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NEVSTAR GAMING & ENTERTAINMENT CORP

Form 10-Q

May 13, 2003

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

FORM 10-Q

[Mark one]

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

For the quarterly period ended March 31, 2003

OR

☐ [] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 0-21071

NEVSTAR GAMING AND ENTERTAINMENT CORPORATIONS
(Exact name of registrant as specified in its charter)
Nevada 88-0309578
(State or other jurisdiction (IRS Employer Identification No.)
of incorporation or organization)

1900 Avenue of the Stars, Suite 2410 Los Angeles CA 90067
(Address of principal executive offices) (Zip Code)

(310) 553-7176
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year,
if changed since last report)

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 preceding 12 months (or for such shorter period that the
registrant was required to file such reports); and (2) has been subject to
such filing requirements for the past 90 days. Yes ☒ X No

Indicate the number of shares outstanding of each of the issuer's classes
of common stock, as of May 12, 2003.

Common Stock \$.01 par value	50,715,008
(Class)	(Number of shares)

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NEVSTAR GAMING AND ENTERTAINMENT CORPORATION
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NEVSTAR GAMING AND ENTERTAINMENT CORPORATION BALANCE SHEET MARCH 31, 2003

ASSETS

Current Assets	\$	-	-----
Total Assets	\$	-	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities

Accounts payable and accrued liabilities	\$	84,442	-----
Total Current Liabilities	\$	84,442	

Long Term Liabilities

Pre-petition tax liabilities - Note 3		194,858	
Long-term credit facility, related party - Note 4		250,672	-----
Total Liabilities		529,972	

Shareholders' Equity (Deficit)

Common Stock \$.01 par value, 126,396,450 shares authorized, 50,715,008 issued and outstanding	\$	507,150	
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Accumulated deficit, prior to development state - Note 6	(1,001,679)
Accumulated deficit - development stage	(35,443)

Total Shareholders' Deficit	\$ (529,972)
Total Liabilities and Shareholders' Deficit	\$ -
	=====

See notes to financial statements.

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NEVSTAR GAMING AND ENTERTAINMENT CORP STATEMENT OF OPERATIONS (Unaudited)

	For the quarter ended March 31, 2003	For the period November 22, 2002 to March 31, 2003
Revenue	\$ - -----	\$ - -----
Expenses		
General and Administrative	\$ 14,629	\$ 28,443
Interest	7,000 -----	7,000 -----
Net Loss	\$ (21,629) =====	\$ (35,443) =====
Basic and diluted loss per share	\$0.00	\$0.00
Weighted average shares outstanding	50,715,008	50,715,008

See Accompanying Notes to Financial Statements

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NEVSTAR GAMING AND ENTERTAINMENT CORP STATEMENT OF CASH FLOWS For the period November 22, 2002 to March 31, 2003 (Unaudited)

OPERATING ACTIVITIES	
Net Loss	\$ (35,443)

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Adjustments to reconcile net loss	
to net cash used in operating activities:	
Changes in assets and liabilities:	
Accounts Payable	6,396

Net cash used by by operating activities	(29,047)
FINANCING ACTIVITIES	
Cash provided by long-term debt	29,047

Net cash for the period	0
Net cash a beginning of period	0

Net cash at end of period	\$ 0
	=====

See Accompanying Notes to Financial Statements

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NEVSTAR GAMING AND ENTERTAINMENT CORPORATION NOTES TO FINANCIAL STATEMENTS MARCH 31, 2003

Note 1 - Emergence from Bankruptcy Proceedings

On July 10, 2000, the Company, a Nevada Corporation filed a voluntary petition for relief under Chapter 11 (the "Chapter 11 Proceeding") in the Bankruptcy Court, Case No. BK-S-00-15075-LBR. During the Chapter 11 Proceeding, the Company acted as debtor in possession.

In April, 2001, the Company and W/F Investment Corp. ("W/F") submitted to the Bankruptcy Court a plan of reorganization, which was amended from time to time (the "Plan of Reorganization").

On February 20, 2002, the Bankruptcy Court issued an order confirming the Plan of Reorganization.

On November 22, 2002 the plan of reorganization became effective. The Company issued 15,141,674 shares of common stock to holders of unsecured claims; 156,428 shares of common stock to certain administrative claimants and to a previously secured claim, and 27,807,219 shares of common stock to the Plan Proponents. The 7,583,687 shares of Common Stock that were previously outstanding were retained by the holders of those shares. There are a total of 50,715,008 shares of common Stock outstanding after the issuance of shares under the Plan of Reorganization.

The Company does not currently have any operations.

Note 2 - Going Concern and Summary of Significant Accounting Policies

Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company does not generate any revenue, and has a net capital deficiency. These factors among others may indicate that the Company will be unable to continue as a going concern for a reasonable period of time. The Company currently funds its disbursements by a line of credit from one of its Plan

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Proponents. There are insufficient funds available under that line of credit to meet the Company's current obligations.

These financial statements do not include any adjustments relating to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company is no longer operating, and will attempt to locate a new business (operating company) and offer itself as a merger vehicle for a company that may desire to go public through a merger rather than through its own public stock offering.

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NEVSTAR GAMING AND ENTERTAINMENT CORPORATION NOTES TO FINANCIAL STATEMENTS MARCH 31, 2003

Note 2 - Going Concern and Summary of Significant Accounting Policies (Continued)

Accounting for Reorganization

The Company applied Financial Accounting Standards No. 15 ("Accounting for Debtors and Creditors for Troubled Debt Restructuring") for its emergence from Bankruptcy. The Company also adopted the Fresh Start Reporting (see Note 6).

Use of estimates

The preparation of financial statements in accordance 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 accompanying financial statements. Significant estimates made in preparing these financial statements include the value of shares of common stock issued to the unsecured creditors in accordance with the Plan of Reorganization. Management uses its knowledge and expertise in making these estimates. Actual results could differ from those estimates.

Income Taxes

The Company utilizes the liability method to account for income taxes. Under this method, deferred taxes and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted rates and laws expected to apply when the differences are expected to reverse.

Note 3 - Pre-petition Tax Liabilities

Pre-petition tax liabilities consist of \$194,858 payable to the Nevada Department of Taxation and the Nevada Gaming Authority. Pursuant to the Bankruptcy Code and stipulations entered into between the parties and the Company, the amounts will be paid in full, plus interest at 5% in quarterly payments commencing January, 2004 and ending September, 2009. Payments due on these liabilities during the next five years are as follows:

Fiscal Year Ending June 30,

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2003	\$ -
2004	\$ 16,000
2005	\$ 32,000
2006	\$ 32,000
2007	\$ 32,000

Note 4 - Long Term Credit Facility, Related Party

The credit facility consists of \$250,672 outstanding on a \$250,000 revolving line of credit issued to the Company by W/F Investment Corp, a shareholder of the Company and a proponent of the bankruptcy Plan of Reorganization. The line of credit has been used to pay the Company's obligations through the November 22, 2002, the Effective Date of the Plan of Reorganization, including the allowed administrative expenses, accounting, legal and related expenses. The line of credit bears interest at prime plus 2%, payable monthly. It is due no earlier than October 31, 2003 and no later than October 31, 2007.

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Note 5 - Income Taxes

At March 31, 2003 the Company had net operating loss carryforwards of approximately \$19 million for federal tax purposes, which expire from 2012 to 2015. Because of statutory ownership changes, the amount of net operating losses which may be utilized in future years may be subject to significant annual limitations. At November 22, 2002, total deferred tax assets, consisting principally of net operating loss carry forwards, amounted to approximately \$7.5 million. For financial reporting purposes, a valuation allowance has been recognized in an amount equal to such deferred tax assets due to the uncertainty surrounding their ultimate realization.

Note 6 - Fresh Start Reporting

In accordance with its Plan of Reorganization, the Company converted unsecured liabilities amounting to approximately \$18,300,000 to 15,167,674 shares of its common stock. The Company also issued 156,248 shares of its common stock in payment of administrative claims totaling approximately \$20,000, and 27,807,219 shares of its common stock to its Plan Proponents. The shares issued were valued at \$0.01 per share, generating a gain on debt forgiveness of approximately \$18,000,000. The amount of accumulated deficit prior to the reclassification in accordance with Fresh Start Reporting amounted to approximately \$19,000,000. Management estimated the fair value of the shares issued at par value, based on the fact that no cash flows are expected in the foreseeable future. The balance of accumulated deficit after the adjustment required by the Fresh Start Reporting represents the "Excess Reorganization Value", which was impaired due to the fact that no cash flows are expected in the foreseeable future.

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NEVSTAR GAMING AND ENTERTAINMENT CORP
Management's Discussion and Analysis of
Financial Condition and Results of Operations
(Unaudited)

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT

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OF 1995

This Quarterly Report on Form 10-Q includes certain forward-looking statements based upon management's beliefs, as well as assumptions made by and data currently available to management. This information has been, or in the future, may be included in reliance on the "safe harbor" provision of the Private Securities Litigation Reform Act of 1995. These statements are subject to a number of risks and uncertainties including, but not limited to, the following: (a) the Company does not generate any revenue, and has a net capital deficiency which may impair its ability to continue as a going concern; (b) the ability of the Company to find a merger candidate or other business opportunity to bring profitable business operations into the Company; (c) the absence of an active public trading market for the Company's common stock; and (d) the Company does not have sufficient funds available on its line of credit to meet its current obligations.

Actual results may differ materially from those anticipated in any such forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances.

The Company's Bankruptcy Plan of Reorganization became effective November 22, 2002. The Company is in the process of completing the administrative procedures to allow it to formally emerge from the oversight of the Bankruptcy Court.

The Company is no longer operating, and will attempt to locate a new business (operating company), and offer itself as a merger vehicle for a company that may desire to go public through a merger rather than through its own public stock offering.

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PART II - OTHER INFORMATION

Item 1 - Litigation

The Company is not party to any litigation

Item 6. Exhibits and Report on Form 8-K

The Company did not file any reports on Form 8-K during the quarter ended March 31, 2003.

SIGNATURES

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

NEVSTAR GAMING AND ENTERTAINMENT CORP

/s/ William O. Fleischman

Date: May 12, 2003

William O. Fleischman
Chief Executive Officer and
Chief Financial Officer

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CERTIFICATIONS

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I, William O. Fleischman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nevstar Gaming and Entertainment Corp;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. As the registrant's certifying officer, I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and I have:
 - a. designed such disclosure controls and procedures to ensure that material information relating to the registrant is made known to us by others within the entity, particularly during the period in which this quarterly report is being prepared;
 - b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. As the registrant's certifying officer, I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

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

May 12, 2003

By: /s/ William O. Fleischman

William O. Fleischman
Chairman of the Board,
Chief Executive Officer and
Chief Financial Officer