

Trafalgar Resources, Inc.  
Form 10-Q  
May 07, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

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

For the quarterly period ended March 31, 2012

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

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

Commission File Number: 1-32522

Trafalgar Resources, Inc.

(Exact name of registrant as specified in its charter)

Utah

91-0974149

(State or other jurisdiction of

(IRS Employer Identification No.)

incorporation or organization)

12587 S. 1745 E., Draper, Utah

84020

(Address of principal executive offices)

(Zip Code)

(801) 748-1114

(Registrant's telephone number, including area code)

Indicate by check mark whether the 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 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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Edgar Filing: Trafalgar Resources, Inc. - Form 10-Q

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

5,251,309 shares of no par value common stock on April 26, 2012

---

**Part I - FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**Trafalgar Resources, Inc.**

FINANCIAL STATEMENTS

(UNAUDITED)

March 31, 2012

The financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. However, in the opinion of management, all adjustments (which include only normal recurring accruals) necessary to present fairly the financial position and results of operations for the periods presented have been made. These financial statements should be read in conjunction with the accompanying notes, and with the historical financial information of the Company.

---

**Trafalgar Resources, Inc.****BALANCE SHEETS**

March 31,

2012

September 30, 2011

Unaudited

**Statement of Financial Position****ASSETS****CURRENT ASSETS**

Cash	\$	18,768	\$	9,980
TOTAL CURRENT ASSETS		18,768		9,980
TOTAL ASSETS	\$	18,768	\$	9,980

**LIABILITIES AND STOCKHOLDERS' (DEFICIT)****CURRENT LIABILITIES**

Accounts payable	\$	-	\$	450
Interest payable - related party		12,127		8,910
Income taxes payable		-		100
Note Payable - Related Party - Current		20,000		20,000
TOTAL CURRENT LIABILITIES		32,127		29,460

**LONG-TERM LIABILITIES**

Note payable -- Related party (Note 2)		70,000		50,000
TOTAL LIABILITIES		102,127		79,460

**STOCKHOLDERS' (DEFICIT)**

Common stock no par value,  
100,000,000 shares

authorized, 5,251,309 shares issued and outstanding		137,413		137,413
Retained (Deficit)		(103,925)		(103,925)
(Deficit) from re-entering development stage		(116,847)		(102,968)
TOTAL STOCKHOLDERS' (DEFICIT)		(83,359)		(69,480)

TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT)	\$	18,768	\$	9,980
--	----	--------	----	-------

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

---

**Trafalgar Resources, Inc.**

**STATEMENTS OF OPERATIONS**

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011	Six Months Ended March 31, 2012	Six Months Ended March 31, 2011	Period From October 1, 2003 date of Re-entering Development Stage to March 31, 2012
<b>Statement of Income</b>					
Income	0	0	0	0	2
Cost of Sales	0	0	0	0	0
<b>GROSS PROFIT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Expenses</b>					
General and Administrative	6,503	5,592	10,662	7,692	102,055
Total Expenses	6,503	5,592	10,662	7,692	102,055
<b>Other Income and (Expenses)</b>					
Interest (Expense)	(1,742)	(1,250)	(3,217)	(2,150)	(14,044)
Other Income	-	-	-	-	50
Total other Income and (Expense)	(1,742)	(1,250)	(3,217)	(2,150)	(13,994)
<b>(LOSS) BEFORE TAXES</b>	<b>(8,245)</b>	<b>(6,842)</b>	<b>(13,879)</b>	<b>(9,842)</b>	<b>(116,047)</b>
<b>PROVISION FOR TAXES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>800</b>
<b>NET (LOSS)</b>	<b>\$ (8,245)</b>	<b>\$ (6,842)</b>	<b>\$ (13,879)</b>	<b>\$ (9,842)</b>	<b>\$ (116,847)</b>
<b>(LOSS) PER COMMON SHARE</b>					
Basic and fully diluted loss per weighted average common share outstanding	(0.00)	(0.00)	(0.00)	(0.00)	
Weighted average number of common shares outstanding	5,251,309	5,251,309	5,251,309	5,251,309	

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

**Trafalgar Resources, Inc.**

**STATEMENTS OF CASH FLOWS**

	Six Months Ending March 31, 2012	Six Months Ending March 31, 2011	Period from October 1, 2003 Date of Re-entering Development Stage to March 31, 2012
<b>Statement of Cash Flows</b>			
<b>OPERATING ACTIVITIES</b>			
NET (LOSS)	\$ (13,879)	\$ (9,842)	\$ (116,847)
Adjustments to reconcile net (loss) to net cash (used) by operating activities:			
Changes in operating assets and liabilities:			
Increase/Decrease Interest payable	3,217	2,150	12,127
Increase/Decrease Accounts payable	(450)	(450)	(5,269)
Increase/ Decrease Income taxes payable	(100)	(100)	(1,243)
NET CASH (USED) BY OPERATING ACTIVITIES	(11,212)	(8,242)	(111,232)
<b>FINANCING ACTIVITIES</b>			
Loans - Notes payable - Related party	20,000	20,000	90,000
Stock Sold	-	-	40,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	20,000	20,000	130,000
NET INCREASE (DECREASE) IN CASH	8,788	11,758	18,768
CASH AT BEGINNING OF PERIOD	9,980	4,466	0
CASH AT END OF PERIOD	\$ 18,768	\$ 16,224	\$ 18,768
CASH PAID FOR TAXES	\$ 100	\$ 100	\$ 1,924
CASH PAID FOR INTEREST	\$ 0	\$ 0	\$ 2,407



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

---

**TRAFALGAR RESOURCES, INC.**

Notes to Unaudited Financial Statements

March 31, 2012

**Note 1: Summary of Significant Accounting Policies**

Development stage enterprise

Trafalgar Resources, Inc. (the "Company") was incorporated under the laws of the State of Utah on October 25, 1972. The Company is considered a development stage enterprise because since October 1, 2003 it has not commenced operations that have resulted in significant revenue and the Company's efforts have been devoted primarily to activities related to raising capital and attempting to acquire an operating entity.

Unaudited Information

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q, Article 8 of Regulation S-X of the United States Securities and Exchange Commission. Accordingly, they do not include all of the information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary to present fairly the financial position and results of operations for the periods presented have been made. These financial statements for the six months ended March 31, 2012 should be read in conjunction with the accompanying notes and with the historical financial information of the Company, and are not necessarily indicative of the results that may be expected for the year ending September 30, 2012.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents.

Use of estimates

These financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and require that management make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. The use of estimates and assumptions may also affect the reported amounts of revenues and expenses. Actual results could differ from those estimates or assumptions.

Net loss per share of common stock

The loss per share of common stock is computed by dividing the net loss during the period presented by the weighted average number of shares outstanding during that same period.

Income taxes

We account for income taxes in accordance with FASB ASC 740-10-05, Accounting for Income Taxes. . Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets will be reflected on the balance sheet when it is determined that it is more likely than not that the asset will be realized. A valuation allowance has currently been recorded to reduce our deferred tax asset to \$0.

---

**TRAFALGAR RESOURCES, INC.**

Notes to Unaudited Financial Statements

March 31, 2012

(continued)

**Note 1: Summary of Significant Accounting Policies (continued)**

Revenue recognition

We recognize revenue in accordance with FASB ASC 605, Revenue Recognition. Under FASB ASC 605, revenue is recognized at the point of passage to the customer of title and risk of loss, when there is persuasive evidence of an arrangement, the sales price is determinable, and collection of the resulting receivable is reasonably assured. We recognize revenue as services are provided. Revenues are reflected net of coupon discounts. We currently do not have any revenue and do not anticipate any revenue in the near future.

Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. The carrying amounts of financial assets and liabilities, such as cash and cash equivalents, and other current assets, accounts payable, taxes payable, accrued expenses and other current liabilities, approximate their fair values because of the short maturity of these instruments.

Going concern

As shown in the accompanying financial statements, the Company had a deficit working capital and a retained deficit incurred through March 31, 2012 which raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence. Management intends to seek new capital from a related party to provide needed funds.

New accounting pronouncements

Accounting Standards Update ( ASU) ASU No. 2009-05 (ASC Topic 820), which amends Fair Value Measurements and Disclosures - Overall, ASU No. 2009-13 (ASC Topic 605), Multiple Deliverable Revenue Arrangements, ASU No. 2009-14 (ASC Topic 985), Certain Revenue Arrangements that include Software Elements, and various other ASU s No. 2009-2 through ASU No. 2011-12, which contain technical corrections to existing guidance or affect guidance to specialized industries or entities were recently issued. These updates have no current applicability to the Company or their effect on the financial statements would not have been significant.

**NOTE 2: RELATED PARTY TRANSACTIONS**

At March 31, 2012, the Company owes \$12,127 of interest and \$90,000 to its President. Note 1 is for \$10,000 and bears interest of 4.5% per year. Note 2 is for \$10,000 and bears interest of 4.5% per year and \$10,450 in interest and principal is due February 28, 2011. Both Note 1 and Note 2 are in default resulting in an 18% default rate of interest accruing. Note 3 is for \$20,000 and bears interest of 4.5% per year. \$900 in interest is due on January 15, 2011, 2012, and 2013. \$20,900 in interest and principal is due January 15, 2014. Note 4 is for \$10,000 and bears interest of 4.5% per year. Interest of \$450 is due on May 7, 2011, 2012, 2013, and 2014. Interest and Principal of \$10,450 is due May 7, 2015. Note 5 is for \$20,000 and bears interest of 4.75% per year. Interest of \$950 is due on February 1, 2012, 2013, and 2014. Interest and Principal of \$20,950 is due on February 1, 2015. Note 6 is for \$20,000 and bears interest of 8.0% per year. Interest of \$1600 is due on February 1, 2013. Interest and Principal of \$21,600 is due on February 1, 2014.

---

**TRAFALGAR RESOURCES, INC.**

Notes to Unaudited Financial Statements

March 31, 2012

(continued)

**NOTE 3: INCOME TAXES**

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The income tax expense (benefit) for the quarter ending March 31, 2012 differs from the amount computed using the federal statutory rates as follows;

Quarter Ended

Quarter Ended

March 31, 2012

March 31, 2011

Income tax expense (benefit) at

\$(2,886)

\$(3,445)

State taxes

-

-

Valuation allowance

2,886

3,445

\$ -

\$ -

Deferred tax assets for the quarter ending March 31, 2012, are composed primarily of the following:

Net operating Loss Carryforward

\$ 40,897

Valuation allowance

(40,897)

\$ 0

At March 31, 2012, the Company had a net operating loss carry forward of approximately \$116,847 that may be offset against future taxable income through 2026. These losses will start to expire in the year 2011 through 2026. No tax benefit has been reported in the financial statements because the Company believes that it is more likely than not that the carryforwards will expire unused. The utilization of future losses may be limited under various provisions of the Internal Revenue Code pertaining to continuity of business operations limits and substantial changes in ownership.

Accordingly, the potential tax benefits of the loss carryforwards are offset by a valuation allowance of the same amount. The valuation allowance increased during the quarter ending March 31, 2012 by approximately \$2,886.

**Note 4: SUBSEQUENT EVENTS**

The company has evaluated subsequent events from the balance sheet date and through the date the financial statements were issued. During this period the Company did not have any material recognizable subsequent events.





## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

### **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This periodic report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, business strategies, operating efficiencies or synergies, competitive positions, growth opportunities for existing products, plans and objectives of management. Statements in this periodic report that are not historical facts are hereby identified as forward-looking statements. Our Company and our representatives may from time to time make written or oral statements that are forward-looking, including statements contained in this Quarterly Report and other filings with the Securities and Exchange Commission and in reports to our Company's stockholders. Management believes that all statements that express expectations and projections with respect to future matters, as well as from developments beyond our Company's control including changes in global economic conditions are forward-looking statements within the meaning of the Act. These statements are made on the basis of management's views and assumptions, as of the time the statements are made, regarding future events and business performance. There can be no assurance, however, that management's expectations will necessarily come to pass. Factors that may affect forward-looking statements include a wide range of factors that could materially affect future developments and performance, including the following:

Changes in Company-wide strategies, which may result in changes in the types or mix of businesses in which our Company is involved or chooses to invest; changes in U.S., global or regional economic conditions; changes in U.S. and global financial and equity markets, including significant interest rate fluctuations, which may impede our Company's access to, or increase the cost of, external financing for our operations and investments; increased competitive pressures, both domestically and internationally; legal and regulatory developments, such as regulatory actions affecting environmental activities; the imposition by foreign countries of trade restrictions and changes in international tax laws or currency controls; adverse weather conditions or natural disasters, such as hurricanes and earthquakes; and labor disputes, which may lead to increased costs or disruption of operations.

This list of factors that may affect future performance and the accuracy of forward-looking statements are illustrative, but by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

### **Critical Accounting Policies and Estimates**

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the unaudited Financial Statements and accompanying notes. Management bases its estimates on

historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions. The Company believes there have been no significant changes during the three month periods ended March 31, 2012 and 2011, to the items disclosed as significant accounting policies since the Company's last audited financial statements for the year ended September 30, 2011.

The Company's accounting policies are more fully described in Note 1 of the consolidated financial statements. As discussed in Note 1, the preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about the future events that affect the amounts reported in the consolidated financial statements and the accompanying notes. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual differences could differ from these estimates under different assumptions or conditions. The Company believes that the following addresses the Company's most critical accounting policies.

---

Revenue is recognized at the point of passage to the customer of title and risk of loss, when there is persuasive evidence of an arrangement, the sales price is determinable, and collection of the resulting receivable is reasonably assured. We recognize revenue as services are provided. Revenues are reflected net of coupon discounts.

Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets will be reflected on the balance sheet when it is determined that it is more likely than not that the asset will be realized. A valuation allowance has currently been recorded to reduce our deferred tax asset to \$0.

### Business of the Company

The Company was incorporated under the laws of the state of Utah on October 25, 1972, under the name of Electronic Agricultural Machinery Development Corporation. In 1974, the Company changed its name to Zenith Development Corporation. In 1980, the Company changed its name to Alternative Energy Resources, Inc. In 2004, the Company changed its name to Trafalgar Resources, Inc.

Initially, the Company sought to develop and market inventions, including an asparagus harvester, a hot water saving device and a gas alert signal. Ultimately, none of the inventions were successful and they were abandoned. The Company ceased to conduct any business and has not conducted any business during the last three years.

Currently, the Company is in the process of investigating potential business ventures which, in the opinion of management, will provide a source of eventual profit to the Company. Such involvement may take many forms, including the acquisition of an existing business or the acquisition of assets to establish subsidiary businesses. All risks inherent in new and inexperienced enterprises are inherent in the Company's business.

The selection of a business opportunity in which to participate is complex and risky. Additionally, as the Company has only limited resources, it may be difficult to find good opportunities. There can be no assurance that the Company will be able to identify and acquire any business opportunity which will ultimately prove to be beneficial to the Company and its shareholders. The Company will select any potential business opportunity based on management's business judgment.

The activities of the Company are subject to several significant risks which arise primarily as a result of the fact that the Company has no specific business and may acquire or participate in a business opportunity based on the decision of management which potentially could act without the consent, vote, or approval of the Company's shareholders. The risks faced by the Company are further increased as a result of its lack of resources and its inability to provide a

prospective business opportunity with significant capital.

Discussion and Analysis of Financial Condition and Results of Operations

The Company is in the process of looking for potential business ventures. As the Company possesses limited funds, the Company will be extremely limited in its attempts to locate potential business situations for investigation. The Company intends to commence, on a limited basis, the process of investigating possible merger and acquisition candidates, and believes that the Company's status as a publicly-held corporation will enhance its ability to locate such potential business ventures. No assurance can be given as to when the Company may locate suitable business opportunities and such opportunities may be difficult to locate; however, the Company intends to actively search for potential business ventures for the foreseeable future. The Company's management does not expect to remain involved as management of any acquired business.

Management anticipates that due to its lack of funds, and the limited amount of its resources, the Company may be restricted to participation in only one potential business venture. This lack of diversification should be considered a substantial risk because it will not permit the Company to offset potential losses from one venture against gains from another.

Business opportunities, if any arise, are expected to become available to the Company principally from the personal contacts of its officers and directors. While it is not expected that the Company will engage professional firms specializing in business acquisitions or reorganizations, such firms may be retained if funds become available in the future, and if deemed advisable. Opportunities may thus become available from professional advisors, securities broker-dealers, venture capitalists, members of the financial community, and other sources of unsolicited proposals. In certain circumstances, the Company may agree to pay a finder's fee or other form of compensation, including perhaps one-time cash payments, payments based upon a percentage of revenues or sales volume, and/or payments involving the issuance of securities, for services provided by persons who submit a business opportunity in which the Company shall decide to participate, although no contracts or arrangements of this nature presently exist. The Company is unable to predict at this time the cost of locating a suitable business opportunity.

The analysis of business opportunities will be undertaken by or under the supervision of the Company's management, none of whom is a professional analyst and none of whom have significant general business experience. Among the factors which management will consider in analyzing potential business opportunities are the available technical, financial and managerial resources; working capital and financial requirements; the history of operation, if any; future prospects; the nature of present and anticipated competition; potential for further research, developments or exploration; growth and expansion potential; the perceived public recognition or acceptance of products or services; name identification, and other relevant factors.

It is not possible at present to predict the exact manner in which the Company may participate in a business opportunity. Specific business opportunities will be reviewed and, based upon such review, the appropriate legal structure or method of participation will be decided upon by management. Such structures and methods may include, without limitation, leases, purchase and sale agreements, licenses, joint ventures; and may involve merger, consolidation or reorganization. The Company may act directly or indirectly through an interest in a partnership, corporation or reorganization. However, it is most likely that any acquisition of a business venture the Company would make would be by conducting a reorganization involving the issuance of the Company's restricted securities. Such a reorganization may involve a merger (or combination pursuant to state corporate statutes, where one of the entities dissolves or is absorbed by the other), or it may occur as a consolidation, where a new entity is formed and the Company and such other entity combine assets in the new entity. A reorganization may also occur, directly or indirectly, through subsidiaries, and there is no assurance that the Company would be the surviving entity. Any such reorganization could result in loss of control of a majority of the shares. The Company's present directors may be required to resign in connection with a reorganization.

The Company may choose to enter into a venture involving the acquisition of or merger with a company which does not need substantial additional capital but desires to establish a public trading market of its securities. Such a company may desire to consolidate its operations with the Company through a merger, reorganization, asset acquisition, or other combination, in order to avoid possible adverse consequences of undertaking its own public offering. Such consequences might include expense, time delays or loss of voting control. In the event of such a merger, the Company may be required to issue significant additional shares, and it may be anticipated that control over the Company's affairs may be transferred to others.

As part of their investigation of acquisition possibilities, the Company's management may meet with executive officers of the business and its personnel; inspect its facilities; obtain independent analysis or verification of the information

provided, and conduct other reasonable measures, to the extent permitted by the Company's limited resources and management's limited expertise. Generally, the Company intends to analyze and make a determination based upon all available information without reliance upon any single factor as controlling.

In all likelihood, the Company's management will be inexperienced in the areas in which potential businesses will be investigated and in which the Company may make an acquisition or investment. Thus, it may become necessary for the Company to retain consultants or outside professional firms to assist management in evaluating potential investments. The Company can give no assurance that it will be able to find suitable consultants or managers. The Company has no policy regarding the use of consultants, however, if management, in its discretion, determines that it is in the best interests of the Company, management may seek consultants to review potential merger or acquisitions candidates.

---

It may be anticipated that the investigation of specific business opportunities and the negotiation, drafting and execution of relevant agreements, disclosure documents and other instruments will require substantial management time and attention, and substantial costs for accountants, attorneys and others. Should a decision thereafter be made not to participate in a specific business opportunity, it is likely that costs already expended would not be recoverable.

It is likely, in the event a transaction should eventually fail to be consummated, for any reason, that the costs incurred by the Company would not be recoverable. The Company's officers and directors are entitled to reimbursement for all expenses incurred in their investigation of possible business ventures on behalf of the Company, and no assurance can be given that if the Company has available funds they will not be depleted in such expenses.

Based on current economic and regulatory conditions, management believes that it is possible, if not probable, for a company like the Company, without many assets or many liabilities, to negotiate a merger or acquisition with a viable private company. The opportunity arises principally because of the high legal and accounting fees and the length of time associated with the registration process of going public. However, should any of these conditions change, it is very possible that there would be little or no economic value for anyone taking over control of the Company.

#### LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2012, the Company had \$18,768 in cash and \$102,127 in liabilities with \$32,127 in current liabilities. The Company has only incidental ongoing expenses primarily associated with maintaining its corporate status and maintaining the Company's reporting obligations to the Securities and Exchange Commission. Current management has indicated a willingness to help support the Company's ongoing expenses through the purchase of securities of the Company or loans to the Company. Existing liabilities are related to loans by management to help fund ongoing expenses.

For the three and six months ended March 31, 2012, the Company had \$6,503 and \$10,662, respectively, in expenses related to maintaining its corporate status, and paying accounting and legal fees. Additionally, the Company had interest expense of \$1,742 and \$3,217, respectively, for the three and six months ended March 31, 2012. Management anticipates only nominal continuing expenses related to investigating business opportunities and legal and accounting costs. For the three and six months ended March 31, 2012, the Company had a net loss of \$8,245 and \$13,879, respectively, compared to a loss of \$6,842 and \$9,842 for the three and six months ended March 31, 2011.

Since inception, the Company has not generated significant revenue, and it is unlikely that any revenue will be generated until the Company locates a business opportunity with which to acquire or merge. Management of the Company will be investigating various business opportunities. These efforts may cost the Company not only out of pocket expenses for its management but also expenses associated with legal and accounting costs. There can be no guarantee that the Company will receive any benefits from the efforts of management to locate business opportunities.

Management does not anticipate employing any employees in the future until a merger or acquisition can be accomplished. Management will continue to rely on outside consultants to assist in its corporate filing requirements.

### RESULTS OF OPERATIONS

The Company has not had any significant revenue since reentering the development stage. The Company continues to suffer a small loss related to maintaining its corporate status and reporting obligations. For the three and six months ended March 31, 2012, the Company had a net loss of \$8,245 and 13,879, respectively. The Company does not anticipate any revenue until it locates a new business opportunity.

---



Off-balance sheet arrangements

The Company does not have any off-balance sheet arrangements and it is not anticipated that the Company will enter into any off-balance sheet arrangements.

**Forward-looking Statements**

The Private Securities Litigation Reform Act of 1995 (the Act) provides a safe harbor for forward-looking statements made by or on behalf of our Company. Our Company and our representatives may from time to time make written or oral statements that are forward-looking, including statements contained in this report and other filings with the Securities and Exchange Commission and in reports to our Company's stockholders. Management believes that all statements that express expectations and projections with respect to future matters, as well as from developments beyond our Company's control including changes in global economic conditions are forward-looking statements within the meaning of the Act. These statements are made on the basis of management's views and assumptions, as of the time the statements are made, regarding future events and business performance. There can be no assurance, however, that management's expectations will necessarily come to pass. Factors that may affect forward-looking statements include a wide range of factors that could materially affect future developments and performance, including the following:

Changes in Company-wide strategies, which may result in changes in the types or mix of businesses in which our Company is involved or chooses to invest; changes in U.S., global or regional economic conditions; changes in U.S. and global financial and equity markets, including significant interest rate fluctuations, which may impede our Company's access to, or increase the cost of, external financing for our operations and investments; increased competitive pressures, both domestically and internationally; legal and regulatory developments, such as regulatory actions affecting environmental activities; the imposition by foreign countries of trade restrictions and changes in international tax laws or currency controls; adverse weather conditions or natural disasters, such as hurricanes and earthquakes; and labor disputes, which may lead to increased costs or disruption of operations.

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative, but by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

NA-Smaller Reporting Company

**Item 4. Controls and Procedures.**

**Evaluation of Disclosure Controls and Procedures**

Our management evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our President and Principal Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report were effective such that the information required to be disclosed by us in reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected but we believe the controls and procedures do provide a reasonable assurance.

**Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is a process

---

designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes of accounting principles generally accepted in the United States.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives.

Our management evaluated the effectiveness of our internal control over financial reporting as of March 31, 2012. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ( COSO ) in Internal Control - Integrated Framework. Further, our management considered the lack of operations and revenue, the limited cash on hand and the limited transactions which occur on a monthly basis. Based on this evaluation, our management concluded that, as of March 31, 2012, our internal control over financial reporting was effective.

#### **Changes in internal control over financial reporting**

There have been no changes in internal control over financial reporting that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the internal control over financial reporting.

**PART II - OTHER INFORMATION**

**ITEM 1. Legal Proceedings**

None

**ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds**

**Recent Sales of Unregistered Securities**

We have not sold any restricted securities during the three months ended March 31, 2012.

**Use of Proceeds of Registered Securities**

None; not applicable.

**Purchases of Equity Securities by Us and Affiliated Purchasers**

During the three months ended March 31, 2012, we have not purchased any equity securities nor have any officers or directors of the Company.

**ITEM 3. Defaults Upon Senior Securities**

We are not aware of any defaults upon senior securities.

**ITEM 4. Mine Safety Disclosures**

The Company is not involved in the mining business and has no safety disclosure issues.

**ITEM 5. Other Information.**

None

**ITEM 6. Exhibits**

(a) Exhibits.

Item 4

Exhibit No.

Instruments Defining the Rights of Security Holders

Location

31.01

31

CEO certification Pursuant

to 18 USC Section 1350, as

adopted pursuant to Section 302

of Sarbanes-Oxley Act of 2002

This Filing

31.02

31

CFO certification Pursuant

to 18 USC Section 1350, as

adopted pursuant to Section 302

of Sarbanes-Oxley Act of 2002

This Filing

32.01

32

CEO Certification pursuant to

section 906

This Filing

32.02

32

CFO Certification pursuant to

Section 906

This Filing

101.INS

XBRL Instance

101.XSD

XBRL Schema

101.CAL

XBRL Calculation

101.DEF

XBRL Definition

101.LAB

XBRL Label

101.PRE

XBRL Presentation





SIGNATURES

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

Trafalgar Resources, Inc.

[Registrant]

Dated: May 2, 2012

By: /s/ Anthony Brandon Escobar

Anthony Brandon Escobar, President

(Principal Executive Officer)

May 2, 2012

By: /s/ Anthony Coletti

Anthony Coletti, Principal Accounting

Officer