

Trafalgar Resources, Inc.  
Form 10-K  
December 19, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**Form 10-K**

(Mark One)

☒ ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934

For the fiscal year ended:

September 30, 2012

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

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

Commission file number 1-32522

Trafalgar Resources, Inc.

(Name of small business issuer in its charter)

Utah    91-0974149

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

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

P.O. Box 2017, Sandy, Utah

84091-2017

(Address of principal executive offices) (Zip Code)

Issuer's telephone number (801) 748-1114

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

Title of each class    Name of each exchange on which registered

None    Not Applicable

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

Class A Voting Common Stock, no par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act

Yes ☐

No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act

Yes ☒

No ☐

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

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 ☒ [X]

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 ☒ [X] No ☐ [ ]

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

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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 ☒

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

Yes ☒ No ☐

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. The Registrant's shares were last sold at a price of \$1.01 per share. Although the Registrant's stock has very few trades and limited volume, based on the last sales price of \$1.01 shares held by non-affiliates would have a market value of \$253,425.

As of December 7, 2012, the Registrant had 5,251,309 shares of common stock issued and outstanding.

#### DOCUMENTS INCORPORATED BY REFERENCE

If the following documents are incorporated by reference, briefly describe them and identify the part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) any annual report to security holders; (2) any proxy or information statement, and (3) any prospectus filed pursuant to Rule 424(b) or (c) of the Securities Act of 1933 (Securities Act). The listed documents should be clearly described for identification purposes: None



## PART I

### Item 1. Business

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 Company is not currently conducting any business, nor has it conducted any business for several years. Therefore, it does not possess products or services, distribution methods, competitive business positions, or major customers. The Company does not possess any unexpired patents or trademarks and any and all of its licensing and royalty agreements from the inventions it sought to market in the past have since expired, and are not currently valid. The Company does not employ any employees.

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 stockholders. 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 stockholders.

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.

## **Item 2. Property**

The Company owns no properties and utilizes space on a rent-free basis in the office of its principal stockholder, Anthony Brandon Escobar. This arrangement is expected to continue until such time as the Company becomes involved in a business venture which necessitates its relocation, as to which no assurances can be given. The Company has no agreements with respect to the maintenance or future acquisition of the office facilities; however, if a successful merger/acquisition is negotiated, it is anticipated that the office of the Company will be moved to that of the acquired company.

The Company is not actively engaged in conducting any business. Rather, 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. Therefore, the Company does not presently intend to invest in real estate or real estate securities, nor has it formulated any investment policies regarding investments in real estate, real estate mortgages, or securities of or interests in persons engaged in real estate activities.

## **Item 3. Legal Proceedings**

None.

#### Item 4. Mine Safety Disclosures

The Company has no mining operations.

## PART II

#### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

The Company's common stock is quoted on the Over the Counter Bulletin Board under the symbol TFLG. Set forth below are the high and low bid prices for the Company's Common Stock for the respective quarters. Although the Company's common stock is quoted on the Bulletin Board it has traded sporadically with no real volume and there is currently no ask price. Consequently, the information provided below may not be indicative of the Company's common stock price under different conditions.

| <u>Quarter Ended</u> | <u>High Bid</u> | <u>Low Bid</u> |
|----------------------|-----------------|----------------|
| September 2012       | \$1.01          | \$0.50         |
| June 2012            | \$1.01          | \$0.50         |
| March 2012           | \$1.01          | \$0.50         |
| December 2012        | \$1.01          | \$0.50         |
| September 2011       | \$1.60          | \$0.50         |
| June 2011            | \$1.60          | \$0.50         |
| March 2011           | \$1.60          | \$1.30         |
| December 2011        | \$1.60          | \$1.30         |
| September 2010       | \$1.60          | \$1.30         |
| June 2010            | \$1.60          | \$1.30         |
| March 2010           | \$1.60          | \$1.30         |
| December 2010        | \$1.60          | \$1.30         |

At December 7, 2012, the bid and ask price for the Company's Common Stock was \$0.50 and \$10.00. All prices listed herein reflect inter-dealer prices, without retail mark-up, mark-down or commissions and may not represent actual transactions.

#### Recent Sales of Unregistered Securities

The Company had no sales of securities in 2012 or 2011.

*Holders* At December 7, 2012, the Company had approximately 229 shareholders of record and beneficial owners based on information obtained from the Company's transfer agent.

*Dividends* Since its inception, the Company has not paid any dividends on its common stock and the Company does not anticipate that it will pay dividends in the foreseeable future.

**Item 6. Selected Financial Data**Summary of Financial Information

We had no revenues in 2011 or 2010. We had a net loss of \$25,228 for the year ended September 30, 2012. At September 30, 2012, we had cash and cash equivalents of \$9,069, prepaid expenses of \$2,200 and negative working capital of \$24,708.

The following table shows selected summarized financial data for the Company at the dates and for the periods indicated. The data should be read in conjunction with the financial statements and notes included herein beginning on page F-1.

**STATEMENT OF OPERATIONS DATA:**

|                                                             | <u>For the Year Ended</u> | <u>For the Year Ended</u> |
|-------------------------------------------------------------|---------------------------|---------------------------|
|                                                             | <u>September 30, 2012</u> | <u>September 30, 2011</u> |
| Revenues                                                    | \$ -                      | \$ -                      |
| General and Administrative Expenses                         | 18,161                    | 14,386                    |
| Net Loss                                                    | (25,228)                  | (19,468)                  |
| Basic Loss per Share                                        | 0.00                      | 0.00                      |
| Diluted Loss per Share                                      | 0.00                      | 0.00                      |
| Weighted Average Number of Shares Outstanding               | 5,251,309                 | 5,250,929                 |
| Weighted Average Number of Fully Diluted Shares Outstanding | 5,251,309                 | 5,250,929                 |

**BALANCE SHEET DATA:**

|                                | <u>September 30, 2012</u> | <u>September 30, 2011</u> |
|--------------------------------|---------------------------|---------------------------|
| Total Current Assets           | \$ 11,269                 | \$ 9,980                  |
| Total Assets                   | 11,269                    | 9,980                     |
| Total Current Liabilities      | 35,977                    | 29,460                    |
| Working Capital (Deficit)      | (24,708)                  | (19,480)                  |
| Stockholders' Equity (Deficit) | (94,708)                  | (69,480)                  |

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

*Special Note Regarding Forward-Looking Statements*

This annual report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the Plan of Operations provided below, including information regarding the Company's financial condition, results of operations, business strategies, operating efficiencies or synergies, competitive positions, growth opportunities, plans and objectives of management. The statements made as part of the Plan of Operations that are not historical facts are hereby identified as forward-looking statements.

PLAN OF OPERATION.

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. The Company's management does not expect to remain involved as management of any acquired business.

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.

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. There are currently no contracts or agreements between any consultant and any companies that are searching for shell companies with which to merge.

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 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 September 30, 2012, the Company had \$9,069 in cash, \$2,200 in prepaid expenses and liabilities of \$105,977.

As of September 30, 2012, the Company had a negative working capital of \$24,708. The Company had a negative working capital of \$19,480 as of September 30, 2011. 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.

For the twelve months ended September 30, 2012, the Company had \$18,161 in expenses related to maintaining its corporate status, paying accounting and legal fees. Management anticipates only nominal continuing expenses related

to investigating business opportunities and legal and accounting cost. For the year ended September 30, 2012, the Company had a net loss of \$25,228 compared to a loss of \$19,468 for the year ended September 30, 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 revenue since inception. The Company continues to suffer a small loss related to maintaining its corporate status and reporting obligations. For the year ended September 30, 2012, we incurred a loss of \$25,228 and had no revenue as compared to a loss of \$19,468 for the year ended September 30, 2011.

### **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.

## **Item 8. Financial Statements and Supplementary Data**

The Company's financial statements are presented immediately following the signature page to this Form 10-K.

## **Item 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure**

The Company has had no disagreements with its principal independent accountants with respect to accounting practices or procedures or financial disclosure.

## **Item 9A. Controls and Procedures**

### **Evaluation of Disclosure Controls and Procedures**

Our management, including our CEO and Principal Financial Officer, 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 CEO 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, including our President and CFO, 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. However, management believes the controls and procedures provide a reasonable basis for the conclusions.

### **Management's Annual 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 in accordance with 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 September 30, 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 September 30, 2012, our internal control over financial reporting was effective.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Security and Exchange Commission that permit the Company to provide only management's report in this annual report.

### **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.

### **Item 9B. Other Information**

None

## **PART III**

### **Item 10. Directors, Executive Officers, and Corporate Governance**

The following table sets forth as of December 7, 2012, the name, age, and position of each executive officer and director and the term of office of each director of the Company.

Name

Age

Position

Director of Officer Since

Anthony B. Escobar

38

President and Director

2004

Sean Escobar

32

Vice President and Director

2004

Anthony Coletti

42

Secretary and Treasurer and Director

2004

Set forth below is certain biographical information regarding the Company's executive officers and directors.

Anthony Brandon Escobar, age 38, has been a Director of the Company since March 5, 2004, and has been President of the Company since March 12, 2004. In addition to his management position with the Company, he graduated from the University of Utah in 2001 with a Bachelor of Science degree in Communications. Mr. Escobar has been self-employed owning and operating Absolute Laboratories, Inc., that distributes dietary supplements to health food stores and pharmacies. Mr. Escobar is also a licensed real estate agent.

Sean Escobar, age 32, has been a Director of the Company since March 5, 2004, and has been Vice President of the Company since March 12, 2004. In addition to his management position with the Company, he has worked as an independent contractor as a nutritional product sales representative primarily for Isagenix International, Inc.

Anthony Coletti, age 42, has been a Director of the Company since March 5, 2004, and has been Secretary and Treasurer of the Company since March 12, 2004. In addition to his management position with the Company, he graduated from the University of Utah in 1993 with a Bachelor of Arts degree in Marketing. Mr. Coletti has worked in the field of ophthalmology as a Glaucoma Specialty Sales Representative for Alcon Laboratories and has managed a territory including the states of Utah, Idaho, Montana, and Wyoming, where he has worked with over 240 physicians.

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

Anthony Brandon Escobar and Sean Escobar are brothers and Anthony Coletti is the brother-in-law to Anthony Brandon Escobar and Sean Escobar.

Except as indicated below, to the knowledge of management, during the past five years, no present or former director, or executive officer of the Company:

(1)

filed a petition under the federal bankruptcy laws or any state insolvency law, nor had a receiver, fiscal agent or similar officer appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business

association of which he was an executive officer at or within two years before the time of such filing;

(2)

was convicted in a criminal proceeding or named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

(3)

was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from or otherwise limiting, the following activities:

(i)

acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, associated person of any of the foregoing, or as an investment advisor, underwriter, broker or dealer in securities, or as an affiliate person, director or employee of any investment company, or engaging in or continuing any conduct or practice in connection with such activity;

(ii)

engaging in any type of business practice; or

(iii)

engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of federal or state securities laws or federal commodities laws;

(4)

was the subject of any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any federal or state authority barring, suspending, or otherwise limiting for more than 60 days the right of such person to engage in any activity described above under this Item, or to be associated with persons engaged in any such activity;

(5)

was found by a court of competent jurisdiction in a civil action or by the Securities and Exchange Commission to have violated any federal or state securities law, and the judgment in such civil action or finding by the Securities and Exchange Commission has not been subsequently reversed, suspended, or vacated.

(6)

was found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated.

Compliance With Section 16(A) Of The Exchange Act

The Company is not aware of any late reports filed by officers, directors and ten percent shareholders.

**Item 11. Executive Compensation**

Summary Compensation Table

The following tables set forth certain summary information concerning the compensation paid or accrued for each of the Company's last three completed fiscal years to the Company's or its principal subsidiaries' chief executive officer and each of its other executive officers that received compensation in excess of \$100,000 during such period (as determined at September 30, 2012, the end of the Company's last completed fiscal year):

**Summary Compensation Table**

| Name and                  |             | Non-Equity    |              |                |               | All                 |                     |
|---------------------------|-------------|---------------|--------------|----------------|---------------|---------------------|---------------------|
| Principal <u>Position</u> |             | Stock         | Option       | Incentive Plan |               | Other               |                     |
|                           | <u>Year</u> | <u>Salary</u> | <u>Bonus</u> | <u>Awards</u>  | <u>Awards</u> | <u>Compensation</u> | <u>Compensation</u> |
| Anthony Escobar<br>CEO    | 2012        | -0-           | -0-          | -0-            | -0-           | -0-                 | -0-                 |
|                           | 2011        | -0-           | -0-          | -0-            | -0-           | -0-                 | -0-                 |
|                           | 2010        | -0-           | -0-          | -0-            | -0-           | -0-                 | -0-                 |

Cash Compensation No cash compensation was paid to any director or executive officer of the Company during the fiscal years ended September 30, 2012, 2011, and 2010.

Bonuses and Deferred Compensation None

Compensation Pursuant to Plans None

Pension Table None

Other Compensation None

Compensation of Directors None

Termination of Employment and Change of Control Arrangement

There are no compensatory plans or arrangements, including payments to be received from the Company, with respect to any person named in Cash Compensation set out above which would in any way result in payments to any such person because of his resignation, retirement, or other termination of such person's employment with the Company or

its subsidiaries, or any change in control of the Company, or a change in the person's responsibilities following a changing in control of the Company.

## Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth as of December 7, 2012, the name and the number of shares of the Company's common stock held of record or beneficially by each person who held of record, or was known by the Company to own beneficially, more than 5% of the 5,291,309 issued and outstanding shares of the Company's common stock, and the name and shareholdings of each director and of all officers and directors as a group.

Amount and Nature of

Title of Class

Name of Beneficial Owner

Beneficial Ownership (1)

Percent of Class

Class A Voting

Anthony Brandon Escobar

4,937,500

94.03%

12587 S. 1745 E.

Draper, Utah 84020

Name of Officer, Director

Amount and Nature of

Title of Class

and Nominee

Beneficial Ownership (1)

Percent of Class

Class A Voting

Anthony Brandon Escobar

-----See Above-----

President

Class A Voting

Sean Escobar

31,250

00.59%

Vice President

12913 S. Boulter St.

Draper, Utah 84020

Class A Voting

Anthony Coletti

31,250

00.59%

Secretary/Treasurer

3036 W. Harper Peak Ct.

South Jordan, Utah 84095

All Officers

and Directors

as a Group (3 person)

5,000,000

95.22%

(1) All shares are owned directly, beneficially and of record; and each shareholder has sole voting, investment, and dispositive power, unless otherwise noted.

### **ITEM 13. Certain Relationships and Related Transactions and Director Independence.**

#### Transactions with management and others

During the fiscal year ended September 30, 2012, there were no material transactions, or series of similar transactions, since the beginning of the Company's last fiscal year, or any currently proposed transactions, or series of similar transactions, to which the Company was or is to be party, in which the amount involved exceeds \$60,000, and in which any director or executive officer, or any security holder who is known by the Company to own of record or beneficially more than 5% of any class of the Company's common stock, or any member of the immediate family of any of the foregoing persons, has an interest. On May 14, 2004, the Company authorized the sale of 5,000,000 shares

of unregistered Class A Voting Common Stock to the directors and officers of the Company for \$40,000, as follows:

Anthony Brandon Escobar - 4,937,500 shares for \$39,500

Sean Escobar - 31,250 shares for \$250

Anthony Coletti - 31,250 shares for \$250

This sale of the Company's common stock was for the purpose of raising operating capital for the Company. At the time of the transaction the Company had no money to pay for keeping the corporate status or paying ongoing legal and accounting expenses.

At September 30, 2012, the Company owed \$15,877 of interest and \$90,000 to its President under promissory notes. 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 was 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. Interest of \$900 is due on January 15, 2011, 2012, and 2013 and \$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.

#### Indebtedness of Management

There were no material transactions, or series of similar transactions, since the beginning of the Company's last fiscal year, or any currently proposed transactions, or series of similar transactions, to which the Company was or is to be a party, in which the amount involved exceeds \$60,000 and in which any director or executive officer, or any security holder who is known to the Company to own of record or beneficially more than 5% of any class of the Company's common stock, or any member of the immediate family of any of the foregoing persons, has an interest.

Transactions with Promoters

There have been no transactions between the Company and promoters during the last fiscal year.

**Item 14. Principal Accountant Fees and Services**

(1) Audit Fees - The aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company's principal accountant for the audit of the annual financial statements and review of financial statements included in the Form 10-Q or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years are: \$9,600 for 2012 and \$9,600 for 2011.

(2) Audit-Related Fees - The aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company's principal accountant that are reasonably related to the performance of the audit or review of the financial statements and are not reported in (1) Audit Fees: \$0 for 2012 and \$0 for 2011.

(3) Tax Fees - The aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company's principal accountant for tax compliance, tax advice, and tax planning: \$600 for 2012 and \$600 for 2011.

(4) All Other Fees - The aggregate fees billed in each of the last two fiscal years for products and services provided by the Company's principal accountant, other than the services reported in (1) Audit Fees; (2) Audit-Related Fees; and (3) Tax Fees: \$0 for 2012 and \$0 for 2011.

(5) The Company does not have an audit committee

(6) Not Applicable

**ITEM 15. Exhibits**

Financial Statements the following financial statements are included in this report:

Title of Document

Page

Report of Independent Registered Public Accounting Firm

F-1

Balance Sheet

F-2

Statements of Operations

F-3

Statements of Stockholders (Deficit)

F-4

Statements of Cash Flows

F-5

Notes to Financial Statements

F-6-8

Financial Statement Schedules There are no financial statement schedules are included as part of this report

Exhibits The following exhibits are included as part of this report:

Exhibit

Reference

Number

Number

Title of Document

Location

3.01

3

Articles of Incorporation

Incorporated by reference\*

3.04

3

Bylaws

Incorporated by reference\*

4.01

4

Specimen Stock Certificate

Incorporated by reference\*

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

\* Incorporated by reference from the Company's registration statement on Form 10-SB filed with the Commission, SEC file no. 1-32522.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: December 17, 2012

By: /s/ Anthony Brandon Escobar

Anthony Brandon Escobar, President and  
Director (Principal Executive Officer)

By: /s/ Anthony Coletti

Anthony Coletti, Principal Accounting Officer

In accordance with the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature

Title

Date

/s/ Anthony Brandon Escobar

Anthony Brandon Escobar

Director

December 17, 2012

/s/ Sean Escobar

Sean Escobar

Director

December 17, 2012

/s/ Anthony Coletti

Anthony Coletti

Director

December 17, 2012

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Russell E. Anderson, CPA

Russ Bradshaw, CPA

William R. Denney, CPA

To The Board of Directors

Sandra Chen, CPA

Trafalgar Resources, Inc.

We have audited the accompanying balance sheets of Trafalgar Resources, Inc. (a development stage company) as of September 30, 2012 and 2011, and the related statements of operations, stockholders equity (deficit), and cash flows for the years then ended, and for the period from October 1, 2003 (date of re-entering the development stage) to September 30, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our

audits included consideration of internal control over financial reporting, as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trafalgar Resources, Inc. as of September 30, 2012 and 2011, and the results of its operations and its cash flows for the years then ended, and for the period from October 1, 2003 (date of re-entering the development stage) to September

5296 S. Commerce Dr

30, 2012, in conformity with accounting principles generally accepted in the United

Suite 300

States of America.

Salt Lake City, Utah

84107

USA

The accompanying financial statements have been prepared assuming that the Company

(T) 801.281.4700

will continue as a going concern. As discussed in Note 1 to the financial statements, the

(F) 801.281.4701

Company has a deficit working capital, a retained deficit, and has suffered recurring losses from operations. These factors, among others, raise substantial doubt about the

Suite A, 5/F

Max Share Center

Company's ability to continue as a going concern. Management's plans in regard to these

373 Kings Road

matters are also described in Note 1. The financial statements do not include any

North Point

adjustments that might result from the outcome of this uncertainty.

Hong Kong

(T) 852.21.555.333

(F) 852.21.165.222

/s/ Anderson Bradshaw PLLC

Anderson Bradshaw PLLC

abcpas.net

Salt Lake City, Utah

December 14, 2012

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

September 30, 2012

September 30, 2011

**ASSETS****CURRENT ASSETS**

|                             |           |               |           |              |
|-----------------------------|-----------|---------------|-----------|--------------|
| Cash                        | \$        | 9,069         | \$        | 9,980        |
| Prepaid Expenses            |           | 2,200         |           | --           |
| <b>TOTAL CURRENT ASSETS</b> |           | <b>11,269</b> |           | <b>9,980</b> |
| <b>TOTAL ASSETS</b>         | <b>\$</b> | <b>11,269</b> | <b>\$</b> | <b>9,980</b> |

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

|                                    |    |               |    |               |
|------------------------------------|----|---------------|----|---------------|
| Accounts payable                   | \$ | -             | \$ | 450           |
| Interest payable - related party   |    | 15,877        |    | 8,910         |
| Income taxes payable               |    | 100           |    | 100           |
| Note Payable Related Party Current |    | 20,000        |    | 20,000        |
| <b>TOTAL CURRENT LIABILITIES</b>   |    | <b>35,977</b> |    | <b>29,460</b> |

**LONG-TERM LIABILITIES**

|                                        |  |                |  |               |
|----------------------------------------|--|----------------|--|---------------|
| Note payable -- Related party (Note 2) |  | 70,000         |  | 50,000        |
| <b>TOTAL LIABILITIES</b>               |  | <b>105,977</b> |  | <b>79,460</b> |

**STOCKHOLDERS' (DEFICIT)**

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

authorized, 5,251,309 and 5,250,929  
shares issued and

outstanding as of September 30, 2012  
and 2011,

|                                              |                  |                 |
|----------------------------------------------|------------------|-----------------|
| respectively                                 | 137,413          | 137,413         |
| Retained (Deficit)                           | (103,925)        | (103,925)       |
| (Deficit) from re-entering development stage | (128,196)        | (102,968)       |
| <b>TOTAL STOCKHOLDERS' (DEFICIT)</b>         | <b>(94,708)</b>  | <b>(69,480)</b> |
|                                              | <b>\$ 11,269</b> | <b>\$ 9,980</b> |

TOTAL LIABILITIES AND  
STOCKHOLDERS' (DEFICIT)

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

F-1

---

## Trafalgar Resources, Inc.

## STATEMENTS OF OPERATIONS

|                                                                                  |    | Year Ended<br>September 30, 2012 | Year Ended<br>September 30, 2011 | Period From October<br>1, 2003 date of<br>Re-entering<br>Development Stage<br>to September 30,<br>2012 |
|----------------------------------------------------------------------------------|----|----------------------------------|----------------------------------|--------------------------------------------------------------------------------------------------------|
| Statement of Income                                                              |    |                                  |                                  |                                                                                                        |
| Income                                                                           | \$ | 0                                | 0                                | 2                                                                                                      |
| Cost of Sales                                                                    |    | 0                                | 0                                | 0                                                                                                      |
| GROSS PROFIT                                                                     |    | 0                                | 0                                | 2                                                                                                      |
| Expenses                                                                         |    |                                  |                                  |                                                                                                        |
| General and<br>Administrative                                                    |    | 18,161                           | 14,386                           | 109,554                                                                                                |
| Total Expenses                                                                   |    | 18,161                           | 14,386                           | 109,554                                                                                                |
| Other Income and<br>(Expenses)                                                   |    |                                  |                                  |                                                                                                        |
| Interest (Expense)                                                               |    |                                  |                                  |                                                                                                        |
| Related Party                                                                    |    | (6,967)                          | (4,982)                          | (17,794)                                                                                               |
| Other Income                                                                     |    | -                                | -                                | 50                                                                                                     |
| Total other Income and<br>(Expense)                                              |    | (6,967)                          | (4,982)                          | (17,744)                                                                                               |
| (LOSS) BEFORE TAXES                                                              |    | (25,128)                         | (19,368)                         | (127,296)                                                                                              |
| PROVISION FOR TAXES                                                              |    | 100                              | 100                              | 900                                                                                                    |
| NET (LOSS)                                                                       | \$ | (25,228)                         | (19,468)                         | (128,196)                                                                                              |
| (LOSS) PER COMMON<br>SHARE                                                       |    |                                  |                                  |                                                                                                        |
| Basic and fully diluted loss<br>per weighted average<br>common share outstanding |    | 0                                | 0                                |                                                                                                        |
| Weighted average number<br>of common shares<br>outstanding                       |    | 5,251,309                        | 5,250,929                        |                                                                                                        |

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

F-2

---

**Trafalgar Resources, Inc.****STATEMENTS OF CASH FLOWS**

|                                                                                    |    | Year Ended<br>September<br>30, 2012 | Year Ended<br>September<br>30, 2011 | Period from<br>October 1, 2003<br>Date of<br>Re-entering<br>Development<br>Stage to September<br>30, 2012 |
|------------------------------------------------------------------------------------|----|-------------------------------------|-------------------------------------|-----------------------------------------------------------------------------------------------------------|
| <b>OPERATING ACTIVITIES</b>                                                        |    |                                     |                                     |                                                                                                           |
| NET (LOSS)                                                                         | \$ | (25,228)                            | \$ (19,468)                         | \$ (128,196)                                                                                              |
| Adjustments to reconcile net (loss) to<br>net cash (used) by operating activities: |    |                                     |                                     |                                                                                                           |
| Changes in operating assets and<br>liabilities:                                    |    |                                     |                                     |                                                                                                           |
| Decrease/Increase Prepaid<br>expense                                               |    | (2,200)                             | --                                  | (2,200)                                                                                                   |
| Increase/Decrease Interest payable                                                 |    | 6,967                               | 4,982                               | 15,877                                                                                                    |
| Increase/Decrease Accounts<br>payable                                              |    | (450)                               | -                                   | (5,269)                                                                                                   |
| Increase/ Decrease Income taxes<br>payable                                         |    | -                                   | -                                   | (1,143)                                                                                                   |
| NET CASH (USED) BY<br>OPERATING ACTIVITIES                                         |    | (20,911)                            | (14,486)                            | (120,931)                                                                                                 |
| <b>FINANCING ACTIVITIES</b>                                                        |    |                                     |                                     |                                                                                                           |
| Loans - Notes payable - Related party                                              |    | 20,000                              | 20,000                              | 90,000                                                                                                    |
| Stock Sold                                                                         |    | 0                                   | 0                                   | 40,000                                                                                                    |
| NET CASH PROVIDED BY<br>FINANCING ACTIVITIES                                       |    | 20,000                              | 20,000                              | 130,000                                                                                                   |
| NET INCREASE (DECREASE) IN<br>CASH                                                 |    | (911)                               | 5,514                               | 9,069                                                                                                     |
| CASH AT BEGINNING OF PERIOD                                                        |    | 9,980                               | 4,466                               | 0                                                                                                         |
| CASH AT END OF PERIOD                                                              | \$ | 9,069                               | \$ 9,980                            | \$ 9,069                                                                                                  |
| 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.

F-3

---

**Trafalgar Resources, Inc.****STATEMENTS OF STOCKHOLDERS EQUITY**

|                                                                          | Common<br>Stock<br>Shares | Common<br>Stock<br>Amount | Retained<br>Deficit | Deficit from<br>October 1, 2003<br>date of<br>Re-entering<br>Development<br>Stage | Total<br>Stockholders'<br>Equity (Deficit) |
|--------------------------------------------------------------------------|---------------------------|---------------------------|---------------------|-----------------------------------------------------------------------------------|--------------------------------------------|
| Balance at October 1, 2003<br>(date of re-entering<br>development stage) | 250,929                   | \$ 97,413                 | \$ (103,925)        | \$ -                                                                              | \$ (6,512)                                 |
| Net loss for year                                                        |                           |                           |                     | (6,065)                                                                           | (6,065)                                    |
| Balance at September 30,<br>2004                                         | 250,929                   | 97,413                    | (103,925)           | (6,065)                                                                           | (12,577)                                   |
| Stock issued for cash                                                    | 5,000,000                 | 40,000                    |                     |                                                                                   | 40,000                                     |
| Net loss for year                                                        |                           |                           |                     | (12,314)                                                                          | (12,314)                                   |
| Balance at September 30,<br>2005                                         | 5,250,929                 | 137,413                   | (103,925)           | (18,379)                                                                          | 15,109                                     |
| Net loss for year                                                        |                           |                           |                     | (10,298)                                                                          | (10,298)                                   |
| Balance at September 30,<br>2006                                         | 5,250,929                 | 137,413                   | (103,925)           | (28,677)                                                                          | 4,811                                      |
| Net loss for year                                                        |                           |                           |                     | (9,511)                                                                           | (9,511)                                    |
| Balance at September 20,<br>2007                                         | 5,250,929                 | 137,413                   | (103,925)           | (38,188)                                                                          | (4,700)                                    |
| Net loss for year                                                        |                           |                           |                     | (11,505)                                                                          | (11,505)                                   |
| Balance at September 30,<br>2008                                         | 5,250,929                 | 137,413                   | (103,925)           | (49,693)                                                                          | (16,205)                                   |
| Net loss for year                                                        |                           |                           |                     | (13,832)                                                                          | (13,832)                                   |
| Balance at September 30,<br>2009                                         | 5,250,929                 | 137,413                   | (103,925)           | (63,525)                                                                          | (30,037)                                   |
| Net loss for year                                                        |                           |                           |                     | (19,975)                                                                          | (19,975)                                   |
| Balance at September 30,<br>2010                                         | 5,250,929                 | 137,413                   | (103,925)           | (83,500)                                                                          | (50,012)                                   |
| Net loss for year                                                        |                           |                           |                     | (19,468)                                                                          | (19,468)                                   |
| Balance at September 30,<br>2011                                         | 5,250,929                 | 137,413                   | (103,925)           | (102,968)                                                                         | (69,480)                                   |
| DTC Issuance                                                             | 380                       |                           |                     |                                                                                   |                                            |
| Net loss for year                                                        |                           |                           |                     | (25,228)                                                                          | (25,228)                                   |

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

|                                  |           |            |              |              |             |
|----------------------------------|-----------|------------|--------------|--------------|-------------|
| Balance at September 30,<br>2012 | 5,251,309 | \$ 137,413 | \$ (103,925) | \$ (128,196) | \$ (94,708) |
|----------------------------------|-----------|------------|--------------|--------------|-------------|

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

F-4

---

**TRAFALGAR RESOURCES, INC.**

Notes to Financial Statements

September 30, 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.

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.

#### 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.

#### 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.

**TRAFALGAR RESOURCES, INC.**

Notes to Financial Statements

September 30, 2012

(continued)

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

Going concern

As shown in the accompanying financial statements, the Company had a deficit working capital and a retained deficit incurred through September, 30, 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. 2011-09, 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 September 30, 2012, the Company owes \$15,877 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 was 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.

Long-term related note payable due as follows:

|       |          |
|-------|----------|
| 2014  | \$40,000 |
| 2015  | \$30,000 |
| Total | \$70,000 |

F-6

---

**TRAFALGAR RESOURCES, INC.**

## Notes to Financial Statements

September 30, 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. Income tax periods 2009, 2010 and 2011 are open for examination by taxing authorities.

The income tax expense (benefit) for the year ended September 30, 2012 differs from the amount computed using the federal statutory rates as follows:

|                                 | Year Ended<br>September 30, 2012 | Year Ended<br>September 30, 2011 |
|---------------------------------|----------------------------------|----------------------------------|
| Income tax expense (benefit) at | \$(8,830)                        | \$(6,814)                        |
| State taxes                     |                                  | 100                              |
|                                 | 100                              |                                  |
| Valuation allowance             | 8,830                            | 6,814                            |
|                                 | \$ 100                           | \$ 100                           |

Deferred tax assets for the year ended September 30, 2012 are comprised primarily of the following:

|                                 |           |
|---------------------------------|-----------|
| Net operating Loss Carryforward | \$ 36,039 |
| Valuation allowance             | (36,039)  |
|                                 | \$ 0      |

At September 30, 2012, the Company had a net operating loss carry forward of approximately \$128,196 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 year ending September 30, 2012 by approximately \$8,830.

**Note 4: CAPITAL STOCK**

In January 2012 the Company changed its transfer agent to Colonial Stock Transfer. As part of the change in transfer agents, it was noticed the number of shares shown authorized was off by 380 shares coming from the reverse merger in 1997 as a result of rounding issues. As such, the board of directors authorized the issuance of 380 shares, which was part of the original authorization back in 1997, but now will be specifically stated as authorized.

**Note 5: SUBSEQUENT EVENTS**

The company has evaluated subsequent events from the balance sheet date through the date the financial statements were issued and determined there are no events to disclose.