

Trafalgar Resources, Inc.  
Form 10-Q  
May 20, 2009

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, 2009

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  
(State or other jurisdiction of  
incorporation or organization)

91-0974149  
(IRS Employer  
Identification No.)

P.O. Box 2017, Sandy, Utah  
(Address of principal executive offices)

84091-2017  
(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). The registrant has not been phased into the Interactive Data reporting system. 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 " "  
Non-accelerated filer " (Do not check if a smaller reporting company)

Accelerated filer " "  
Smaller reporting company x

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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.

5,250,929 shares of no par value common stock on May 11, 2009

Part I - FINANCIAL INFORMATION

Item 1. Financial Statements  
Trafalgar Resources, Inc.  
FINANCIAL STATEMENTS  
(UNAUDITED)  
March 31, 2009

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, 2009 Unaudited	September 30, 2008
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 15,802	\$ 5,022
<b>TOTAL CURRENT ASSETS</b>	<b>15,802</b>	<b>5,022</b>
<b>TOTAL ASSETS</b>	<b>\$ 15,802</b>	<b>\$ 5,022</b>
<b>LIABILITIES AND STOCKHOLDERS' (DEFICIT)</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 600	\$ 600
Interest payable	639	527
Income taxes payable	0	100
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,239</b>	<b>1,227</b>
<b>LONG-TERM LIABILITIES</b>		
Note payable -- Related party (Note 2)	40,000	20,000
<b>TOTAL LIABILITIES</b>	<b>41,239</b>	<b>21,227</b>
<b>STOCKHOLDERS' (DEFICIT)</b>		
Common stock no par value, 100,000,000 shares authorized, 5,250,929 shares issued and outstanding	137,413	137,413
Retained (deficit)	(103,925)	(103,925)
(Deficit) from re-entering development stage	(58,925)	(49,693)
<b>TOTAL STOCKHOLDERS' (DEFICIT)</b>	<b>(25,437)</b>	<b>(16,205)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT)</b>	<b>\$ 15,802</b>	<b>\$ 5,022</b>

See Notes to Financial Statements.

Trafalgar Resources, Inc.  
STATEMENTS OF OPERATIONS  
UNAUDITED

	Three Months Ending March 31,		Six Months Ending March 31,		Period from re-entering development stage October 1, 2003 to March 31, 2009
	2009	2008	2009	2008	2009
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	3,494	3,800	8,594	6,610	56,862
	3,494	3,800	8,594	6,610	56,862
<b>Other Income and (Expenses)</b>					
Interest (Expense)	(412)	0	(638)	0	(1,615)
Other	0	0	0	0	50
Income	(412)	0	(638)	0	(1,565)
<b>(LOSS) BEFORE TAXES</b>	<b>(3,906)</b>	<b>(3,800)</b>	<b>(9,232)</b>	<b>(6,610)</b>	<b>(58,425)</b>
<b>PROVISION FOR TAXES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500</b>
<b>NET (LOSS)</b>	<b>\$ (3,906)</b>	<b>\$ (3,800)</b>	<b>\$ (9,232)</b>	<b>\$ (6,610)</b>	<b>\$ (58,925)</b>
<b>(LOSS) PER COMMON SHARE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</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	5,250,929	5,250,929	5,250,929	5,250,929	

See Notes to Financial Statements.

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Trafalgar Resources, Inc.  
STATEMENTS OF CASH FLOWS  
UNAUDITED

	Six Months Ending March 31,		Period from re-entering development stage to March 31,
	2009	2008	2009
<b>OPERATING ACTIVITIES</b>			
Net (Loss)	\$ (9,232)	\$ (6,610)	\$ (58,925)
Adjustments to reconcile net (loss) to net cash (used) by operating activities:			
Changes in operating assets and liabilities:			
Interest payable	112	263	527
Accounts payable	0	(200)	(4,557)
Income taxes payable	(100)	(100)	(1,243)
<b>NET CASH (USED) BY OPERATING ACTIVITIES</b>	<b>(9,220)</b>	<b>(6,647)</b>	<b>(64,198)</b>
<b>FINANCING ACTIVITIES</b>			
Loans - Notes payable - Related party	20,000	10,000	40,000
Stock Sold	0	0	40,000
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>20,000</b>	<b>10,000</b>	<b>80,000</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>10,780</b>	<b>3,353</b>	<b>15,802</b>
<b>CASH AT BEGINNING OF PERIOD</b>	<b>5,022</b>	<b>6,414</b>	<b>0</b>
<b>CASH AT END OF PERIOD</b>	<b>\$ 15,802</b>	<b>\$ 9,767</b>	<b>\$ 15,802</b>
<b>CASH PAID FOR TAXES</b>	<b>\$ 100</b>	<b>\$ 0</b>	<b>\$ 1,804</b>
<b>CASH PAID FOR INTEREST</b>	<b>\$ 302</b>	<b>\$ 0</b>	<b>\$ 1,142</b>

See Notes to Financial Statements.

TRAFALGAR RESOURCES, INC.  
Notes to Financial Statements (Unaudited)  
March 31, 2009

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, as defined in SFAS 7, 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 unaudited 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, 2009, 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, 2009.

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 Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS No. 109). Under SFAS No. 109, 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 Financial Statements (continued)  
(Unaudited)  
March 31, 2009

Revenue recognition

We recognize revenue in accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 104, "Revenue Recognition" ("SAB 104"). Under SAB 104, 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.

New accounting pronouncements

In December 2007, the Financial Accounting Standards Board ("FASB") issued FASB Statements No.141 (revised 2007), "Business Combinations" ("FAS 141(R)") and No. 160, "Noncontrolling Interests in Consolidated Financial Statements" ("FAS 160"). These standards aim to improve, simplify, and converge internationally the accounting for business combinations and the reporting of noncontrolling interests in consolidated financial statements. The provisions of FAS 141 (R) and FAS 160 are effective for our fiscal year beginning October 1, 2009. We are currently evaluating the provisions of FAS 141(R) and FAS 160.

In April 2009, the FASB issued Staff Position ("FSP") FAS 157-4, Determining Fair Value When the Volume or Level of Activity for the Asset or Liability Had Significantly Decreased and Identifying Transactions That Are Not Orderly ("FSP FAS157-4"). FSP FAS 157-4 provides additional guidance for estimating fair value in accordance with SFAS No. 157 when the volume or level of activity for the asset or liability has significantly decreased and requires that companies provide interim and annual disclosures of the inputs and valuation technique(s) used to measure fair value. FSP FAS 157-4 is effective for interim and annual reporting periods ending after June 15, 2009 and is to be applied prospectively. The Company does not expect the adoption of FSP FAS 157-4 to have a significant impact on its financial statements.

In April 2009, the FASB issued FSP FAS 115-2 and FAS 124-2, Recognition and Presentation of Other-Than-Temporary Impairments. FSP FAS 115-2 and FAS 124-2 amends the other-than-temporary impairment guidance to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. FSP FAS 115-2 and FAS 124-2 is effective for interim and annual reporting periods ending after June 15, 2009. The Company does not expect the adoption of FSP FAS 115-2 and FAS 124-2 to have a significant impact on its financial statements.

In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, Interim Disclosures about Fair Value of Financial Instruments. FSP FAS 107-1 and APB 28-1 requires disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. FSP FAS 107-1 and APB 28-1 is effective for interim and annual reporting periods ending after June 15, 2009. The adoption of FSP 107-1 and APB 28-1 will have no impact on the Company's financial statements.

We adopted Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standard ("SFAS") No. 157, Fair Value Measurements ("SFAS 157") on October 1, 2008 for financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. SFAS 157 defines fair value, establishes a framework for measuring fair value as required by other accounting pronouncements and expands fair value measurement disclosures. The provisions of SFAS 157 are applied prospectively upon adoption and did not

have a material impact on our financial statements.

We adopted SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115 (“SFAS 159”) as of October 1, 2008. SFAS 159 permits entities to elect to measure many financial instruments and certain other items at fair value. We did not elect the fair value option for any assets or liabilities which were not previously carried at fair value. Accordingly, the adoption of SFAS 159 had no impact on our financial statements.

In May 2008, the FASB issued SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles (SFAS 162). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements that are presented in conformity with generally accepted accounting principles in the United States. This Statement is effective 60 days following the SEC’s approval of the Public Company Accounting Oversight Board amendments to AU Section 411, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles. The Company does not expect the implementation of this statement to have an impact on its results of operations or financial position.

TRAFALGAR RESOURCES, INC.  
Notes to Financial Statements (continued)  
(Unaudited)  
March 31, 2009

In April 2008, the FASB issued FASB Staff Position (“FSP”) No. SFAS 142-3, Determination of the Useful Life of Intangible Assets (“FSP SFAS 142-3”). FSP SFAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, Goodwill and Other Intangible Assets (“SFAS 142”). The intent of FSP SFAS 142-3 is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141R (revised 2007), Business Combinations and other applicable accounting literature. FSP SFAS 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008 and must be applied prospectively to intangible assets acquired after the effective date. The adoption of this statement is not expected to have a material impact on our financial position or results of operations.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities. The new standard is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity’s financial position, financial performance, and cash flows. It is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company does not expect that the adoption of SFAS No. 161 will have a material impact on its results of operations or financial position.

In February 2008, the FASB issued Staff Position No. FAS 157-2, which provides for a one-year deferral of the effective date of SFAS No. 157, Fair Value Measurements, for non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company is evaluating the impact of this standard as it relates to the Company’s financial position and results of operations.

NOTE 2: RELATED PARTY TRANSACTIONS

At March 31, 2009, the Company owes \$639 of interest and \$40,000 to its President. Note 1 bears interest of 4.5% per year. Interest and principal of \$10,450 are due on February 27, 2010. Note 2 bears interest of 4.5% per year. Interest of \$450 per year is due on February 28, 2010. Interest and principal of \$10,450 are due February 28, 2011. Note 3 bears interest of 4.5% per year. Interest of \$900 per year is due on January 15, 2010, 2011, 2012, and 2013. Interest and Principal of \$20,900.00 are due January 15, 2014.

## 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.

#### 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 six month periods ended March 31, 2009 and 2008, to the items disclosed as significant accounting policies since the Company's last audited financial statements for the year ended September 30, 2008.

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.

We recognize revenue in accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 104, "Revenue Recognition" ("SAB 104"). Under SAB 104, 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 account for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS No. 109). Under SFAS No. 109, 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 con