TRAFALGAR NEW HOMES PLC

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2016

Company Registration No. 04340125

TABLE OF CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS	C C Johnson J Dubois A Johnson N Lott
SECRETARY	N Narraway
REGISTERED OFFICE	Chequers Barn Bough Beech Edenbridge Kent TN8 7PD
REGISTERED NUMBER:	04340125
AUDITOR	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
NOMINATED ADVISER AND BROKER	Allenby Capital Ltd 3 St Helen's Place London EC3A 6AB
REGISTRARS	Neville Registrars Ltd Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA
PUBLIC RELATIONS	Yellow Jersey PR 76 Great Suffolk Street London SE1 0BL

TRAFALGAR NEW HOMES PLC

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present Trafalgar New Homes' results for the year ended 31 March 2016 which saw the Group return to profitability. The Board is confident that it has a strong development pipeline and that the Company is well positioned to deliver profitability for FY2017 and onwards.

Our driving focus is now on acquiring new sites that should produce increased turnover and a significant improvement in the financial performance for FY2017. In addition, we have been progressing with the preparation of a revised planning application for our Staplehurst site, which, if successful, should make a significant contribution to our bottom line and address the chronic shortage in the area of good quality housing stock.

Financials

The year under review saw Group turnover at £2,235,000 (2015: £3,898,250), with a profit before and after tax of £204,877 (2015: Loss £619,106). The cash on the balance sheet at the end of the year was £278,406 (2015: £490,770) and the Group continues to have sufficient capital for all planned activities.

Business Environment and Outlook

The decision to exit the European Union at the end of June 2016 was unprecedented. It led to an immediate drop in the value of sterling and a sell-off in house building stocks. Following the initial market panic the stock market has rebounded in anticipation of improved macro-economic conditions. However, it is too soon to predict the long-term impact of Brexit on the UK homes market.

The market fundamentals remain strong with robust demand for homes as a result of chronic undersupply. A recent report by the Resolution Foundation showed that home ownership in the UK had dropped to its lowest levels in 30 years, with outer London seeing the second biggest drop of 13.5% to just under 58%. Further, the Bank of England's decision on 4th August 2016 to reduce interest rates to a record low of 0.25% should reduce the cost of financing and may also provide potential buyers with cheaper mortgages. Nevertheless, we strongly believe that as long as planning restrictions remain obstructive there will continue to be a considerable shortage of housing supply in the South East.

These fundamentals provide attractive opportunities for house builders with the right strategic focus and access to finance. We are confident that our focus on traditional housing for a wide range of buyers in the South East, along with the price of our current housing stock, will keep sale prices stable and we will continue to attract customers. The recent increases in Stamp Duty Tax are mainly applicable to the luxury end of the market and do not adversely affect our operations. The Group remains committed to building new homes in the South East that are in such high demand.

The Group remains confident about its prospects for FY2017 and beyond. Trafalgar New Homes is in a stronger position now than ever, having returned to profitability and having secured several banking facilities to fund its strong development pipeline. The Executive Directors collectively have many years of residential development experience, which enables the Group to negotiate land and property purchases and construction contracts efficiently and quickly. This, in turn, enables the Group to adapt to changing market conditions and exploit opportunities. We are committed to growing the Group's profitability and to rewarding our shareholders through dividend payments when appropriate. We believe the outlook for the Company is exciting.

James Dubois
Chairman
9 August 2016

TRAFALGAR NEW HOMES PLC

STRATEGIC REPORT

Business review, results and dividends

The principal activity of the Group continues to be that of home building and property development and the consolidated results of the year's trading, presented on the basis of accounting, are shown below. The Consolidated profit for the year amounted to £204,877 (2015: Loss £619,106).

Principal risks & uncertainties

Set out below are certain risk factors which could have an impact on the Group's long term performance. The factors discussed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties facing the Group.

The principal risks and uncertainties facing the Group are:

1. Any possibility that lending criteria from the Group's bankers may harden with little prior notice.
2. Construction costs may escalate and eat into gross profit margins.
3. Heavy overheads may be incurred especially when projects have been completed and before others have been commenced.
4. The Group could pay too much for land acquisitions.
5. The Group's reliance on key members of staff.

The Group considers that it mitigates these risks with the following policies and actions:

1. The Group affords its bankers and other lenders a strong level of asset and income cover and maintains good relationships with a range of funding sources from which it is able to secure finance on favourable terms.
2. Construction costs are outsourced on a fixed price contract basis, thereby passing on to the contractor all risk of development cost overspend, including from increased material, labour or other costs.
3. Most other professional services are also outsourced, thus providing a known fixed cost before any project is taken forward and avoiding the risk that can arise in employing in-house professionals of a high unproductive overhead at times when activity is slack.
4. Land buying decisions are taken at board level, after careful research by the Directors personally, who have substantial experience of the house building industry, potential construction issues and the local market.

   The Group focuses on a niche market sector of new home developments in the range of 4 to 20 units. Within this unit size, competition to purchase development sites from land buyers is relatively weak, as this size is unattractive to major national and regional house builders who require a larger scale to justify their administration and overheads, whilst being too many units for the jobbing builder to finance or undertake as a project. Within this market, there are opportunities to negotiate land acquisitions on favourable terms. Many competitors who also focus on this niche have yet to recapitalise and are unable to raise finance.
5. Many of the activities are outsourced and each of the Directors is fully aware of the activities of all members of staff enabling adequate cover when needed.

Operations review

A summary of the Results for the year is as follows:-

	2016	2015
	£	£
Revenue for the year	2,235,000	3,898,250
Gross profit/(loss)	476,607	(290,791)
Profit after taxation	204,877	(619,106)
Earnings per share	0.09p	(0.26)p

Group turnover for the year related to the sale of the final house at Oakhurst Park Gardens, Hildenborough, and the completion and sale of the houses on the sites at The Bell Inn, Ticehurst, East Sussex and the land at Station Road, Borough Green, Kent. The revenue from these sales totalled £2,235,000, generating a gross profit of £476,607. After deducting overhead costs of £279,250 for the year the Company recorded a pre-tax profit of £204,877.

As the Company has approved tax losses brought forward of a sum in excess of the profitability, there will be no tax charge and, therefore, the post-tax profit amounts to £204,877 and with 238,375,190 shares in issue, (no change from the previous year) the Company achieved earnings per share of 0.09p, which compares favourably to the earnings per share loss of 0.26p recorded for the year ended 31st March 2015.

Key performance indicators (KPIs)

Management are closely involved in the day to day operations of the group and are very aware of cashflows and expenditure. However management believe that the key indicators of performance for the group are the revenue and profitability achieved during the period. These measures are disclosed above in the operations review.

Management do not use any non-financial KPIs.

Development Pipeline

Construction work continues on our site at Tunbridge Wells, Kent for six luxury apartments. Work has also commenced on sites at High Street, Edenbridge, Kent for three terraced houses and at Vines Lane, Hildenborough, Kent for two detached houses. Construction work on all three sites is expected to be completed during the current calendar year and most of these eleven units should be sold before 31st March 2017, which will contribute to the profitability of the Group for the year ending 31st March 2017.

The funding for the sites at Edenbridge and Hildenborough is being provided by Coutts, with RateSetter financing the Tunbridge Wells site. The Company's arrangements with its funders now provide Trafalgar New Homes with 100% of the finance required to build on all three sites, having committed its own funds at the time of the acquisition of the sites and for the initial construction costs.

The Company has also commenced work on the site at Sheerness, Kent, which has been owned by the Group for some time. Trafalgar New Homes has secured funding from Lloyds Bank for the construction of the development on this site, which, after an initial payment by the Group, will result in 100% of the finance required being provided by the Bank.

Since the year-end the Company has completed the purchase of a development site in Speldhurst, Tunbridge Wells, Kent, with the benefit of receiving planning permission for the demolition of the existing house and the erection of a substantial new build detached house. Funding for the acquisition and development is being provided by Lloyds Bank and construction work should commence shortly. It is anticipated that the build work will be completed in the spring of 2017 with a sale hopefully being achieved during the summer of 2017.

Trafalgar New Homes believes that all the funding it has secured for these developments are on competitive commercial terms.

The site at Staplehurst, Kent
The Company has been refused planning permission on its most recent planning application for its site at Staplehurst, Kent. This was received post year-end. Under the guidance of its planning consultants, the Company felt it had addressed the requirements and concerns set out by the authorities to the fullest. The Company is now preparing a further application for planning permission, having received advice from its planning consultants stating that: “In formulating the emerging Local Plan, the Council’s planning policy team have clearly concluded (in writing and on public record) that this is a site that is suitable to accommodate residential development. In this context it is impossible to comprehend how an ‘in principle’ objection to housing development can be justified and maintained”.

Outlook
The Company is confident that its current development programme will deliver profits for the Group for the year ended March 2017 and will enable it to meet market expectations. Looking ahead, the Company is negotiating the purchase of other sites in the South East of England, its chosen area of operation, which will contribute to turnover and anticipated profitability for the Group for the year ended 31st March 2018 and beyond.

Trafalgar New Homes remains focused on growing the Group, both through site acquisition and development and corporate acquisition, should any opportunities present themselves. The Company is committed to creating value for its shareholders and although it will not be paying a dividend this year Trafalgar New Homes intends to declare and pay a dividend when circumstances permit.

Financial instruments

The Group's principal financial instruments comprise cash at bank, bank loans, other loans and various items within current assets and current liabilities that arise directly from its operations. The Directors consider that the key financial risk is liquidity. This risk is explained in the section headed Principal Risks and Uncertainties in the annual report and accounts.

Christopher Johnson
Director

9th August, 2016

TRAFALGAR NEW HOMES PLC

DIRECTORS' REPORT

The Directors present their Report and Audited Financial Statements for the year ended 31 March 2016.

Results and dividends

The results for the year are set out on page 12.

The Directors do not recommend the payment of a final dividend for the year (2015: nil).

Directors

The following Directors have held office since 1 April 2015 and have all served for the entire accounting year:-
C C Johnson
A Johnson
N Lott
J Dubois

Conflicts of interest

Under the articles of association of the company and in accordance with the provisions of the Companies Act 2006, a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. However, the Directors may authorise conflicts and potential conflicts, as they deem appropriate. As a safeguard, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and the Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate. During the financial year ended 31 March 2016, the Directors have authorised no such conflicts or potential conflicts.

Directors' interests in shares

Directors' interests in the shares of the Company, including family interests, at 31 March 2016 were as follows:-

	31.03.2016	31.03.2015
	Ordinary shares of 1p each	Ordinary shares of 1p each
C C Johnson	186,815,803	186,815,803
A Johnson	1,868	1,868
J Dubois	1,500,000	1,500,000
N Lott	500,000	500,000

Other substantial shareholdings

As at 8th August 2016, being the latest practicable date before the issue of these financial statements, the company had been notified of the following shareholdings which constitute 3% or more of the total issued shares of the company.

	Ordinary shares No.	Shareholding %
C.C. Johnson	186,815,803	78.4

Statement of directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are further responsible for ensuring that the Strategic Report and the Report of the Directors and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the Group website is the responsibility of the Directors; the work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility or any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

Financial Instruments

Information relating to the financial instruments is now included in the Strategic report on pages 3-5.

Future Developments

Information relating to future developments is included in the Strategic report on pages 3-5.

Provision of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and

- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information need by the Group's auditors in connection with preparing their report and to establish that the Group's auditors are aware of the information.

Auditor

The auditors, Crowe Clark Whitehill LLP, will be proposed for re-appointment in accordance with Section 489 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Christopher Johnson
Director

9 August 2016

The Board of Trafalgar New Homes Plc appreciate the value of good corporate governance and the requirements of the UK Corporate Governance Code ("the Code"). Companies on AIM are not required to comply with the Code, however the company has implemented corporate governance procedures appropriate for the present size of the entity having given due regard to the Corporate Governance code.

Board Structure

The Board consists of four Directors of which two are executive and two non-executive.

The Board meets as and when required and is satisfied that it is provided with information in an appropriate form and quality to enable it to discharge its duties. All Directors are required to retire by rotation with one third of the board seeking re-election each year.

Due to the current size of the Group, the duties that would normally be attributed to The Nomination Committee, have been undertaken by the board as a whole.

The board has undertaken a formal assessment of the auditor's independence and will continue to do so at least annually. This assessment includes:

- a review of non-audit services provided to the company and the related fees;
- a review of the auditor's own procedures for ensuring the independence of the audit firm and parties and staff involved in the audit, including regular rotation of the audit partner; and
- obtaining confirmation from the auditor that, in their professional judgement, they are independent.

Internal Controls

The Board is responsible for the Group's system of internal controls and for reviewing their effectiveness. The internal controls are designed to ensure the reliability of financial information for both internal and external purposes. The Directors are satisfied that the current controls are effective with regard to the size of the Group. Any internal control system can only provide reasonable, but not absolute assurance against material mis-statement or loss. Given the size of the Group, the Board has assessed that there is currently no need for an internal audit function.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR NEW HOMES PLC

We have audited the financial statements of Trafalgar New Homes Plc for the year ended 31 March 2016 which comprise the Consolidated Statement of Comprehensive, Income the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Parent Company Balance Sheet, the Parent Company Statement of Changes in Equity, the Parent Company Statement of Cash Flows and the related notes numbered 1 to 18 for the Group and the related notes numbered 1 to 17 for the Parent Company.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report and any other surround information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2016 and of the group's profit for the year then ended;

- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the parent company financial statements have been properly prepared in accordance with Financial Reporting Standard 102. 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Leo Malkin
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London

9 August 2016

Trafalgar New Homes Plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Note	**Year ended 31 March 2016 £**	Year ended 31 March 2015 £
Revenue		**2,235,000**	3,898,250
Cost of sales		**(1,758,393)**	(4,189,041)
Gross profit/ (loss)		**476,607**	(290,791)
Administrative expenses		**(279,250)**	(329,850)
Operating profit/(loss)		**197,357**	(620,641)
Profit /(loss) before interest		**197,357**	(620,641)
Other interest receivable and similar income	2	**7,520**	1,535
Interest payable and similar charges	5	**-**	-
Profit/(loss) before taxation		**204,877**	(619,106)
Tax payable on profit/(loss) on ordinary activities	6	**-**	-
Profit/(loss) after taxation for the year attributable to equity holders of the parent		**204,877**	(619,106)
Other comprehensive income attributable to equity holders of the parent			-
Total comprehensive income for the year		**204,877**	(619,106)
Profit/(loss) attributable to:			
Equity holders of the Parent		**204,877**	(619,106)
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Parent		**204,877**	(619,106)
PROFIT/(LOSS) PER ORDINARY SHARE; Basic/diluted	7	**0.09p**	(0.26p)

All results in the current and preceding financial year derive from continuing operations.

The notes on pages 16 to 28 are an integral part of these consolidated financial statements.

Trafalgar New Homes Plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2016

	Note	31 March 2016 £	31 March 2015 £
Non-current assets			
Property, plant and equipment	8	**2,384**	648
		2,384	648
Current assets			
Inventory	11	**2,275,546**	1,884,250
Trade and other receivables	9	**436,604**	81,244
Cash at bank and in hand	10	**278,406**	490,770
		2,990,556	2,456,264
Total assets		**2,992,940**	2,456,912
Liabilities: amounts falling due within one year			
Trade and other payables	12	**(152,149)**	(70,777)
Borrowings	13	**(741,266)**	(381,450)
Net current assets		**2,099,525**	2,004,685
Non-current liabilities			
Borrowings	13	**(3,221,924)**	(3,331,961)
Net liabilities		**(1,122,399)**	(1,327,276)
Capital and reserves			
Called up share capital	14	**2,383,752**	2,383,752
Share premium account	15	**1,165,463**	1,165,463
Reverse acquisition reserve		**(2,817,633)**	(2,817,633)
Profit & loss account		**(1,853,981)**	(2,058,858)
Equity – attributable to the owners of the Parent		**(1,122,399)**	(1,327,276)

These financial statements were approved by the Board of Directors and authorised for issue on 9 August 2016 and are signed on its behalf by:

C C Johnson: ………………………………………. J Dubois: ……………………………………………

The notes on pages 16 to 28 are an integral part of these consolidated financial statements.

	Share capital	Share premium	Reverse acquisition reserve	Retained profits /(losses)	Total equity
	£	£	£	£	£
At 1 April 2014	2,283,752	1,075,513	(2,817,633)	(1,439,752)	(898,120)
Loss for the year	-	-	-	(619,106)	(619,106)
Total comprehensive income for the year	-	-	-	(619,106)	(619,106)
Issue of shares	100,000	100,000	-	-	200,000
Share issue costs	-	(10,050)	-	-	(10,050)
At 31 March 2015	2,383,752	1,165,463	(2,817,633)	(2,058,858)	(1,327,276)
At 31 March 2015	2,383,752	1,165,463	(2,817,633)	(2,058,858)	(1,327,276)
Profit for year	-	-	-	204,877	204,877
Total comprehensive income for the year	-	-	-	204,877	204,877
At 31 March 2016	2,383,752	1,165,463	(2,817,633)	(1,853,981)	(1,122,399)

For the purpose of preparing the consolidated financial statement of the Group, the share capital represents the nominal value of the issued share capital of 1p per share. Share premium represents the excess over nominal value of the fair value consideration received for equity shares net of expenses of the share issue.

The notes on pages 16 to 28 are an integral part of these consolidated financial statements.

Trafalgar New Homes Plc
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2016

	Note	2016 £	2015 £
Cash flow from operating activities			
Operating profit/(loss)		**197,357**	(620,641)
Depreciation		**795**	215
(Increase)/decrease in stocks		**(391,296)**	3,186,204
(Increase)/decrease in debtors		**(355,360)**	2,344,241
Increase/(decrease) in creditors		**81,372**	(670,542)
Interest received		**60**	174
Interest paid		**166,869**	272,483
Rental income received		**7,460**	1,361
Net cash (outflow) / inflow from operating activities		**(292,743)**	4,513,495
Investing activities			
Purchase of tangible fixed assets		**(2,531)**	-
Net cash used in investing activities		**(2,531)**	-
Taxation		**-**	-
Financing activities			
New loans in year (net)/(loan repayments)		**694,816**	(4,092,216)
Issue of shares (net of direct costs)		**-**	189,950
Director loan repayments		**(445,037)**	(1,064,447)
Interest paid		**(166,869)**	(272,483)
Net cash inflow/(outflow) from financing		**82,910**	(5,239,196)
(Decrease) in cash and cash equivalents in the year		**(212,364)**	(725,701)
Cash and cash equivalents at the beginning of the year		**490,770**	1,216,471
Cash and cash equivalents at the end of the year		**278,406**	490,770

The notes on pages 16 to 28 are an integral part of these consolidated financial statements.

BASIS OF ACCOUNTING

These financial statements are for Trafalgar New Homes Plc ("the Company") and its subsidiary undertakings. The Company is incorporated in England and Wales.

The nature of the Company's operations and its principal activities are set out in the Directors Report on page 6.

BASIS OF PREPARATION

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the European Union ("EU") and as applied in accordance with the provisions of the Companies Act 2006. These financial statements are for the year ended 31 March 2016 and are presented in pounds sterling ("GBP"). The comparative year is for the year to 31 March 2015.

The financial statements have been prepared under the historical cost basis, as modified by valuing financial assets and financial liabilities at fair value through the Statement of Comprehensive Income. The principal accounting policies adopted are set out below.

GOING CONCERN

The Directors have reviewed forecasts and budgets for the coming year, which have been drawn up with appropriate regard for the current economic environment and the particular circumstances in which the Group operates. These were prepared with reference to historical and current industry knowledge, taking into account future strategy of the Group.

The existing operations have been generating funds to meet short-term operating cash requirements. As a result of these considerations, at the time of approving the financial statements, the Directors consider that the Company and the Group have sufficient resources to continue in operational existence for the foreseeable future. It is appropriate to adopt the going concern basis in the preparation of the financial statements.

Mr Johnson confirms that he will continue to support the Group for its anticipated needs and will not recall the balances owed to him, for the next two years. As with all business forecasts, the Directors' statement cannot guarantee that the going concern basis will remain appropriate given the inherent uncertainty about future events.

REVENUE RECOGNITION

Revenue represents the amounts receivable from the sale of properties during the year and other income directly associated with property development. Revenue from the sale of properties is recognised when the amounts of revenue and cost can be measured reliably, the significant risks and rewards of ownership have been transferred to the buyer, neither continuing managerial involvement nor effective control of the property is retained and it is probable that the economic benefits associated with the sale will flow to the group/company. In the majority of cases properties are treated as sold and profits are recognised when contracts are exchanged and the building work is physically complete.

This complies with the relevant accounting standard for the preparation of group financial statements under International Financial Reporting Standards (IFRS) entitled IAS 18 – Revenue.

The Directors are of the opinion that this accounting policy accurately reflects commercial reality and the recording of revenue for the group.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

There following IFRS Standards and Amendments issued by IASB but not yet EU approved could have an impact on the financial statements of the Group.

- IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014) – Effective date 1 January 2018

Under this standard it may no longer be appropriate for the Group to recognise the sale of a property at the point of exchange of contracts.

The impact of this could mean that contracts that have not completed at the year-end would not be recognised in revenue.

In addition management have considered the potential impact of IFRS 16 and IFRS 9 and do not believe that these would have a significant impact on the financial statements.

There are a number of other new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the EU. The Directors do not expect that the adoption of these standards will have a material impact on the financial statements of the Group in future periods.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of Trafalgar New Homes Plc and its subsidiaries.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying the shareholding of more than half of the voting rights. Where necessary, adjustments have been made to the financial statements of subsidiaries, associates and joint ventures to bring the accounting policies used and accounting years into line with those of the Group. Intragroup balances and any unrealised gains and losses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

The results of subsidiaries acquired during the year are included from the effective date of acquisition, being the date on which the Group obtains control. They are deconsolidated on the date that control ceases.

Business combinations, other than noted above, are accounted for under the acquisition method. Any excess of the purchase price of the business combination over the fair value of the identifiable assets and liabilities acquired is recognised as goodwill.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. This fair value includes any contingent consideration. Acquisition-related costs are expensed as incurred.

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The excess of consideration over the fair value of the assets and liabilities acquired is recorded as goodwill. If the consideration is less than the fair value of the assets and liabilities acquired, the difference is recognised directly in the Statement of Comprehensive Income.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean the amounts previously recognised in other comprehensive income are reclassified to profit or loss.

FUNCTIONAL CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Pounds Sterling (£), which is the company's functional and the Group's presentation currency.

OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated before interest and tax.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual priorities of the instrument.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and deposits held at call with banks.

INVENTORIES

Inventories consist of properties under construction and are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Interest of sums borrowed that finance specific projects is added to cost. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost, net of depreciation and any provision for improvement. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful economic lives. The rates generally applicable are:

Fixtures, fittings and equipment - 25% on reducing balance

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially measured at fair value and are subsequently reassessed at the end of each accounting year.

FINANCIAL LIABILITIES AND EQUITY

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

TRADE PAYABLES

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial year of time to get ready for their intended use of sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the statement of comprehensive income in the year in which they relate.

EQUITY INSTRUMENTS

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Shares issued are held at their fair value.

CURRENT TAXATION

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted, by the balance sheet date.

DEFERRED TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.
The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

SHARE CAPITAL

Ordinary share capital is classified as equity. Interim ordinary dividends are recognised when paid and final ordinary dividends are recognised as a liability in the year in which they are approved.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

COMMITMENTS AND CONTINGENCIES

Commitments and contingent liabilities are disclosed in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is virtually certain.

SUBSEQUENT EVENTS

Events subsequent to the year end that provide additional information about the Group's position at the balance sheet date and are adjusting events are reflected in the financial statements. Events subsequent to the year end that are not adjusting events are disclosed in the notes when material.

CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Group financial statements are disclosed below.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the present circumstances.

VALUATION OF INVENTORY

The Group assesses the net realisable value of inventories under development and completed properties held for sale according to their recoverable amounts based on the realisability of these properties, taking into account estimated costs to completion based on past experience and committed contracts and estimated net sales based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgment and estimates. The carrying amount of inventory is disclosed in note 11 to the financial statements.

1 SEGMENTAL REPORTING

For the purpose of IFRS 8, the chief operating decision maker ("CODM") takes the form of the Board of Directors. The Directors' opinion of the business of the Group is as follows.

The principal activity of the Group was property development. All the Group's non-current assets are located in the UK.

Based on the above considerations, there is considered to be one reportable segment. The internal and external reporting is on a consolidated basis with transactions between Group companies eliminated on consolidation. Therefore the financial information of the single segment is the same as that set out in the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position and cashflows.

Geographical segments

The following tables present revenue regarding the Group's geographical segments for the year ended 31 March 2016.

Year ended 31 March 2016	**United Kingdom £**	**Total** £
Property development – sales	**2,235,000**	2,235,000
	2,235,000	2,235,000

Year ended 31 March 2015	**United Kingdom £**	**Total** £
Property development – sales	**3,898,250**	3,898,250
	3,898,250	3,898,250

2 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £	2015 £
Bank interest received	**60**	174
Rental income & ground rent	**7,460**	1,361
	7,520	1,535

3 PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	2016	2015
	£	£
Depreciation of tangible fixed assets	**795**	215
Auditor's remuneration:		
Audit of these financial statements	**10,000**	10,000
Amounts receivable by the auditor in respect of the audit of the financial statements of subsidiary undertakings pursuant to legislation	**6,000**	5,124

Amounts payable to Crowe Clark Whitehill LLP and its related entities in respect of audit and non-audit services are disclosed in the table above.

4 EMPLOYEES AND DIRECTORS' REMUNERATION

Staff costs during the year were as follows:

	2016	2015
	£	£
Directors remuneration	**15,000**	36,250
Wages and salaries	**43,500**	66,000
Social security costs	**4,061**	8,454
Other pension costs	**18,000**	18,000
	80,561	128,704

The average number of employees of the company during the year was:

	2016	2015
	Number	Number
Directors and management	**4**	4

Key management are the Group's Directors. Remuneration in respect of key management was as follows:

	2016	2015
	£	£
Short-term employee benefits:		
- Emoluments for qualifying services C C Johnson	**-**	-
- Emoluments for qualifying services A Johnson	**-**	10,000
- Emoluments for qualifying services J Dubois	**15,000**	26,250
	15,000	36,250

There are retirement benefits accruing to Mr C C Johnson for whom a company contribution was paid during the year of £18,000 (2015: £18,000).

Consultancy fees of £ 4,994 (2015: £8,748) were paid to Mr N Lott during the year.

5 INTEREST PAYABLE AND SIMILAR CHARGES

During the year all interest paid on borrowings was capitalised as part of work in progress (£166,869) with the interest capitalised on properties sold in the period forming part of cost of sales. All interest was capitalised with the exception of:-

	2016	2015
	£	£
Director's loan interest paid	**-**	-
	-	-

6 TAXATION

	2016	2015
	£	£
Current tax	**-**	-
Tax charge	**-**	-

	2016	2015
	£	£
Profit/(loss) on ordinary activities before tax	**204,877**	(619,106)
Based on profit/(loss) for the year:		
Tax at 20% (2015: 21%)	**40,975**	-
Effect of:		
Losses utilised/group relief claimed	**(40,975)**	-
Tax charge for the year	**-**	-

No deferred tax asset has been recognised in respect of historical losses due to the uncertainty in future profits against which to offset these losses. As at the 31 March 2016 the group had cumulative tax losses of £1,837,724 (2015: £2,056,907) that are available to offset against future taxable profits.

7 PROFIT/(LOSS) PER ORDINARY SHARE

The calculation of profit/(loss) per ordinary share is based on the following profits/(losses) and number of shares:

	2016	2015
	£	£
Profit/(loss) for the year	**204,877**	(619,106)
Weighted average number of shares for basic profit /(loss) per share	**238,735,200**	236,708,533
Weighted average number of shares for diluted profit /(loss) per share	**238,735,200**	236,708,533
PROFIT/(LOSS) PER ORDINARY SHARE:		
Basic	**0.09p**	(0.26p)
Diluted	**0.09p**	(0.26p)

8 PROPERTY, PLANT AND EQUIPMENT

Fixtures and fittings	**2016**	2015
	£	£
Cost		
At 1 April	**2,936**	2,936
Additions	**2,531**	-
At 31 March	**5,467**	2,936
Depreciation		
At 1 April	**2,288**	2,073
Charge for the year	**795**	215
At 31 March	**3,083**	2,288
Net book value at 31 March 2016 (2015)	**2,384**	648

9 TRADE AND OTHER RECEIVABLES

	2016	2015
	£	£
Other receivables	**425,515**	59,268
Other taxes	**4,786**	18,532
Prepayment	**6,303**	3,444
	436,604	81,244

There are no receivables that are past due but not impaired at the year-end. There are no provisions for irrecoverable debt included in the balances above.

10 CASH AND CASH EQUIVALENTS

All of the Group's cash and cash equivalents at 31 March 2016 are in sterling and held at floating interest rates.

	2016	2015
	£	£
Cash and cash equivalents	**278,406**	490,770

The Directors consider that the carrying amount of cash and cash equivalents approximates to their fair value.

11 INVENTORY

	2016	2015
	£	£
Work in progress	**2,275,546**	1,884,250

12 TRADE AND OTHER PAYABLES

	2016	2015
	£	£
Trade payables	**93,328**	24,579
Accruals	**54,513**	20,848
Tax	**2,050**	2,015
Other payables	**2,258**	23,335
	152,149	70,777

13 BORROWINGS

	2016	2015
	£	£
Director's loans	**2,121,924**	2,566,961
Other loans	**1,100,000**	765,000
Bank and other loans	**741,266**	381,450
	3,963,190	3,713,411

Included in other loans is the sum of £300,000 (2015: £300,000) advanced by the DFM Pension Scheme of which Mr J Dubois is the principal beneficiary. This loan bears interest at 12% per annum (2015: 12% per annum).

C C Johnson is a named guarantor on the loan included within bank loans.

The bank borrowings are repayable as follows:

	2016	2015
	£	£
On demand or within one year	**741,266**	381,450
In the second year	**-**	-
In the third to fifth years inclusive	**-**	-
After five years	**741,266**	381,450
Less amount due for settlement within 12 months (included in current liabilities)	**741,266**	381,450
Amount due for settlement after 12 months	**-**	-

The weighted average interest rates paid on the bank loans were as follows:

Bank Loans –5.33% (2015: 4.73%)

All of the Directors' loans are repayable after more than 1 year. All loans are interest bearing and charged accordingly. However Mr C C Johnson has waived his right to interest in the year and as a result interest of £Nil (2015: £ Nil) was paid to Mr C C Johnson. The rate of interest on the loan is 5% pa (2015: 5% pa). Interest of £36,000 (2015: £36,000) was paid to Mr J Dubois at the rate of 12 % pa (2015: 12% pa).

14 SHARE CAPITAL

Authorised Share Capital

	2016 Number	2015 Number
Ordinary shares of 1p each - 1April 2015	**238,375,190**	228,375,190
Additional shares issued for cash in year	**-**	10,000,000
	238,375,190	238,375,190

Issued, allotted and fully paid

	2016 £	2015 £
Ordinary shares of 1p each	**2,383,752**	2,383,752

15 SHARE PREMIUM ACCOUNT

	2016 £	2015 £
Balance brought forward	**1,165,463**	1,075,513
Premium on issue of new shares	**-**	100,000
Share issue costs	**-**	(10,050)
Balance carried forward	**1,165,463**	1,165,463

16 RELATED PARTY TRANSACTIONS

Mr C C Johnson holds 78.4% (2015: 78.4%) of the total issued share capital of the Group.

The following working capital loans have been provided by the Directors:

	2016 £	2015 £
C C Johnson		
Opening balances	**2,566,961**	3,631,410
Loan repayments	**(421,255)**	(1,000,000)
Personal drawings	**(23,782)**	(64,449)
Interest payable	**-**	-
Balance carried forward	**2,121,924**	2,566,961
J Dubois -	**£300,000**	£300,000

Mr Johnson's Loan bore interest during the year at 5% (2015: 5% pa), but he has chosen to forego the interest in the year. Mr Dubois's Loan, which is from his Pension Fund of which he is the sole beneficiary, was at 12% pa interest (2015: 12% pa).

Mrs L C Howard (daughter of Mr C C Johnson) has provided a loan to the company at a rate of 10% per annum of £nil (2015: £100,000).

Mr G Howard (son-in-law of Mr C C Johnson) has provided a loan to the company at a rate of 10% per annum of £800,000 (2015: nil).

During the year, the Directors agreed to sell 11 Oakhurst Park Gardens, Hildenborough Kent to Mr C C Johnson for a consideration of £ 525,000 (2015: £ nil) being the market value.

17 SHARE OPTIONS AND WARRANTS

There are no share options or warrants.

18 CATEGORIES OF FINANCIAL INSTRUMENTS

The Group's financial assets are divided as cash and cash equivalents. The Group's financial liabilities are divided as Directors loans, bank loans and other loans.

	Loans and receivables		**Financial liabilities measured at amortised cost**	
	2016	2015	**2016**	2015
	£	£	**£**	£
Financial assets				
Cash and cash equivalents	**278,406**	490,770		-
Trade receivables	**436,604**	81,244		
Financial liabilities				
Trade payables			**152,149**	70,777
Borrowings – Directors' loans	**-**	-	**2,121,924**	2,566,961
Borrowings – Bank loan	**-**	-	**741,266**	381,450
Borrowings – Other loans	**-**	-	**1,100,000**	765,000
Total	**715,010**	572,014	**4,115,339**	3,784,188

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and it sets policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Capital risk management

The Group considers its capital to comprise its share capital and share premium. The Group's capital management objectives are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed on pages 16 to 20 to these financial statements.

Foreign currency risk

The Group has minimal exposure to the differing types of foreign currency risk. It has no foreign currency denominated monetary assets or liabilities and does not make sales or purchases from overseas countries.

Interest rate risk

The Group is sensitive to changes in interest rates principally on the loans from banks. £ 2,000,000 of the loans from Mr Johnson bears interest at 5% pa (2015: 5% pa), although Mr Johnson has waived his right to receive interest in the year. Mr Dubois' loan of £300,000 within other loans, from his Pension Fund attracts interest at 12% pa (2015: 12%). Additional loans of £800,000 included in other loans attract interest at 10%pa (2015: 10% pa).

The impact of a 100 basis point increase in interest rates would result in additional interest cost for the year of £ 7,280 (2015: £24,325).

Credit risk management

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group.

Liquidity risk management

This is the risk of the Company not being able to continue to operate as a going concern.

The Directors have, after careful consideration of the factors set out above, concluded that it is appropriate to adopt the going concern basis for the preparation of the financial statements and the financial statements do not include any adjustments that would result if the going concern basis was not appropriate.

Mr Johnson confirms that he will continue to support the Group for its anticipated needs for the next two years. As with all business forecasts, the Directors' statement cannot guarantee that the going concern basis will remain appropriate given the inherent uncertainty about the future events.

Derivative financial instruments

The Group does not currently use derivative financial instruments as hedging is not considered necessary. Should the Group identify a requirement for the future use of such financial instruments, a comprehensive set of policies and systems as approved by the Directors will be implemented.

In accordance with IAS 39, "Financial instruments: recognition and measurement", the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet specific requirements set out in the standard. No material embedded derivatives have been identified.

Trafalgar New Homes Plc

COMPANY BALANCE SHEET
For the year ended 31 March 2016

	Note	**2016**	2015
		£	£
FIXED ASSETS			
Investments	7	**2,323,524**	2,323,524
		2,323,524	2,323,524
Current assets			
Debtors	8	**371,888**	372,353
Stocks	9	**-**	-
Cash at bank and in hand		**8,007**	39,655
		379,895	412,008
Creditors: amounts falling due within one year	10	**(567,619)**	(447,302)
Net current liabilities		**(187,724)**	(35,294)
Net assets		**2,135,800**	2,288,230
Capital and reserves			
Called up share capital	12	**2,383,752**	2,383,752
Share premium account	13	**1,165,463**	1,165,463
Profit and loss account	14	**(1,413,415)**	(1,260,985)
Equity – attributable to the owners of the Parent	15	**2,135,800**	2,288,230

The financial statements were approved by the Board of Directors on 9 August 2016 and authorised for issue and are signed on its behalf by:

C C Johnson: ………………………………………. J Dubois: ……………………………………………

Company Registration Number: 04340125

The notes on pages 32 to 38 form an integral part of these financial statements

	Share capital	Share premium	Reverse acquisition reserve	Retained profits /(losses)	Total equity
	£	£	£	£	£
At 1 April 2014	2,283,752	1,075,513	-	(1,204,367)	2,154,898
Loss for the year	-	-	-	(56,618)	(56,618)
Total comprehensive income for the year	-	-	-	-	-
Issue of shares	100,000	100,000	-	-	200,000
Share issue costs	-	(10,050)	-	-	(10,050)
At 31 March 2015	2,383,752	1,165,463	-	(1,260,985)	2,288,230
At 1 April 2015	2,383,752	1,165,463	-	(1,260,985)	2,288,230
Loss for year	-	-	-	(152,430)	(152,430)
Total comprehensive income for the year	-	-	-	-	-
Issue of shares	-	-	-	-	-
Share issue costs	-	-	-	-	-
At 31 March 2016	2,383,752	1,165,463	-	(1,413,415)	2,135,800

For the purpose of preparing the consolidated financial statement of the Group, the share capital represents the nominal value of the issued share capital of 1p per share. Share premium represents the excess over nominal value of the fair value consideration received for equity shares net of expenses of the share issue. Retained earnings represent the cumulative value of the profits not distributed to shareholders, but retained to finance the future capital requirements of the Company.

The notes on pages 32 to 38 form an integral part of these financial statements.

Trafalgar New Homes Plc

COMPANY STATEMENT OF CASH FLOW

for the year ended 31 March 2016

	2016 £	2015 £
Cash flow from operating activities		
Operating loss	**(152,430)**	(56,617)
Operating profit before working capital changes	**(152,430)**	(56,617)
(Increase)/decrease in stocks	**-**	132,599
(Increase)/decrease in debtors	**465**	(252,847)
Increase/ (decrease) in creditors	**10,317**	(119,368)
Net cash outflow from operating activities	**(141,648)**	(296,233)
Income tax paid	-	-
Net cash outflow from operating activities	**(141,648)**	(296,233)
Cashflow from investing activities		
	-	-
Net cash from investing activities	-	-
Cashflow from financing activities		
Loans from Group undertakings in year	**110,000**	131,165
Issue of shares (net of direct costs)	**-**	189,950
Net cash inflow/(outflow) from financing	**110,000**	321,115
Net (Decrease)/Increase in cash and cash equivalents	**(31,648)**	24,882
Cash and cash equivalent at beginning of the year	**39,655**	14,773
Cash and cash equivalent at end of the period	**8,007**	39,655

The notes on pages 32 to 38 form an integral part of these financial statements.

1. GENERAL INFORMATION

Nature of operations
Trafalgar New Homes Plc ("the Company") is the UK holding company of a group of companies which are engaged in the profits of property developers. The Company is registered in England and Wales. Its registered office and principal place of business is Chequers Barn, Bough Beech, Edenbridge, Kent TN8 7PD.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. The principal accounting policies are described below. They have all been applied consistently throughout the year and proceeding year.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) GOING CONCERN

The Directors have reviewed forecasts and budgets for the coming year, which have been drawn up with appropriate regard for the current economic environment and the particular circumstances in which the Company operates. These were prepared with reference to historical and current industry knowledge, taking into account future strategy of the Company and wider Group.

The existing operations have been generating funds to meet short-term operating cash requirements. As a result of these considerations, at the time of approving the financial statements, the Directors consider that the Company and the Group have sufficient resources to continue in operational existence for the foreseeable future. It is appropriate to adopt the going concern basis in the preparation of the financial statements.

Mr Johnson confirms that he will continue to support the Company and Group for its anticipated needs for the next two years.

As with all business forecasts, the Directors' statement cannot guarantee that the going concern basis will remain appropriate given the inherent uncertainty about the future events.

(b) INVESTMENTS

Investments held as fixed assets are stated at cost less provision for impairment.

(c) TAXATION

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Taxation arising on disposal of a revalued asset is split between the profit and loss account and the statement of total recognised gains and losses on the basis of the tax attributable to the gain or loss recognised in each statement.

(d) STOCK

Stock consists of land purchased for development and is stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stock to its present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(e) FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised in the statements of financial position when the Company has become a party to the contractual provisions of the instruments.

The Company's financial assets and liabilities are initially measured at fair value plus any directly attributable transaction costs. The carrying value of the Company's financial assets, primarily cash and bank balances, and liabilities, primarily the Company's payables and other accrued expenses, approximate to their fair values.

(i) Financial assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

Trade and other receivables

Trade and other receivables (including deposits and prepayments) that have fixed or determinable payments that are not quoted in an active market are classified as other receivables, deposits, and prepayments. Other receivables, deposits, and prepayments are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(ii) Financial liabilities and equity instruments

Financial liabilities are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to financial liabilities are reported in profit or loss. Distributions to holders of financial liabilities are classified as equity and charged directly to equity.

Financial liabilities

Financial liabilities comprise long-term borrowings, short-term borrowings, trade and other payables and accruals, measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

(f) DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

(g) CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not apparent from other sources. The estimates and assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a significant adjustment to the carrying amounts of assets and liabilities in the financial statements:

Carrying value of investments in subsidiaries
Management’s assessment for impairment of investment in subsidiaries is based on the estimation of value in use of the subsidiary by forecasting the expected future cash flows expected on each development project. The value of the investment in subsidiaries is based on the subsidiaries being able to realise their cash flow projections.

Recognition of deferred tax assets
The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

5. LOSS FOR FINANCIAL PERIOD

The Company has taken advantage of section 408 of the Companies Act 2006 and, consequently, a profit and loss account for the Company alone has not been presented. The Company’s loss for the financial period was £152,430 (2015: Loss £56,618). The Company’s loss for the financial year has been arrived at after charging auditor’s remuneration payable to Crowe Clark Whitehill LLP for audit services to the Company of £10,000 (2015: £10,000).

6. EMPLOYEES AND DIRECTORS' REMUNERATION

	2016	2015
	£	£
Directors fees	**15,000**	36,250
Wages and salaries	**-**	-
Social security costs	**950**	2,524
Management fees	**4,994**	8,748
	20,944	47,522

The average number of employees of the company during the year was:

	2016	2015
	Number	Number
Directors and management	**4**	4

There are no retirement benefits accruing to any of the Directors.

£4,994 (2015: £8,748) was paid to Mr Norman Lott for his professional services.

Additional directors remuneration of £nil (2015: £10,000) was paid to a director through subsidiary entities.

7. INVESTMENTS

	Subsidiary undertakings
	£
At 1 April 2015	2,323,524
At 31 March 2016	**2,323,524**

The company owns the following undertakings, all of which are incorporated in the United Kingdom:

	Class of share held	**% shareholding**	**Principal activity**
Held directly			
Combe Bank Homes Ltd	Ordinary shares	100%	Residential property developers
Held indirectly through Combe Bank Homes Limited			
Combe Bank (Oakhurst) Ltd	Ordinary shares	100%	Residential property developers
Combe Homes (Borough Green) Ltd	Ordinary shares	100%	Residential property developers

8. DEBTORS

	2016	2015
	£	£
Amounts owed by group undertakings	**368,504**	368,504
Other debtors	**1,136**	1,136
Other taxes and social security	**2,248**	2,713
	371,888	**372,353**

9. STOCKS

	2016	2015
	£	£
Land	**-**	138,104
Disposal	**-**	(138,104)
	-	**-**

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade creditors	**455**	-
Taxation and social security	**1,329**	1,467
Other creditors	**10,000**	-
Amounts owed to group undertakings	**555,835**	445,835
	567,619	447,302

11. FINANCIAL INSTRUMENTS

	2016	2015
	£	£
Financial assets		
Financial assets measured at amortised cost:		
Amounts owed by group undertakings and other debtors	**371,888**	372,353
Financial liabilities		
Financial liabilities measured at amortised cost	**567,619**	447,302

Financial liabilities include, trade creditors, other creditors and amounts due to group undertakings.

12. SHARE CAPITAL

Authorised share capital

	2016	2015
	£	£
Ordinary shares of 1p each	**2,383,752**	2,383,752

Issued, allotted and fully paid

	2016	2015
	£	£
Brought forward – 1 April 2015	**2,383,752**	2,283,752
Issued for cash in year	-	100,000
Ordinary shares of 1p each	**2,383,752**	2,383,752

Details of the Company’s share options and warrants are set out in note 17 to the consolidated financial statements.

13. SHARE PREMIUM ACCOUNT

	2016	2015
	£	£
Balance brought forward	**1,165,463**	1,075,513
Premium on issue of new shares	**-**	100,000
Share issue costs	**-**	(10,050)
Balance carried forward	**1,165,463**	1,165,463

14. PROFIT AND LOSS ACCOUNT

	2016	2015
	£	£
Balance brought forward	**(1,260,985)**	(1,204,367)
Loss for financial year	**(152,430)**	(56,618)
Balance carried forward	**(1,413,415)**	(1,260,985)

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS’ FUNDS

	2016	2015
	£	£
Loss for the financial year	**(152,430)**	(56,618)
Net decrease in shareholders' funds	**(152,430)**	(56,618)
Issue of new shares	**-**	100,000
Share premium – shares issued in year	**-**	100,000
Share premium – issue costs	**-**	(10,050)
Opening Shareholders' funds	**2,288,230**	2,154,898
Closing Shareholders' funds	**2,135,800**	2,288,230

16. INTERCOMPANY

The company has taken advantage of the exemption conferred by FRS102 Section 33 "Related Party disclosures" not to disclose transactions undertaken with other members of the group.

17. TRANSITION TO FRS 102

There have been no adjustments required to the financial statements of the Company as a result of the transition to FRS 102.

Explanation of resolutions at the Annual General Meeting

Information relating to resolutions to be proposed at the Annual General Meeting is set out below. The notice of AGM is set out on page 40.

Ordinary business at the AGM

In addition to the re-election of a Director retiring by rotation (resolutions 4, 5 and 6) and renewal of authorities to allot shares (resolutions 7 and 8), the following ordinary business resolutions will be proposed at the AGM:

(a) Resolution 1: to approve the annual report and accounts. The Directors are required to lay before the Company at the AGM the accounts of the Company for the financial year ended 31 March 2016, the report of the Directors and the report of the Company's auditors on those accounts.

(b) Resolution 2: to approve the re-appointment of Crowe Clark Whitehill LLP as auditors of the Company. The Company is required to appoint auditors at each general meeting at which accounts are laid, to hold office until the next such meeting.

(c) Resolution 3: to approve the remuneration of the auditors for the next year.

Re-election of Directors

Under the Articles of Association, Directors must retire and submit themselves for re-election at the annual general meeting if they have not done so at either of the two previous annual general meetings. By resolutions 4, 5 and 6, James Dubois, Christopher Johnson and Norman Lott are retiring by rotation, and submitting themselves for re-election.

Grant of authorities to allot shares

The Company currently has an issued share capital of £2,383,752 divided into 238,375,190 Ordinary Shares. The Company has outstanding warrants to subscribe for 4,567,504 Ordinary Shares at 2p per share.

The Board proposes to renew the current authorities to allot shares, which expire at the next AGM. Accordingly, resolutions 7 and 8 are being proposed at the AGM for the purpose of (i) granting the Directors general authority to allot up to 119,190,000 ordinary shares, representing approximately 50% of the current issued ordinary share capital; and (ii) disapplying pre-emption rights in connection with the allotment of up to 37,000,000 ordinary shares, representing approximately 15.5% of the current issued ordinary share capital.

TRAFALGAR NEW HOMES PLC

(Registered in England No. 04340125)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2016 Annual General Meeting of the Company will be held at the Company's offices at Chequers Bank, Bough Beech, Edenbridge, Kent TN8 9PD at 11.00 a.m. on 8 September 2016, for the following purposes:

RESOLUTIONS

To consider and, if thought fit, to pass resolutions 1 to 6 (inclusive) as ordinary resolutions:

1 To receive and adopt the directors' report, the auditor's report and the Company's accounts for the year ended 31 March 2016.

2 To re-appoint Crowe Clark Whitehill LLP as auditor in accordance with section 489 of the Companies Act 2006, to hold office until the conclusion of the Annual General Meeting of the Company in 2017.

3 To authorise the Directors to determine the remuneration of the auditor.

4 To re-appoint James Dubois as a Director of the Company.

5 To re-appoint Christopher Johnson as a Director of the Company.

6 To re-appoint Norman Lott as a Director of the Company.

As special business, to consider and, if thought fit, to pass resolution 7 as an ordinary resolution and resolution 8 as a special resolution:

7 THAT the directors be authorised generally and unconditionally pursuant to Section 551 of the Companies Act 2006 as amended ("**2006 Act**") (in substitution for all other existing authorities to allot securities generally to the extent not utilised at the date this resolution is passed) to exercise all the powers of the Company to allot shares and/or rights to subscribe for or to convert any security into shares, provided that the authority conferred by this resolution shall be limited to the allotment of shares and/or rights to subscribe or convert any security into shares of the Company up to an aggregate nominal amount of £1,191,900 such authority (unless previously revoked, varied or renewed) to expire on the conclusion of the Annual General Meeting of the Company to be held in 2017 or, if earlier, 15 months after the date on which this resolution has been passed, provided that the Company may, before such expiry, make an offer, agreement or other arrangement which would or might require shares and/or rights to subscribe for or to convert any security into shares to be allotted after such expiry and the directors may allot such shares and/or rights to subscribe for or to convert any security into shares in pursuance of such offer, agreement or other arrangement as if the authority conferred hereby had not expired.

8 THAT, subject to resolution 7 above being duly passed, in substitution for any existing and unexercised authorities, the directors be and are hereby generally empowered pursuant to Section 570 of the 2006 Act to allot equity securities (within the meaning of Section 560 of the 2006 Act) for cash pursuant to the authority conferred by resolution 7 above or by way of sale of treasury shares as if Section 561 of the 2006 Act or any pre-emption provisions contained in the Company's articles of association did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to

(i) any allotment of equity securities where such securities have been offered (whether by way of rights issue, open offer or otherwise) to holders of equity securities in proportion (as nearly as may be practicable) to their then holdings of such securities, but subject to the directors having the right to make such exclusions or other arrangements in connection with such offer as they deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising in, or pursuant to, the laws of any territory or the requirements of any regulatory body or stock exchange in any territory or otherwise howsoever;

(ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal value of £370,000,

such authority and power (unless previously revoked, varied or renewed) to expire on the earlier to occur of 15 months after the passing of this resolution or the conclusion of the Annual General Meeting of the Company to be held in 2017, provided that the Company may prior to such expiry make any offer, agreement or other arrangement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer, agreement or other arrangement as if the power hereby conferred had not expired.

Dated: 10th August 2016

Registered Office:
Chequers Barn
Chequers Hill
Bough Beech
Edenbridge
Kent
TN8 7PD

By order of the Board
Nicholas Narraway
Secretary

Notes:

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.

3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the enclosed proxy form.

4. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

   To appoint a proxy using the proxy form, the form must be:

   (a) completed and signed;

   (b) sent or delivered to the Company's Registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA; and

   (b) received by no later than 11.00 a.m. on 6 September 2016.

   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

6. To change your proxy appointment, simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

   Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, you may photocopy the enclosed proxy form.

   If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

7. In order to revoke a proxy appointment you will need to inform the Company by sending a signed hard copy notice clearly stating that you revoke your proxy appointment to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

   The revocation notice must be received by no later than 11.00 a.m. on 6 September 2016.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person.

8. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered in the register of members of the Company as at 6.00 p.m. on 6 September 2016 shall be entitled to attend and vote at this Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after such time shall be disregarded in determining the rights of any person to attend or vote at this Meeting.