds are based on the date that the student cancels and the policy is as follows: If the student withdraws within 5 calendar days after midnight of the day the student signs the Enrollment Agreement (Full Refund Period) the student will receive a full refund with no further obligation.

If the student cancels after the Full Refund Period but before the school receives the first completed lesson, the student will be charged a registration fee of $150 and the student will receive a full refund less the registration fee charge. If the student cancels after the school receives the first completed lesson, the student's tuition obligation will be their registration fee plus a portion of the remaining tuition as defined below.

Percentage of Course Completed	Amount of Tuition Obligated
10% of less	10% of tuition
Between 11% - 25%	25% of tuition
Between 26% - 50%	50% of tuition
Over 50%	Obligated for full tuition.

When a student withdraws, the Company writes off the remaining tuition receivable balance against the remaining unearned revenue balance and records a net increase or decrease to net revenues and did not have a material effect on the Company's consolidated results of operations.

RECENT ACCOUNTING PRONOUNCEMENTS

In July 2002, the FASB issued Statement No. 146 (SFAS 146), "Accounting for Costs Associated with Exit or Disposal Activities." This Standard supercedes the accounting guidance provided by Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity" (including "Certain Costs Incurred in a Restructuring"). SFAS No. 146 requires companies to recognize costs associated with exit activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. SFAS No. 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. The adoption of this standard had no impact on our financial position of results of operations.

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148, Accounting for Stock-Based Compensation - Transition and Disclosure. Statement 148 provides alternative methods of transition to Statement 123's fair value method of accounting for stock-based employee compensation. It also amends the disclosure provisions of Statement 123 and APB Opinion No. 28, Interim Financial Reporting, to require disclosure in the summary of significant accounting policies of the effects of an entity's accounting with respect to stock-based employee compensation on reported net income and earnings per share in annual and interim financial statements. Statement 148's amendment of the transition and annual disclosure requirements of Statement's 123 are effective for fiscal years ending after December 15, 2002. Statement 148's amendment of the disclosure requirements of Opinion 28 is effective for interim periods beginning after December 15, 2002, and is reflected herein.

In November 2002, the FASB issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" (FIN 45). FIN 45 requires that upon issuance of a guarantee, a guarantor must recognize a liability for the fair value of an obligation assumed under a guarantee. FIN 45 also requires additional disclosures by a guarantor in its interim and annual financial statements about the obligations associated with guarantees issued. The recognition provisions of FIN 45 are effective for any guarantees issued or modified after December 31, 2002. The disclosure requirements are effective for financial statements of interim or annual periods ending after December 15, 2002. . The adoption of this pronouncement does not have a material effect on the earnings or financial position of the Company.

In January 2003, the FASB issued Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities." FIN 46 requires that if an entity has a controlling financial interest in a variable interest entity, the assets, liabilities and results of activities of the variable interest entity should be included in the consolidated financial statements of the entity. FIN 46 requires that its provisions are effective immediately for all arrangements entered into after January 31, 2003. The Company does not have any variable interest entities created after January 31, 2003. For those arrangements entered into prior to January 31, 2003, the FIN 46 provisions are required to be adopted at the beginning of the first interim or annual period beginning after June 15, 2003. The Company has not identified any variable interest entities to date and will continue to evaluate whether it has variable interest entities that will have a significant impact on its consolidated balance sheet and results of operations.

ITEM 3. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our chief executive officer and principal financial and accounting officer, conducted an evaluation of our "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 (the "Exchange Act") Rules 13a-14(c)) within 90 days of the filing date of this Quarterly Report on Form 10-QSB (the "Evaluation Date"). Based on their evaluation, our chief executive officer and principal financial and accounting officer have concluded that as of the Evaluation Date, our disclosure controls and procedures are effective to ensure that all material information required to be filed in this Quarterly Report on Form 10-QSB has been made known to them in a timely fashion.

Changes in Internal Controls

There have been no significant changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls or in other factors that could significantly affect these controls subsequent to the Evaluation Date set forth above.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time the company faces litigation in the ordinary course of business. Currently we are not involved with any litigation which will have a material adverse effect on our financial condition.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

On January 7, 2003, the Company granted options to purchase 10,000 shares of common stock to an employee of the Company. The options are exercisable at $1.55 per share, which was the fair market value of the common stock at the grant date. Accordingly, under APB 25, no compensation expense was recognized.

On January 7, 2003, the Company granted options to purchase 40,000 shares of common stock to consultants for serviced rendered and to be rendered through December 2003. The options expire on January 7, 2013 and are exercisable at $1.55 per share, which was the fair market value of the common stock at the grant date. These options were valued using the Black-Scholes pricing method at a fair value of $1.30 per option. Accordingly, the Company recorded consulting expense of $13,000 and deferred compensation of $39,000 that will be amortized over the service period.

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

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

99.1 - Certification of CEO Pursuant to Section 906 of Sarbanes-Oxley Act of 2002

99.2 - Certification of CFO Pursuant to Section 906 of Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K

On January 2, 2003, we filed an 8-K that disclosed our name change.

SIGNATURES

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

CENUCO, INC. AND SUBSIDIARIES
(Formerly Virtual Academics.com, Inc.)

Dated: May 15, 2003 By: /s/ Steven Bettinger

Steven Bettinger, President and
Chief Executive Officer

Dated: May 15, 2003 By: /s/ Robert Bettinger

Robert Bettinger, Chairman of the
Board, Treasurer, Principal
Financial and Accounting Officer

CERTIFICATIONS

I, Steven Bettinger, the Chief Executive Officer of Cenuco, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Cenuco, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the

registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ Steven Bettinger

Steven Bettinger,
Chief Executive Officer

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CERTIFICATIONS

I, Robert Bettinger, Principal Financial and Accounting Officer of Cenuco, Inc. certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Cenuco, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial

information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ Robert Bettinger

Robert Bettinger, Principal Financial and Accounting Officer