RNS Number : 7743Z
Trafalgar Property Group PLC
05 September 2018

5 September 2018

TRAFALGAR PROPERTY GROUP PLC
("**Trafalgar**", the "**Company**" or "**Group**")

Final Results for the year ended 31 March 2018 and notice of Annual General Meeting

Trafalgar (AIM:TRAF), the AIM quoted residential and assisted living property developer, announces its final results for the twelve months ended 31 March 2018.

The Company's Annual Report is being posted to shareholders today and contains notice of the Annual General Meeting of the Company to be held at the Company's offices at Chequers Barn, Bough Beech, Edenbridge, Kent TN8 7PD at 11.30 a.m. on 28 September 2018. The Annual Report will shortly be made available on the Company's website www.trafalgarproperty.group

Chairman's Statement

On behalf of the Board, I present herewith Trafalgar Property Group's results for the year ended 31 March 2018 which show that two house sales were recorded in the year. In previous years we have sold properties off plan or 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 and can report that five completions have taken place since the year end. 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 future profit levels.

Financials

The year under review saw Group turnover at £906,484 (2017: £30,000), with a loss after tax of £ 424,903 (2017: Loss £298,397). The cash on the balance sheet at the end of the year was £458,209 (2017: £100,808) and the Group continues to have sufficient capital for all planned activities.

Business Environment and Outlook

Political uncertainties continue to affect our sector of the property market. However, due to our relatively low levels of activity we do not see this as a major risk. In fact, we now have several units ready for occupation.

As a Group, our recent move towards the assisted living sector gives us an exciting opportunity to expand into fresh areas of residential units where we see an enormous demand, especially in the South-East.

The addition of a new Director, Dan Stocks, strengthens the Board with his particular expertise being in the sector for assisted living developments. This retains a good balance of complementary skills on the Board. We are currently progressing offers of finance alongside our planning applications so that we should be well placed to commence our developments as soon as planning permits.

I would refer you to Chris Johnson's Strategic Report that covers our activities in more detail.

James Dubois
Chairman
4th September 2018

Business review, results and dividends

The Company changed its name from Trafalgar New Homes Plc to Trafalgar Property Group Plc on 16 March 2018.

1. The Group acquired Beaufort Homes Limited (now Trafalgar Retirement + Limited) on 19 March 2018 for £ 1,531,814.
2. Trafalgar Property Group Plc is a holding company owning the entire share capital of Trafalgar New Homes Ltd (formerly Combe Bank Homes Limited), a regional property developer based in the South East of England, and Trafalgar Retirement + Limited (formerly Beaufort Homes Limited), a property developer in the assisted living and extra care for the elderly sector.

All trading and property assets of Trafalgar Property Group Plc are held in the name of Trafalgar Property Group Plc or its subsidiaries as follows:

Trafalgar New Homes Limited

Combe Bank Homes (Oakhurst) Limited

Combe Homes (Borough Green) Ltd

All bank and mortgage borrowings are the liability of Trafalgar New Homes Ltd, the wholly owned subsidiary of Trafalgar Property Group Plc. The shares of Trafalgar Property Group Plc are quoted on the London Stock Exchange AIM market.

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, are shown below. The consolidated loss for the year amounted to £424,903 (2017: Loss £298,397).

Operations review

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

	2018	2017
	£	£
Revenue for the year	906,484	30,000
Gross profit	33,838	18,070
Loss after taxation	(424,903)	(298,397)

Group turnover for the year amounted to £906,484, representing the sale of two residential properties.

After taking into account the overheads of the Group, there was a loss recorded for the year of £ 424,903.

There will be no tax charge and the Company now has tax losses being carried forward of £ 2,642,077 (2017: losses £ 2,223,878)

The loss per share is (0.10p) compared to the loss per share of (0.12p) recorded for the year ended 31 March 2017.

As can be seen from the above, the Group failed to achieve a profit for the year under review and, as at the year end, only two of the residential units developed during the year have been sold, being the penthouse apartment at the Burnside Tunbridge Wells, Kent development and one of the terraced houses at the Edenbridge, Kent development.

Whilst construction on three of the sites (at Burnside, Edenbridge and Hildenborough Kent) was well advanced at the end of March 2017, the contractor on those sites failed to complete the works outstanding under the JCT Contract and had to be replaced by an alternative contractor. The time taken for the work to be completed took longer than envisaged and additional works needed to be carried out to some of the houses to comply with the requirements of Building Regulations and Building Warranty providers, which further delayed the developments.

These delays in turn prevented the marketing of the properties until later this year resulting in only two of the completed units completing sales at the year end.

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 date of this report I am pleased to confirm that sites at Burnside (6 apartments), and Edenbridge (three terraced houses) are all now constructed with Building Regulations signed off and Build Warranties issued.

Indeed, sales have been achieved on all houses at Edenbridge, one of the flats at Burnside (following on from the penthouse pre the year end), and one of the detached houses at Hildenborough. There are purchasers interested in the remaining house at Hildenborough and the flats at Burnside, so we are confident that sales will be achieved during the current financial year.

In addition, the substantial detached house being developed at 'Saxons', Speldhurst, Tunbridge Wells is completed and ready to be marketed for sale. We are confident we will achieve a price in excess of that originally anticipated, due to the increase in the square footage by obtaining planning permission for an additional floor, increasing the square footage of the property to some 4,000 square feet. Marketing is due to commence in September.

Work is ongoing at our site in Sheerness Kent (terrace of six houses) and it is anticipated that build work will be complete and the properties marketed for sale by end of November this year. These 'first time buyer' two bedroom houses should attract purchasers able to take advantage of the Government's 'Help to Buy' initiative so we anticipate early sales being achieved.

We expect that the majority of those 16 units will be sold prior to 31st March, 2019 and therefore make a significant contribution to revenue for the current financial year.

Acquisitions & Future Developments

In previous years I have mentioned that the Group has focused on growth through not only residential developments on sites acquired but also through corporate acquisition.

I am very pleased to report that the Group has acquired a newly established Company engaged in the Extra Care/Assisted Living development market. This exciting acquisition was through a share for share exchange with the Group issuing 186,815,190 new Ordinary Shares to the two shareholder Directors of the Company and the Company has now become a wholly owned subsidiary of Trafalgar Property Group plc (formerly known as Trafalgar New Homes plc) and has changed its name to Trafalgar Retirement + Ltd (TR+) to augment and continue the 'Trafalgar' brand. Further details relating to this acquisition can be found in Note 18 to the accounts.

TR+ will focus on development of Assisted Living schemes in the South East of England, giving a change in strategic focus for the Group with a view to capitalising on the burgeoning demands for retirement properties, in particular in the Assisted Living sector.

Your Group is taking advantage of the fact that the 'Extra Care' and 'Very Sheltered/Assisted Living' sectors will grow significantly as the population of older people in the UK is expected to increase from 10.3m in 2010 to 28m by 2035. Proposed future developments 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.

TR+ is focusing on the M25 region, the affluent area of South West London, Kent and Surrey and is securing undeveloped land through Option Agreements.

TR+ will target the development of Extra Care/Assisted Living properties for elderly 70+ owner occupiers and the focus is on the South East of England which has been the lead in the trend for senior tenancy.

Development which can be implemented in both urban and suburban locations is on the 'Assisted Living/Extra Care' operating model, providing independently owned apartments and houses with long leasehold ownership (service charges to cover the cost of domiciliary services) and additional care services being provided through a 24/7 on site care operator.

TR+ has negotiated and entered into a number of Options Agreements to acquire land for development on a Planning C2 Use basis as Extra Care/Assisted Living schemes. The individual sites typically comprise schemes of units of 2/3 bedroom accommodation of between 50 and 80 in number. The operation is based in Esher, Surrey and the land, the subject of the Option Agreements already entered into, is located in Surbiton, Chessington and Woking, Surrey and Maidstone, Kent.

Further negotiations on the acquisitions of other sites by way of Option Agreements are in the process of being finalised.

A Memorandum of Understanding (MOU) has been entered into with a Paris based fund for the potential to provide 100% of the finance for the developments, on a Joint Venture basis, with the fund taking a 10% IRR from the developments and then a profit share of 40% of the first £2m profit and 25% of all profit over £2m thereafter, with the Group taking the remaining 60% and 75% of profit respectively.

The design, planning and construction process is all outsourced on a fixed price basis.

The acquisition of TR+ is regarded as transformational for the Group which will now concentrate on furthering its growth and profitability in the Extra Care/Assisted Living sector through the acquisition of Option Agreements on sites suitable for such developments and the purchase and development of those sites once planning permission is granted.

With the MOU with the fund in place for potential funding and with the interest being shown by other potential funders, your Group is set fair to achieve rapid growth in this exciting sector of the residential development market.

Outlook

The Group is confident that the development programme, referred to above, can deliver improved results for the Group.

Looking ahead and during the current year, the Group 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 in the future.

As has been mentioned before, the Board of Trafalgar Property Group, remains focused on growing the Group, both through site acquisition and development and corporate acquisitions, to enable value to be created for 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 providing 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 Lloyds and Coutts who lend to the Group at very competitive rates.

The Group have also used RateSetter and Interbay as funders who, have provided build finance on the Burnside, Edenbridge and Hildenborough sites.

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 Trafalgar New Homes Ltd, leaving my own loan to the Company outstanding and taking no interest on it for the year to 31st March 2018.

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 on page 3.

Christopher Johnson
Director
4th September, 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2018

	Year ended	Year ended
	31 March	31 March

	Note	2018 £	2017 £
Revenue		**906,484**	30,000
Cost of sales		**(880,846)**	(48,070)
Gross profit/(loss)		**25,638**	(18,070)
Administrative expenses		**(440,014)**	(270,263)
Operating (loss)		**(414,376)**	(288,333)
(Loss) before interest		**(414,376)**	(288,333)
Other interest receivable and similar income	2	**8,200**	801
Interest payable and similar charges	5	**(18,727)**	-
(Loss) before taxation		**(424,903)**	(287,532)
Tax payable on (loss) on ordinary activities	6	**-**	(10,865)
(Loss) after taxation for the year attributable to equity holders of the parent		**(424,903)**	(298,397)
Other comprehensive income attributable to equity holders of the parent		**-**	-
Total comprehensive (loss) for the year		**(424,903)**	(298,397)
(Loss) attributable to:			
Equity holders of the Parent		**(424,903)**	(298,397)
Total comprehensive (loss) for the year attributable to:			
Equity holders of the Parent		**(424,903)**	(298,397)
(LOSS) PER ORDINARY SHARE:			
Basic/diluted	7	**(0.10)p**	(0.12)p

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 March 2018

	Note	31 March 2018 £	31 March 2017 £
TOTAL ASSETS			
Non-current assets			
Property, plant and equipment	8	**2,079**	1,788
		2,079	1,788
Current assets			
Inventory	11	**7,792,611**	5,399,198
Trade and other receivables	9	**94,844**	96,985
Cash at bank and in hand	10	**458,209**	100,808
		8,345,664	5,596,991
Total assets		**8,347,743**	5,598,779
EQUITIES & LIABILITIES			
Current liabilities			
Trade and other payables	12	**394,255**	178,675
Borrowings	13	**3,108,510**	2,150,643
		3,502,765	2,329,318
Non-current liabilities			
Deferred tax	6	**291,045**	-
Borrowings	13	**4,867,818**	4,690,257
Total liabilities		**8,661,628**	7,019,575

Equity attributable to equity holders of the Company

Called up share capital	14	**2,570,567**	2,383,752
Share premium account	15	**2,510,462**	1,165,463
Reverse acquisition reserve		**(2,817,633)**	(2,817,633)
Profit & loss account		**(2,577,281)**	(2,152,378)
Total Equity		**(313,885)**	(1,420,796)
Total Equity & Liabilities		**8,347,743**	5,598,779

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2018

	Share capital	Share premium	Reverse acquisition reserve	Retained profits /(losses)	Total equity
	£	£	£	£	£
At 1 April 2016	2,383,752	1,165,463	(2,817,633)	(1,853,981)	(1,122,399)
Loss for the year	-	-	-	(298,397)	(298,397)
Total comprehensive (loss) for the year	-	-	-	(298,397)	(298,397)
Issue of shares	-	-	-	-	-
Share issue costs	-	-	-	-	-
At 31 March 2017	2,383,752	1,165,463	(2,817,633)	(2,152,378)	(1,420,796)
At 31 March 2017	2,383,752	1,165,463	(2,817,633)	(2,152,378)	(1,420,796)
(Loss) for year	-	-	-	(424,903)	(424,903)
Total comprehensive (loss) for the year	-	-	-	(424,903)	(424,903)
Issue of shares	186,815	1,344,999	-	-	1,531,814
Share issue costs	-	-	-	-	-
At 31 March 2018	2,570,567	2,510,462	(2,817,633)	(2,577,281)	(313,885)

The reverse acquisition reserve was created in accordance with IFRS3 'Business Combinations'. The reserve arises due to the elimination of the Company's investment in Trafalgar New Homes Ltd (formerly Combe Bank Homes Limited). Since the shareholders of Trafalgar New Homes Ltd became the majority shareholders of the enlarged group, the acquisition is accounted for as though there is a continuation of the legal subsidiary's financial statements. In reverse acquisition accounting, the business combination's costs are deemed to have been incurred by the legal subsidiary.

Retained profit/(losses) - Relate to the profits/ losses earned by the business that have not been distributed and have built up over the years of trading.

For the purpose of preparing the consolidated financial statement of the Group, share capital represents the nominal value of the issued share capital of 0.1p per share (2017: 1p per share). Share premium represents the excess over nominal value of the fair value consideration received for equity shares net of expenses.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2018

	Note	2018 £	2017 £
Cash flow from operating activities			
Operating (loss)		(424,903)	(287,532)
Depreciation		447	596
Increase in stocks		(517,488)	(3,123,652)

Decrease in debtors		3,371	339,619
Increase in creditors		160,546	5,026
Interest paid		18,727	-
Net cash outflow from operating activities		(759,300)	(3,065,943)
Investing activities			
Purchase of tangible fixed assets		-	-
Net cash used in investing activities		-	-
Taxation		-	10,635
Financing activities			
New loans in year		931,367	2,309,377
Director loan cash injected		204,061	568,333
Interest paid		(18,727)	-
Net cash inflow from financing	**18**	1,116,701	2,877,710
Increase/(Decrease) in cash and cash equivalents in the year		357,401	(177,598)
Cash and cash equivalents at the beginning of the year		100,808	278,406
Cash and cash equivalents at the end of the year		458,209	100,808

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 up 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.

1.) 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 or that the loans will be refinanced.

2.) Furthermore, Mr C Johnson confirms that if necessary he will continue to support the Group for its anticipated needs if he is able to do so and will not recall the balances owed to him, for at least twelve months from the date of signing.

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.

However given that a degree of uncertainty exists in the timing of future sales, and management's ability to refinance all loans due in the next twelve months, there exists a material uncertainty in relation to the going concern basis adopted in the preparation of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2018

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 2018.

Year ended 31 March 2018	**United Kingdom £**	**Total** £
Property development - sales	**906,484**	906,484
	906,484	906,484

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

2 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £	2017 £
Bank interest received	**-**	1
Rental income & ground rent	**8,200**	800
	8,200	801

3 LOSS FOR THE YEAR

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

	2018 £	2017 £
Depreciation of tangible fixed assets	**447**	596
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**	7,000

Amounts payable to Crowe U.K. 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:

	2018 £	2017 £
Directors' remuneration	**75,000**	50,000
Wages and salaries	**63,000**	38,000
Social security costs	**11,945**	5,336
Other pension costs	**18,830**	18,100
	168,774	111,436

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

	2018 Number	2017 Number
Directors and management	**6**	4

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

	2018 £	2017 £
Short-term employee benefits:		
- Emoluments for qualifying services C C Johnson	**-**	-
- Emoluments for qualifying services A Johnson	**65,574**	38,252
- Emoluments for qualifying services J Dubois	**15,943**	15,943
	81,517	54,195

There are retirement benefits accruing to Mr C C Johnson for whom a company contribution was paid during the year of £18,000 (2017: £18,000) and Mr A Johnson £ 600 (2017: £100).

Consultancy fees of £ 4,994 (2017: £4,994) were paid to Mr N Lott during the year.

5 INTEREST PAYABLE AND SIMILAR CHARGES

During the year the interest paid on borrowings relating to ongoing developments was capitalised as part of inventory £ 324,555 (2017: £296,126) with the interest on properties sold in the year forming part of cost of sales and transferred to profit & loss accordingly.

For sites where the construction had been completed, the interest paid of £ 18,727 (2017: nil) has been accounted for in the profit & loss within interest payable.

6 TAXATION

	2018 £	2017 £
Current tax	**-**	10,635
Tax charge	**-**	10,635

	2018 £	2017 £
(Loss)/profit on ordinary activities before tax	**(424,903)**	(287,532)

Based on (loss) for the year:

Tax at 19% (2017: 20%)	**(80,732)**	(57,506)
Unrelieved tax losses	**80,732**	57,506
Prior year tax adjustment	**-**	17,555
Tax refund - carry back losses to prior year	**-**	(6,920)
Tax charge for the year	**-**	10,635

A deferred tax liability of £291,045 has been recognised in the consolidated financial statements of the group to reflect timing differences on the future tax liability arising as a result of the uplift in the fair value of the options acquired as part of the Trafalgar Retirement + acquisition.

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 2018 the group had cumulative tax losses of £2,642,077 (2017: £2,223,878) that are available to offset against future taxable profits..

7 (LOSS) PER ORDINARY SHARE

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

	2018	2017
	£	£
(Loss) for the year	**(424,903)**	(298,397)
Weighted average number of shares for basic (loss) per share	**425,190,380**	238,735,200
Weighted average number of shares for diluted (loss) per share	**425,190,380**	238,735,200
(LOSS) PER ORDINARY SHARE:		
Basic	**(0.10)p**	(0.12)p
Diluted	**(0.10)p**	(0.12)p

8 PROPERTY, PLANT AND EQUIPMENT

Fixtures and fittings	**2018**	2017
	£	£
Cost		
At 1 April	**5,467**	5,467
Additions	**738**	-
At 31 March	**6,205**	5,467
Depreciation		
At 1 April	**3,679**	3,083
Charge for the year	**447**	596
At 31 March	**4,126**	3,679
Net book value at 31 March	**2,079**	1,788

9 TRADE AND OTHER RECEIVABLES

	2018	2017
	£	£
Other receivables	**66,192**	75,322
Other taxes	**24,327**	11,005
Prepayment	**4,325**	10,658
	94,844	96,985

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 2018 are in sterling and held at floating interest rates.

	2018	2017
	£	£
Cash and cash equivalents	**458,209**	100,808

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

11 INVENTORY

	2018	2017
	£	£
Work in progress	**7,792,611**	5,399,198

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

12 TRADE AND OTHER PAYABLES

	2018	2017
	£	£

	2018	2017
Trade payables	**82,145**	10,400
Accruals	**278,468**	151,722
PAYE, & other taxes	**6,288**	14,091
Other payables	**27,354**	2,462
	394,255	178,675

13 BORROWINGS

	2018 £	2017 £
Directors' loans	**3,167,818**	2,990,257
Other loans	**1,700,000**	1,700,000
Bank and other loans (less than 1 year)	**3,108,510**	2,150,643
	7,976,328	6,840,900

Included in Directors' loans is the sum of £ 300,000 (2017: £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 (2017: 12% per annum).

Included in Directors' loans is the sum of £ 697,161 (2017: £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 is due to C Johnson (see note 16).

Included in other loans is £ 1,100,000 (2017: £1,100,000) advanced by Mr. G Howard (son-in-law of Mr. C C Johnson) to the company at a rate of 10% per annum (2017: 10% pa). The remaining balance of £ 600,000 (£2017: £600,000) has been advanced by C Rowe, an employee of the group, at a rate of 10% per annum.

Lloyds Bank hold a legal charge over land at Wellesley Road together with charges over two term life policies on two of the Directors.

The bank borrowings are repayable as follows:

	2018 £	2017 £
On demand or within one year	**3,082,010**	2,150,643
In the second year	**-**	-
In the third to fifth years inclusive	**-**	-
After five years	**-**	-
	3,082,010	2,150,643
Less amount due for settlement within 12 months (included in current liabilities)	**3,082,010**	2,150,643
Amount due for settlement after 12 months	**-**	-

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

Bank loans: - 4.23% (2017: 4.39%)
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 (2017: £ Nil) was paid to Mr C C Johnson. The rate of interest on the loan is 5% pa (2017: 5% pa). Interest of £ 36,000 (2017: £36,000) was paid to Mr J Dubois at the rate of 12% pa (2017: 12% pa).

14 SHARE CAPITAL

Authorised Share Capital

	2018 Number	2017 Number
Ordinary shares in issue - 1April 2017	**238,375,200**	238,375,200
<u>Sub division</u>		
Ordinary shares of 0.1p	**238,375,200**	-
Deferred shares of 0.9p	**238,375,200**	-
Additional ordinary shares issued as part of acquisition	**186,815,180**	-
	425,190,380	238,375,200

On 16th March, 2018 all issued Ordinary shares of 1p each were sub divided into Ordinary shares of 0.1p each and deferred shares of 0.9p each.

Ordinary shares entitle the holder to receive notice of and to attend or vote at any general meeting of the Company or to receive dividends or other distributions.

Deferred shares do not entitle the holder to receive notice of and to attend or vote at any general meeting of the Company or to receive dividends or other distributions. Upon winding up or dissolution of the Company the holders of deferred shares shall be entitled to receive an amount equal to the nominal amount paid up thereon, but only after holders of Ordinary shares have received £ 100,000 per Ordinary Share. Holders of deferred shares are not entitled to any further rights of participation in the assets of the Company. The Company has the right to purchase the deferred shares in issue at any time for no consideration.

Issued, allotted and fully paid

	2018 £	2017 £
Balance brought forward	**2,383,752**	2,383,752
Issued in year - Ordinary shares as part of acquisition	**186,815**	-
	2,570,567	2,383,752

15 SHARE PREMIUM ACCOUNT

	2018 £	2017 £
Balance brought forward	**1,165,463**	1,165,463
Premium on issue of new shares	**1,344,999**	-
Share issue costs	**-**	-
Balance carried forward	**2,510,462**	1,165,463

16 RELATED PARTY TRANSACTIONS

Mr C C Johnson holds 43.94% (2017: 78.4%) of the total issued share capital of the Group.
Mr D C Stocks holds 18.89% (2017: nil) of the total issued share capital of the Group.

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

	2018 £	2017 £
C C Johnson		
Opening balances	**2,168,802**	2,121,924
Loan repayments	**-**	-
Personal drawings	**(48,145)**	(98,122)
Capital injected	**50,000**	145,000
Interest payable	**-**	-
Balance carried forward	**2,170,657**	2,168,802
J Dubois -	**£300,000**	£300,000
D Stocks -	**£26,500**	
P Treadaway (Director of Trafalgar Retirement + Ltd)	**£21,693**	

Mr Johnson's Loan bore interest during the year at 5% (2017: 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 (2017: 12% pa). Mr Stocks' loan bore no interest.

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 £ 697,161 (2017: £521,455), the details of which are disclosed in Note 13.

The amounts due to D Stocks and P Treadway are included in current liabilities and bear no interest.

17 SHARE OPTIONS AND WARRANTS

There are no share options or warrants.

18 CASHFLOW - FINANCING ACTIVITIES

There were no non-cash movements in liabilities arising from financing activities.

19 NEW ACQUISITION

On 19 March 2018, The Group announced the acquisition of Beaufort Homes Limited for a total consideration of £1,531,814. The Sale and Purchase Agreement was concluded with the vendor to acquire the entire issued share capital of Beaufort Homes Limited through the issue of 186,815,180 new ordinary shares of 0.1p each in Trafalgar Property Group Plc.

Related to the acquisition were costs of £48,665 which have all been recognised as part of administrative expenses in the income statement of Trafalgar Property Group Plc.

The fair value of assets and liabilities acquired together with the consideration provided can be summarized as follows:

Fair value of assets and liabilities acquired:

	£
Property, plant and equipment	738
Options (Stock)	1,850,364
Debtors	1,230
Stock	25,561
Cash and bank balances	0
Trade and other payables	(55,034)
Deferred Tax liability	(291,045)
Net assets acquired	1,531,814
Consideration/Purchase Price	1,531,814
Goodwill arising on acquisition	0

In accordance with IFRS 3, a review of the fair value of the assets and liabilities acquired was carried out.

On 19 March 2018 Beaufort Homes Limited changed its name to Trafalgar Retirement + Limited.

Beaufort, established in October 2016, has signed a number of option agreements for the acquisition of sites in South East England, which subject to securing planning permissions, will be developed into extra care and assisted living schemes. The current UK ageing population will lead to a growing demand for specialised housing for the elderly and an increasingly favourable planning environment for such properties will present a number of exciting development opportunities for the Group. Currently the supply of specialised housing for the elderly is limited and predominantly arranged on a rental model.

The Group, through this acquisition, intends to develop units for purchase by owners who would receive extra care within their own homes.

The summary financial reporting for Trafalgar Retirement + Limited (formerly Beaufort Homes Limited) under the Trafalgar Group has not been included as the entity has not traded since the date of acquisition, as the group year end was 10 days after the date of acquisition.

Statement of Financial Position	**31 December 2017**
	£
Total Assets	1,877,893
Total Liabilities	(346,079)
Net Assets	**1,531,814**
Share Capital	100
Total Reserves	1,531,714
Net Equity	**1,531,814**

If Trafalgar Retirement + Limited had been a member of the Group for the entire period then the loss included within the Group results would have increased by £ 18,400 loss.

20 CATEGORIES OF FINANCIAL INSTRUMENTS

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

	Loans and receivables		**Financial liabilities measured at amortised cost**	
	2018	2017	**2018**	2017
	£	£	**£**	£
Financial assets				
Cash and cash equivalents	**458,209**	100,808	**-**	-
Other receivables	**66,192**	86,327	**-**	-
Financial liabilities				
Trade payables	**-**	-	**387,967**	178,675
Borrowings - Directors' loans	**-**	-	**3,194,318**	2,990,257
Borrowings - Bank loan	**-**	-	**3,082,010**	2,150,643
Borrowings - Other loans	**-**	-	**1,700,000**	1,700,000
Total	**524,401**	187,135	**8,364,295**	7,019,575

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 forrecognition, 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 20 to 24 to these financial statements.

Foreign currency risk

The Group has minimal exposure to the differing types of foreign currency risk. It has no foreign currencydenominated 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 Lloyds Bank, Rate Setter and Interbay where interest is charged on a variable rate basis.

The impact of a 100 basis point increase in interest rates on these loans would result in additional interest cost for the year of £37,792 (2017: £26,721).

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.
The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of reporting period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the statement of financial position.
The Group's credit risk is reduced to an extent due to the nature of property transactions in the UK, whereby the developer is not exposed to the credit risk of buyers as the completion of a property sale is reliant on the consideration being transferred.
The only financial assets exposed to credit risk are other debtors in the group balance sheet which mostly relate to deposits held on properties sold in the past. The credit risk attached to these is thought to be minimal.

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 isappropriate 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 if necessary he will continue to support the Group for its anticipated needs for
at least 12 months from the date of signing the accounts 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.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay.

Financial liabilities

	Carrying amount £	Within 1 year or on demand £	Over 1 Year but less than 5 years £
Trade payables	387,967	387,967	
Borrowings - Directors' loans	3,194,318		3,194,318
Borrowings - Bank loan	3,082,010	3,082,010	
Borrowings - Other loans	1,700,000		1,700,000
Total	**8,364,295**	**3,469,977**	**4,894,318**

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.

Enquiries:

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