TRAFALGAR NEW HOMES PLC

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2017

Company Registration No. 04340125

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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 30 Stamford Street London SE1 9LQ

On behalf of the Board, I present herewith Trafalgar New Homes' results for the year ended 31 March 2017 which show that no house sales were recorded in the year. In previous years we have sold properties off plan or recorded sales prior to legal completion but for the last three years we only record sales on legal completion rather than on exchange. We have therefore concentrated on constructing the properties with a view to marketing them in the following trading year. The Board remains confident that with our current level of construction activity that the Company is well placed to deliver significantly improved results for future trading years.

We will continue to explore the potential for acquiring new sites that should produce increased turnover and a significant improvement in the future profit levels.

Financials

The year under review saw Group turnover at £30,000 (2016: £2,235,000), with a loss after tax of £298,397 (2016: Profit £204,877). The cash on the balance sheet at the end of the year was £100,808 (2016: £278,406) and the Group continues to have sufficient capital for all planned activities.

Business Environment and Outlook

Following the Brexit vote, the housing sector has seen patchy changes in demand depending on geographical area and price levels. However, the property price levels at which the Company operates have been largely unaffected so the Board does not consider this to be a major risk. We are currently marketing our completed units and continue with our construction programme.

While accepting that results to date have been disappointing, we feel that we are now in a strong position to deliver on sales and profits. In the meantime, we have been continuing to investigate new opportunities for developments and our site at Staplehurst in Kent is a prime example of this.

The Group remains confident about its prospects. Trafalgar New Homes is in a stronger position now than ever, and has secured several banking facilities to fund its 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.

As can be seen in Chris Johnson's Strategic Report, we believe the outlook for the Company is promising.

James Dubois
Chairman
6 September 2017

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 loss for the year amounted to £298,397 (2016: Profit £204,877).

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 smaller independent 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:-

	2017	2016
	£	£
Revenue for the year	30,000	2,235,000
Gross (loss)/profit	(17,269)	484,127
(Loss)/profit after taxation	(298,397)	204,877

Group turnover for the year amounted to only £30,000, representing the sale of three parking spaces at the Borough Green site which were pending at the last year end and which were finalised during the year under review.

There were no house sales recorded during the year and, after taking into account the overheads of the Group, there was a loss recorded for the year of £298,397.

There will be no tax charge and the Company now has tax losses being carried forward of £ 2,223,878
(2016: losses £ 1,926,708).

The loss per share is (0.12p) compared to the earnings per share of 0.09p recorded for the year ended 31st March 2016.

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.

Development Pipeline

At the end of the year ended 31st March 2016, the Group had contractors on sites at Burnside, Tunbridge Wells, Kent (6 luxury apartments); High Street, Edenbridge, Kent (terrace of three houses); and Vines Lane, Hildenborough, Kent (two executive detached houses).

In addition, the Group reported that we had commenced work at the site at Sheerness, Kent for six houses which had been owned by the Group for some time and that we had acquired a further site for development, being the site in Speldhurst, Tunbridge Wells, Kent with the benefit of planning permission for the demolition of the existing property and the erection of a substantial new build detached house on the site.

I can confirm that, as at the date of this report, we have completed the construction work of the terrace of three houses at Edenbridge, Kent and they are being marketed for sale.

Work on the six apartments at Burnside, Tunbridge Wells, Kent are substantially complete, with us dealing only with snagging items at the present time, to achieve Building Control sign-off before fully marketing the site for sale (it is pleasing to note that we already have a reservation on the penthouse at a figure very close to the asking price of £600,000 which, in turn, is greater than we anticipated at the outset).

The detached house at Speldhurst, Tunbridge Wells is 70% complete and our contractor has confirmed to us that the house will be finished and ready for occupation by the end of September 2017.

I am able, therefore, to confirm that twelve units, involving a mix of detached houses/apartments/terraced houses, for which we are aiming to achieve a gross development value on sale of circa £7 million, will all be complete and ready for marketing for sale during September. Hence, I anticipate a sale of most of these units prior to the 31st March 2018 year end.

In addition, the development of the site at Sheerness, Kent continues and we anticipate completion of the construction work on the site before the end of the current financial year and it is hoped sales of some of the units would have been achieved by 31st March 2018.

The Directors are confident that the current financial period will show an upturn in the fortunes of the Group.

The site at Staplehurst, Kent

Last year I reported on the refusal of the Planning Application we submitted for residential development on this site. Having taken advice and considered the position, we propose to continue seeking planning permission for development of this site. We are fortified by the advice received that this site should be able to accommodate an Assisted Living (Extra Care) Scheme which could provide up to 30 units on the front half of the site (for which we have been seeking planning permission for residential development) together with ancillary support buildings, to provide an Extra Care Assisted Living facility which is so sorely needed at the present time, not only in the area in which we operate, but in the country as a whole.

Your Group is taking advantage of the fact that the ‘Extra Care’ and ‘Very Sheltered/Assisted Living’ sectors are expected to grow significantly as the population of older people in the UK is expected to increase from 10.3 million in 2010 to 28 million by 2035. The proposed development at Staplehurst will come with communal areas and a range of social and recreational activities to promote health and happiness. These are key attributes compared to non-specialised homes.

It is believed that our application, when submitted, will find favour with the Planners and that Planning Permission will be granted accordingly.

Future Development

The Company is not short of opportunities to acquire sites for residential development in its chosen area of operation. However, it is not prepared to pay prices for land which are unrealistic and which would severely erode margins. Hence, the Group will be selective in its choice of offers to be made on sites that present themselves.

Currently it has an offer accepted for a nine unit site in the South of England, comprising two/three and four bedroom houses and is investigating various sites in Kent and East Sussex, to purchase during the current financial year, which should contribute to revenue for the year ended 31st March 2019.

Outlook

The Company is confident that the development programme, referred to above, will deliver improved results for the Group for the year ended 31st March 2018.

Looking ahead and during the current year, the Company will continue its negotiations for the purchase of other sites in the South of England, its chosen area of operation, which will contribute to turnover for the Group for the year ended 31st March 2019 and beyond.

As has been mentioned before, Trafalgar New Homes, remains focused on growing the Group, both through site acquisition and development and corporate acquisitions, to enable value to be created for the shareholders and for a dividend to be paid by the Group when appropriate.

Banking

The Group continues to utilise banking sources for the financing of its developments, together with loans from third party investors, to ensure that there is sufficient money available for the Group to undertake and complete its various developments.

We do not operate an overdraft facility but borrow on a site specific basis from our various bankers, with a mix of loans from outside investors geared to some of the development properties and otherwise loaned on a general basis to the Group.

The Board is comfortable with the structure of its bank finance, which usually involves the bank lending a modest sum towards the land purchase, with the Group putting the rest of the funds required to acquire the site and the costs associated with the acquisition and then for the Bank to provide 100% of the build finance. These are the arrangements that have been entered into with Coutts and Lloyds who lend to the Group at very competitive rates.

The Group have also used RateSetter as a funder who, again, provided 100% of the build finance on the Burnside, Tunbridge Wells site, the Group having paid off the borrowing on the land prior to entering into the arrangement with RateSetter for the development of that site.

Investor loans that are not related to specific sites are long term loans with repayment dates extending beyond the year end and have, in the past, been renewed when they come up for repayment.

Hence, in general terms, the Group is happy with its financial support afforded to it by its banks and investors, enabling it to trade without a general overdraft facility.

I will continue to support the Group, leaving my own loan to the Group outstanding and taking no interest on it for the year to 31 March 2017.

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
6 September 2017

TRAFALGAR NEW HOMES PLC

DIRECTORS' REPORT

The Directors present their Report and Audited Financial Statements for the year ended 31 March 2017.

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 (2016: nil).

Directors

The following Directors have held office since 1 April 2016 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 2017, 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 2017 were as follows:-

	31.03.2017	31.03.2016
	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 31 August 2017, 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 3-6.

Future Developments

Information relating to future developments is included in the Strategic report on pages 3-6.

Provision of information to auditor

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 auditor is 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 auditor in connection with preparing their report and to establish that the Group's auditor is aware of the information.

Auditor

The auditor, 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

6 September 2017

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.

We have audited the financial statements of Trafalgar New Homes Plc for the year ended 31 March 2017 which comprise the Consolidated Statement of Comprehensive Income, the Group 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 1 to 16 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2017 and of the group's and the parent company's loss 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 United Kingdom Generally Accepted Accounting Practice; 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 based on the work undertaken in the course of our audit

- 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; and
- the Directors' Report and Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

Stacy Eden
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London
6 September 2017

Trafalgar New Homes Plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2017

	Note	**Year ended 31 March 2017 £**	Year ended 31 March 2016 £
Revenue		**30,000**	2,235,000
Cost of sales		**(48,070)**	(1,758,393)
Gross (loss)/profit		**(18,070)**	476,607
Administrative expenses		**(270,263)**	(279,250)
Operating (loss)/profit		**(288,333)**	197,357
(Loss)/profit before interest		**(288,333)**	197,357
Other interest receivable and similar income	2	**801**	7,520
Interest payable and similar charges	5	**-**	-
(Loss)/profit before taxation		**(287,532)**	204,877
Tax payable on (loss)/profit on ordinary activities	6	**(10,865)**	-
(Loss)/profit after taxation for the year attributable to equity holders of the parent		**(298,397)**	204,877
Other comprehensive income attributable to equity holders of the parent		**-**	-
Total comprehensive (loss)/income for the year		**(298,397)**	204,877
(Loss)/profit attributable to:			
Equity holders of the Parent		**(298,397)**	204,877
Total comprehensive (loss)/income for the year attributable to:			
Equity holders of the Parent		**(298,397)**	204,877
(LOSS)/PROFIT PER ORDINARY SHARE:			
Basic/diluted	7	**(0.12)p**	0.09p

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

The notes on pages 17 to 29 are an integral part of these consolidated financial statements.

Trafalgar New Homes Plc
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 March 2017

	Note	**31 March 2017 £**	31 March 2016 £
TOTAL ASSETS			
Non-current assets			
Property, plant and equipment	8	**1,788**	2,384
		1,788	2,384
Current assets			
Inventory	11	**5,399,198**	2,275,546
Trade and other receivables	9	**96,985**	436,604
Cash at bank and in hand	10	**100,808**	278,406
		5,596,991	2,990,556
Total assets		**5,598,779**	2,992,940
EQUITIES & LIABILITIES			
Current liabilities			
Trade and other payables	12	**178,675**	152,149
Borrowings	13	**2,150,643**	741,266
		2,,329,318	893,415
Non-current liabilities			
Borrowings	13	**4,690,257**	3,221,924
Total liabilities		**7,019,575**	4,115,339
Equity attributable to equity holders of the Company			
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		**(2,152,378)**	(1,853,981)
Total Equity		**(1,420,796)**	(1,122,399)
Total Equity & Liabilities		**5,598,779**	2,992,940

These financial statements were approved by the Board of Directors and authorised for issue on 6 September 2017 and are signed on its behalf by:

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

The notes on pages 17 to 29 are an integral part of these consolidated financial statements.

	Share capital	Share premium	Reverse acquisition reserve	Retained profits /(losses)	Total equity
	£	£	£	£	£
At 1 April 2015	2,383,752	1,165,463	(2,817,633)	(2,058,858)	(1,327,276)
Profit for the year	-	-	-	204,877	204,877
Total comprehensive income for the year	-	-	-	204,877	204,877
Issue of shares	-	-	-	-	-
Share issue costs	-	-	-	-	-
At 31 March 2016	2,383,752	1,165,463	(2,817,633)	(1,853,981)	(1,122,399)
At 31 March 2016	2,383,752	1,165,463	(2,817,633)	(1,853,981)	(1,122,399)
(Loss) for year	-	-	-	(298,397)	(298,397)
Total comprehensive (loss) for the year	-	-	-	(298,397)	(298,397)
At 31 March 2017	2,383,752	1,165,463	(2,817,633)	(2,152,378)	(1,420,796)

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 2017

	2017 £	2016 £
Cash flow from operating activities		
Operating (loss)/profit	**(288,333)**	197,357
Depreciation	**596**	795
Increase in stocks	**(3,123,652)**	(391,296)
Decrease/(increase) in debtors	**339,619**	(355,360)
Increase in creditors	**5,026**	81,372
Interest received	**1**	60
Interest paid	**296,126**	166,869
Rental income received	**800**	7,460
Net cash outflow from operating activities	**(2,769,817)**	(292,743)
Investing activities		
Purchase of tangible fixed assets	**-**	(2,531)
Net cash used in investing activities	**-**	(2,531)
Taxation	**10,635**	-
Financing activities		
New loans in year	**2,309,377**	694,816
Director loan cash injected/(repaid)	**568,333**	(445,037)
Interest paid	**(296,126)**	(166,869)
Net cash inflow from financing	**2,581,584**	82,910
Decrease in cash and cash equivalents in the year	**(177,598)**	(212,364)
Cash and cash equivalents at the beginning of the year	**278,406**	490,770
Cash and cash equivalents at the end of the year	**100,808**	278,406

The notes on pages 17 to 29 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 2017 and are presented in pounds sterling ("GBP"). The comparative year is for the year to 31 March 2016.

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 Group continues to utilise banking sources for the financing of its developments, together with loans from third party investors, to ensure that there is sufficient money available for the Group to undertake and complete its various developments.

The Group do not operate an overdraft facility but borrow on a site specific basis from various bankers, with a mix of loans from outside investors geared to some of the development properties and otherwise loaned on a general basis to the Group.

The Board is comfortable with the structure of its bank finance, which usually involves the bank lending a modest sum towards the land purchase, with the Group putting the rest of the funds required to acquire the site and the costs associated with the acquisition and then for the bank to provide 100% of the build finance.

Investor loans that are not related to specific sites are long term loans with repayment dates extending beyond the year end and have, in the past, been renewed when they come up for repayment.

The existing operations have been generating funds to meet short-term operating cash requirements and management are confident that the expected sales will allow the Group to meet loan repayments due within the next twelve months. 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 C Johnson confirms that if necessary he will continue to support the Group for its anticipated needs and will not recall the balances owed to him, for at least twelve months from the date of signing. 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 at the point of legal completion.

This complies with the current accounting standard 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 IFRS 15 the criteria for recognising income depends upon the contractual terms and may result in changes to the timing of recognition of income from current practice.

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 on 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 impairment. 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 take a substantial period of time to be completed for sale, are added to the cost of property held as stock at the year end. 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.

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.

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 2017.

Year ended 31 March 2017	**United Kingdom**	**Total**
	£	£
Property development – sales	**30,000**	30,000
	30,000	30,000

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

2 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2017	2016
	£	£
Bank interest received	**1**	60
Rental income & ground rent	**800**	7,460
	801	7,520

3 LOSS FOR THE YEAR

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

	2017	2016
	£	£
Depreciation of tangible fixed assets	**596**	795
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	**7,000**	6,000

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:

	2017	2016
	£	£
Directors' remuneration	**50,000**	15,000
Wages and salaries	**38,000**	43,500
Social security costs	**5,336**	4,061
Other pension costs	**18,100**	18,000
	111,436	80,561

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

	2017	2016
	Number	Number
Directors and management	**4**	4

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

	2017	2016
	£	£
Short-term employee benefits:		
- Emoluments for qualifying services C C Johnson	**-**	-
- Emoluments for qualifying services A Johnson	**35,000**	-
- Emoluments for qualifying services J Dubois	**15,000**	15,000
	50,000	15,000

There are retirement benefits accruing to Mr C C Johnson for whom a company contribution was paid during the year of £18,000 (2016: £18,000) and Mr A Johnson £100 (2016: nil).

Consultancy fees of £4,994 (2016: £4,994) 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 inventory £ 296,126 (2016: £166,869) with the interest capitalised on properties sold in the period forming part of cost of sales. All interest was capitalised.

6 TAXATION

	2017	2016
	£	£
Current tax	**10,635**	-
Tax charge	**10,635**	-

	2017	2016
	£	£
(Loss)/profit on ordinary activities before tax	**(287,532)**	204,877
Based on (loss)/profit for the year:		
Tax at 20% (2016: 20%)	**(57,506)**	40,975
Unrelieved tax losses	**57,506**	-
Prior year tax adjustment	**17,555**	-
Tax refund - carry back losses to prior year	**(6,920)**	-
Effect of:		
Losses utilised/group relief claimed	**-**	(40,975)
Tax charge for the year	**10,635**	-

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 2017 the group had cumulative tax losses of £2,223,878 (2016: £1,837,724) that are available to offset against future taxable profits.

7 (LOSS)/PROFIT PER ORDINARY SHARE

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

	2017	2016
	£	£
(Loss)/profit for the year	**(298,397)**	204,877
Weighted average number of shares for basic profit /(loss) per share	**238,735,200**	238,735,200
Weighted average number of shares for diluted profit /(loss) per share	**238,735,200**	238,735,200
(LOSS)/PROFIT PER ORDINARY SHARE:		
Basic	**(0.12)p**	0.09p
Diluted	**(0.12)p**	0.09p

8 PROPERTY, PLANT AND EQUIPMENT

Fixtures and fittings	**2017**	2016
	£	£
Cost		
At 1 April	**5,467**	2,936
Additions	**-**	2,531
At 31 March	**5,467**	5,467
Depreciation		
At 1 April	**3,083**	2,288
Charge for the year	**596**	795
At 31 March	**3,679**	3,083
Net book value at 31 March	**1,788**	2,384

9 TRADE AND OTHER RECEIVABLES

	2017	2016
	£	£
Other receivables	**75,322**	425,515
Other taxes	**11,005**	4,786
Prepayment	**10,658**	6,303
	96,985	436,604

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 2017 are in sterling and held at floating interest rates.

	2017	2016
	£	£
Cash and cash equivalents	**100,808**	278,406

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

11 INVENTORY

	2017	2016
	£	£
Work in progress	**5,399,198**	2,275,546

See note 5 for details of interest capitalised as part of the value of inventory.

12 TRADE AND OTHER PAYABLES

	2017 £	2016 £
Trade payables	**10,400**	93,328
Accruals	**151,722**	54,513
PAYE & Corporation Tax	**14,091**	2,050
Other payables	**2,462**	2,258
	178,675	152,149

13 BORROWINGS

	2017 £	2016 £
Directors' loans	**2,990,257**	2,121,924
Other loans	**1,700,000**	1,100,000
Bank and other loans (less than 1 year)	**2,150,643**	741,266
	6,840,900	3,963,190

Included in Directors' loans is the sum of £300,000 (2016: £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 (2016: 12% per annum).

Included in Directors' loans is the sum of £521,455 drawn down from a £835,000 loan facility advanced by Lloyds Bank and which is linked to the Speldhurst development. The loan was made in the name of A Johnson as the Speldhurst property is held in his name, and bears interest at 5.2% above base rate per annum.

The remaining balance of Directors' loans is due to C Johnson (see note 16).

Included in other loans is £1,100,000 (2016: £800,000) advanced by Mr. G Howard (son-in-law of Mr. C C Johnson) to the company at a rate of 10% per annum (2016: 10% pa). The remaining balance of £600,000 (£2016: £nil) has been advanced by Christine Rowe, an employee of the group, at a rate of 10% per annum.

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

The bank borrowings are repayable as follows:

	2017 £	2016 £
On demand or within one year	**2,150,643**	741,266
In the second year	**-**	-
In the third to fifth years inclusive	**-**	-
After five years	**-**	-
	2,150,643	741,266
Less amount due for settlement within 12 months (included in current liabilities)	**2,150,643**	741,266
Amount due for settlement after 12 months	**-**	-

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

Bank loans: - 4.39% (2016: 5.33%)

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 (2016: £ Nil) was paid to Mr C C Johnson. The rate of interest on the loan is 5% pa (2016: 5% pa). Interest of £36,000 (2016: £36,000) was paid to Mr J Dubois at the rate of 12 % pa (2016: 12% pa).

14 SHARE CAPITAL

Authorised Share Capital

	2017 Number	2016 Number
Ordinary shares of 1p each - 1April 2016	**238,375,200**	238,375,200
Additional shares issued for cash in year	**-**	-
	238,375,200	238,375,200

Issued, allotted and fully paid

	2017 £	2016 £
Ordinary shares of 1p each	**2,383,752**	2,383,752

15 SHARE PREMIUM ACCOUNT

	2017 £	2016 £
Balance brought forward	**1,165,463**	1,165,463
Premium on issue of new shares	**-**	-
Share issue costs	**-**	-
Balance carried forward	**1,165,463**	1,165,463

16 RELATED PARTY TRANSACTIONS

Mr C C Johnson holds 78.4% (2016: 78.4%) of the total issued share capital of the Group.

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

	2017 £	2016 £
C C Johnson		
Opening balances	**2,121,924**	2,566,961
Loan repayments	**-**	(421,255)
Personal drawings	**(98,122)**	(23,782)
Capital injected	**145,000**	-
Interest payable	**-**	-
Balance carried forward	**2,168,802**	2,121,924
J Dubois -	**£300,000**	£300,000

Mr Johnson's Loan bore interest during the year at 5% (2016: 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 (2016: 12% pa).

The development at Speldhurst was acquired in the name of A Johnson (Director) and is held in trust by him on behalf of the Group, together with a Lloyds Bank loan facility for up to £835,000 connected to this development which has been drawn down through A Johnson as to £521,455, the details of which are disclosed in Note 13.

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	
	2017	2016	**2017**	2016
	£	£	**£**	£
Financial assets				
Cash and cash equivalents	**100,808**	278,406	**-**	-
Other receivables	**86,327**	430,301	**-**	-
Financial liabilities				
Trade payables	**-**	-	**178,675**	152,149
Borrowings – Directors' loans	**-**	-	**2,168,802**	2,121,924
Borrowings – Bank loan	**-**	-	**2,672,098**	741,266
Borrowings – Other loans	**-**	-	**2,000,000**	1,100,000
Total	**187,135**	708,707	**7,019,575**	4,115,339

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 21 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 (2016: 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 (2016: 12%). Additional loans of £1,700,000 (2016: £800,000) included in other loans attract interest at 10% pa (2016: 10% pa).

The impact of a 100 basis point increase in interest rates would result in additional interest cost for the year of £ 26,721 (2016: £7,280).

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 2017

	Note	**2017**	2016
		£	£
FIXED ASSETS			
Investments	7	**2,323,524**	2,323,524
		2,323,524	2,323,524
Current assets			
Debtors	8	**256,736**	371,888
Cash at bank and in hand		**9,003**	8,007
		265,739	379,895
Creditors: amounts falling due within one year	9	**558,351**	567,619
Net current liabilities		**(292,612)**	(187,724)
Net assets		**2,030,912**	2,135,800
Capital and reserves			
Called up share capital	11	**2,383,752**	2,383,752
Share premium account	12	**1,165,463**	1,165,463
Profit and loss account	13	**(1,518,303)**	(1,413,415)
Equity – attributable to the owners of the Parent	14	**2,030,912**	2,135,800

The loss for the financial year dealt with in the financial statements of the Parent Company was £ 104,888 (2016:Loss £152,430).

The financial statements were approved by the Board of Directors on 6 September 2017 and authorised for issue and are signed on its behalf by:

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

Company Registration Number: 04340125

The notes on pages 33 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 2015	2,383,752	1,165,463	-	(1,260,985)	2,288,230
Loss for the 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
At 1 April 2016	2,383,752	1,165,463	-	(1,413,415)	2,135,800
Loss for year	-	-	-	(104,888)	(104,888)
Total comprehensive income for the year	-	-	-	-	-
Issue of shares	-	-	-	-	-
Share issue costs	-	-	-	-	-
At 31 March 2017	2,383,752	1,165,463	-	(1,518,303)	2,030,912

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 33 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 2017

	2017 £	2016 £
Cash flow from operating activities		
Operating loss	**(104,889)**	(152,430)
Operating loss before working capital changes	**(104,889)**	(152,430)
Decrease in stocks	**-**	-
Decrease in debtors	**115,152**	465
(Decrease)/increase in creditors	**(1,067)**	10,317
Net cash inflow/(outflow) from operating activities	**9,196**	(141,648)
Income tax paid	**-**	-
Net cash inflow/(outflow) from operating activities	**9,196**	(141,648)
Cashflow from investing activities	**-**	**-**
Net cash from investing activities	**-**	**-**
Cashflow from financing activities		
(Repayments)/loans from Group undertakings	**(8,200)**	110,000
Issue of shares (net of direct costs)	**-**	-
Net cash (outflow)/inflow from financing	**(8,200)**	110,000
Net increase/(decrease) in cash and cash equivalents	**996**	(31,648)
Cash and cash equivalent at beginning of the year	**8,007**	39,655
Cash and cash equivalent at end of the year	**9,003**	8,007

The notes on pages 33 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 property development. 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 under the historical cost convention and in accordance with applicable United Kingdom law, FRS 102 and accounting standards. The principal accounting policies are described below. They have all been applied consistently throughout the year and preceding 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) 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.

(e) 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.

(f) CREDITORS
Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured 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 and intercompany
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 £104,889 (2016: Loss £152,430). 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 (2016: £10,000).

6. EMPLOYEES AND DIRECTORS' REMUNERATION

	2017	2016
	£	£
Directors' fees	**15,000**	15,000
Wages and salaries	**-**	-
Social security costs	**950**	950
Management fees	**4,994**	4,994
	20,994	20,944

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

	2017	2016
	Number	Number
Directors and management	**1**	1

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

£4,994 (2016: £4,994) was paid to Mr Norman Lott for his professional services.

Additional directors remuneration of £35,000 (2016: £nil) was paid to a director through subsidiary entities.

7. INVESTMENTS

	Subsidiary undertakings
	£
At 1 April 2016	2,323,524
At 31 March 2017	**2,323,524**

The company owns the following undertakings, all of which are incorporated in the United Kingdom and have their registered offices at Chequers Barn, Chequers Hill, Bough Beech, Edenbridge, Kent, TN8 7PD

	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 Homes (Oakhurst) Ltd	Ordinary shares	100%	Residential property developers
Controlled via Deed of Trust			
Combe Homes (Borough Green) Ltd	Ordinary shares	100%	Residential property developers

8. DEBTORS

	2017	2016
	£	£
Amounts owed by group undertakings	**253,304**	368,504
Other debtors	**1,136**	1,136
Other taxes and social security	**2,296**	2,248
	256,736	**371,888**

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade creditors	**136**	455
Taxation and social security	**580**	1,329
Other creditors	**10,000**	10,000
Amounts owed to group undertakings	**547,635**	555,835
	558,351	567,619

10. FINANCIAL INSTRUMENTS

	2017	2016
	£	£
Financial assets		
Financial assets measured at amortised cost:		
Amounts owed by group undertakings and other debtors	**256,736**	371,888
Financial liabilities		
Financial liabilities measured at amortised cost	**558,350**	567,619

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

11. SHARE CAPITAL

Authorised share capital

	2017	2016
	£	£
Ordinary shares of 1p each	**2,383,752**	2,383,752

Issued, allotted and fully paid

	2017	2016
	£	£
Brought forward – 1 April 2016	**2,383,752**	2,383,752
Issued for cash in year	-	-
Ordinary shares of 1p each	**2,383,752**	2,383,752

12. SHARE PREMIUM ACCOUNT

	2017 £	2016 £
Balance brought forward	**1,165,463**	1,165,463
Premium on issue of new shares	**-**	-
Share issue costs	**-**	-
Balance carried forward	**1,165,463**	1,165,463

13. PROFIT AND LOSS ACCOUNT

	2017 £	2016 £
Balance brought forward	**(1,413,415)**	(1,260,985)
Loss for financial year	**(104,889)**	(152,430)
Balance carried forward	**1,518,304**	(1,413,415)

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2017 £	2016 £
Loss for the financial year	**(104,889)**	(152,430)
Net decrease in shareholders' funds	**(104,889)**	(152,430)
Issue of new shares	**-**	-
Share premium – shares issued in year	**-**	-
Share premium – issue costs	**-**	-
Opening Shareholders' funds	**2,135,800**	2,288,230
Closing Shareholders' funds	**2,030,911**	2,135,800

15. INTERCOMPANY

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

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 pages 40-42.

Ordinary business at the AGM

In addition to the re-election of a Director retiring by rotation (resolution 4) and renewal of authorities to allot shares (resolutions 5 and 6), 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 2017, 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 resolution 4, Alexander Johnson is retiring by rotation and submitting himself for re-election.

Grant of authorities to allot shares

The Company currently has an issued share capital of £2,383,751.90 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 5 and 6 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 2017 Annual General Meeting of the Company will be held at the Company's offices at Chequers Barn, Bough Beech, Edenbridge, Kent TN8 7PD at 11.00 a.m. on 29 September 2017, for the following purposes:

RESOLUTIONS

To consider and, if thought fit, to pass resolutions 1 to 4 (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 2017.

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 2018.

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

4 To re-appoint Alexander Johnson as a Director of the Company.

As special business, to consider and, if thought fit, to pass resolution 5 as an ordinary resolution and resolution 6 as a special resolution:

5 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 2018 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.

6 THAT, subject to resolution 5 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 5 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,

7. 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 2018, 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: 6 September, 2017

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

By order of the Board
James Dubois
Director

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 27 September 2017.

   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 a.m. on 27 September 2017.

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 27 September 2017 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.