TRAFALGAR NEW HOMES PLC

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2014

Company Registration No. 04340125

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DIRECTORS	C C Johnson J Dubois A Johnson N Lott
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REGISTERED NUMBER:	04340125
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TRAFALGAR NEW HOMES PLC

CHAIRMAN'S STATEMENT

The attached Report and Accounts for the Group for the year ended 31 March 2014 are very disappointing.

Business Environment

Trafalgar New Homes continues to specialise in small developments in Kent, Surrey, Sussex and the M25 ring south of London. The Board believes that this strategy positions the Group in a niche market place, between local builders and developers and larger house building companies in the high demand area of the South East.

As a Board, we are optimistic about the future prospects of the residential property market as activity has started to increase which we believe will benefit the Group over the coming year. Various campaigns by the Government, as well as an overall improvement in the residential property market are encouraging.

However, we have experienced significant delays and cost over-runs during this past year which has resulted in a loss for the year. Full details are in the Operations Review in the Directors' Report.

Financials

The period under review saw Group turnover at £3,368,500 (2013: £2,205,786), with a loss before tax of £305,049 (2013: Profit £617,976). This loss is after providing for the AIM listing costs of £250,653. The underlying loss for the year was £205,843 (2013: Profit £559,732).

Land has been acquired to enable our development programme to continue profitably for 2015 and 2016.

Outlook

We have worked hard to put Trafalgar New Homes in a strong position as we aim to take advantage of an improvement in the sector.

Following our move from ISDX to AIM on 16 July 2013 we have raised a further £200,000 with a new share issue in June 2014.

I would like to take this opportunity to thank the staff and Board on their achievements, which have now laid the foundation for substantial future growth of Trafalgar New Homes. We have established a strong team, which is essential for our continued growth and I look forward to working together over the next year.

James Dubois
Chairman
27th August 2014

TRAFALGAR NEW HOMES PLC

STRATEGIC REPORT

Business review, results and dividends

The Consolidated Results of the year's trading, presented on the basis of accounting, are shown on page 12 of the Financial Statements. The Consolidated loss for the year amounted to £305,049 (2013: Profit £530,558).

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 might fail to adhere to good corporate governance policies.
6. The Group's reliance on key members of staff.

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

1. The Group affords its bankers and other lenders a strong level of asset and income cover and maintains good relationships with a range of funding sources from which it is able to secure finance on favourable terms.

2. Construction costs are outsourced on a fixed price contract basis, thereby passing on to the contractor all risk of development cost overspend, including from increased material, labour or other costs.

3. Most other professional services are also outsourced, thus providing a known fixed cost before any project is taken forward and avoiding the risk that can arise in employing in-house professionals of a high unproductive overhead at times when activity is slack.

4. Land buying decisions are taken at board level, after careful research by the Directors personally, who have substantial experience of the house building industry, potential construction issues and the local market.

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

5. The Group has a rigorous corporate governance policy appropriate for a publicly quoted company now listed on AIM.

6. 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

The year under review can only be described as disappointing, that sentiment being reflected in the financial results for the year which showed a consolidated loss after tax of £305,049 on revenue of £3,368,500 (compared to a 2013 profit of £530,558 on revenue of £2,205,786).

During the year the Company anticipated completing the construction and sale of its flagship site at Oakhurst Park Gardens, Hildenborough, Kent comprising 12 houses and anticipating a turnover of not less than circa £6,500,000 from this site and a substantial profit.

In the event, the Company sold only four of the houses as at the year end which contributed only circa £186,000 towards the profits for the year. The reason for the failure to sell all the units and take in the profit, as anticipated on the entire site, included:-

a. Serious delays in the construction programme
b. The liquidation of the contractor undertaking the work resulting in the Company having to employ third party contractors/sub-contractors and trades to finish the works. This incurred substantial additional cost over that which was agreed to be paid to the contractor under the Fixed Price JCT Contract it had entered into with the Company.
c. Planning delays, reference to which was made in the Interim Trading update of the 1st April 2014.

As a result of the above, the Company incurred an increase in the cost of financing the site due to having to re-finance because of the delays beyond the date of the expiry of the funding arrangement that was in place. This re-financing was successfully concluded but the increased cost reduced the potential profitability of the site yet further.

Despite the contribution to profit made by the sale of the remaining units on the Edenbridge site (which was the basis of the small profit generated at the interim stage, as already reported on), the fact that only four of the houses at Oakhurst Park Gardens sold by the year end, resulted in the Company only being able to declare a small profit overall from its development activities.

In addition, it was necessary during the year to write-off the costs of £250,653 of moving the Company from the ISDX Growth Market, formerly PLUS) to AIM which was successfully concluded on the 16th July 2013.

As a result of the above, the Company has recorded a loss for the year of £ 305,049.

Our move to AIM was with a view to, inter alia, increasing the profile of the Company and utilising the Company's shares as a further source of capital funding in the future. Indeed, in the current year, your Company announced the issue of 10m new ordinary shares of 1p each at a price of 2p per share and the shares issued were admitted to trading on AIM in July 2014.

Looking forward, we are pleased to report that our sales of the houses on the Oakhurst Park Gardens site continues with five more of the units sold and a further two under offer. All homes are now fully complete and landscaping and access road works mostly concluded. The attractive nature of the development, especially the garden spaces created for each home, continues to attract positive comment from prospective purchasers. We are confident that all the remaining houses will sell in the current year, contributing to profit for the year ended 31st March 2015, despite the fact that some potential buyers have been unable to proceed due to the recent reduction in mortgage availability.

During the current year we acquired a small site with planning permission in Borough Green, near Sevenoaks, Kent which will be undertaken and should contribute to profit in the current year, along with our site at Ticehurst, East Sussex, where construction is now under way. Also during the current year we will be commencing development of the sites, with planning permission, that we own in Sheerness, Kent and Tunbridge Wells, Kent. At Tunbridge Wells, we are awaiting receipt of a planning permission for a four house scheme (to replace the six apartment scheme for which we have planning consent) as the four house scheme will generate a higher profit with less cost and risk. We are advised by our planning consultants that the granting of this alternative consent should be a formality and, therefore, we anticipate commencing construction on this site during the current year.

Our flagship site going forward will be the land at Staplehurst, Kent. Our revised planning application on the first phase for permission for a 23 house development on approximately half of the site we have under Option, is with Maidstone Borough Council. An early positive outcome is expected. Thereafter, we will be applying for consent for a further 30 houses on the remainder of the site. We have worked closely with the planners on this. The development of this site will contribute substantially to the Group's profitability for the years ended March 2016 and March 2017.

We continue to investigate other opportunities and have no shortage of sites being offered to us. We have detected, though, that land costs are rising again and we are not prepared to bid for sites which do not show a realistic return on capital employed.

Our area of operation remains Kent, East Sussex, Surrey and the outer London M25 ring and we continue to believe that our selective and careful land acquisition policy will continue to bear fruit. Indeed, our approach to land buying and development has been vindicated in the Oakhurst Park Gardens development. Despite the many unforeseen and costly problems we have encountered on this site, we still anticipate making an overall profit on the development which will show an acceptable return on capital employed. We continue to operate the business on a low overhead cost basis, despite the rising costs largely related to being on the AIM Market. We are unable to pay a dividend this year but the Company remains committed to the declaration and payment of a dividend at the earliest opportunity. The losses carried forward from previous years will continue to be available to mitigate future tax charges.

Finally, our bankers continue their financial support of the Company and its activities and with the Directors' Loans and other loans from private investors available to the Company, we have sufficient funds available to continue the expansion of the business and the generation of profitability for the Company.

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 risk. This risk is explained in the section headed Principal Risks and Uncertainties on page 3.

Christopher Johnson
Director

27th August 2014

TRAFALGAR NEW HOMES PLC

DIRECTORS' REPORT

The Directors present their Report and Audited Financial Statements for the year ended 31 March 2014.

Principal activities

The principal activity of the Company is that of a Holding Company.

The principal activity of the principal subsidiary undertakings, Combe Bank Homes Limited and Combe Bank Homes (Oakhurst) Limited, continued to be that of home building and property development.

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 (2013: nil).

Directors

The following Directors have held office since 1 April 2014:-
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 2014, 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 2014 were as follows:-

	31.03.2014	31.03.2013
	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

Shareholdings of other directors

On admission to AIM in July 2013, the non-executive Directors subscribed for new shares at the placing price of 2p per share:-

J Dubois	1,500,000
N Lott	500,000

Other substantial shareholdings

As at 22nd August 2014, 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 %
Mr C.C. Johnson	186,815,803	81.80

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.

Financial Instruments

Information relating to the financial instruments is now included in the Strategic report on page 5.

Provision of information to auditors

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

- so far as that Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information need by the Group's auditors in connection with preparing their report and to establish that the Group's auditors are aware of the information.

Auditor

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

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

Christopher Johnson
Director

27th August 2014

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 31st March 2014 which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Group Statement of Changes in Equity, the Group Statement of Cash Flows, the Parent Company Balance Sheet, the Parent Company Statement of Cash Flows, the related notes numbered 1 to 17 for the Group and the related notes numbered 1 to 12 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 (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

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

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group’s affairs and parent company’s affairs as at 31st March 2014 and of the group’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 the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Leo Malkin
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

27 August 2014

Trafalgar New Homes Plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2014

	Note	**Year ended 31 March 2014 £**	Year ended 31 March 2013 £
Revenue		**3,368,500**	2,205,786
Cost of sales		**3,075,034**	1,583,216
Gross profit		**293,466**	622,570
Administrative expenses		**248,656**	261,469
Gain on disposal of Group Company		**-**	198,631
Underlying operating profit*		**44,810**	559,732
AIM transaction costs		**250,653**	-
Operating (loss)/profit		**(205,843)**	559,732
(Loss)/profit before interest		**(205,843)**	559,732
Other interest receivable and similar income	2	**794**	58,244
Interest payable and similar charges	5	**100,000**	-
(Loss)/profit before taxation		**(305,049)**	617,976
Tax payable on (loss)/profit on ordinary activities	6	**-**	87,418
(Loss)/profit after taxation for the year attributable to equity holders of the parent		**(305,049)**	530,558
Other comprehensive income attributable to equity holders of the parent		**-**	-
Total comprehensive income for the year		**(305,049)**	530,558
(Loss)/profit attributable to:			
Equity holders of the Parent		**(305,049)**	530,558
Total comprehensive (loss)/income for the year attributable to:			
Equity holders of the Parent		**(305,049)**	530,558
(LOSS)/PROFIT PER ORDINARY SHARE; Basic/diluted	7	**(0.14p)**	0.25p

*Operating profit before AIM transaction costs.

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

The notes on pages 16 to 29 are an integral part of these consolidated financial statements.

Trafalgar New Homes Plc
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2014

	Note	**31 March 2014 £**	31 March 2013 £
Non-current assets			
Property, plant and equipment	8	**863**	1,150
		863	1,150
Current assets			
Inventory	11	**5,070,454**	6,261,384
Trade and other receivables	9	**2,425,257**	1,322,092
Cash at bank and in hand	10	**1,216,471**	393,922
		8,712,182	7,977,398
Total assets		**8,713,045**	7,978,548
Liabilities: amounts falling due within one year			
Trade and other payables	12	**(741,090)**	(452,579)
Borrowings	13	**(574,503)**	(3,380,034)
Net current assets		**7,396,589**	4,144,785
Non-current liabilities			
Borrowings	13	**(8,295,572)**	(4,993,391)
Net liabilities		**(898,120)**	(847,456)
Capital and reserves			
Called up share capital	14	**2,283,752**	2,143,752
Share premium account	15	**1,075,513**	961,128
Reverse acquisition reserve		**(2,817,633)**	(2,817,633)
Profit & loss account		**(1,439,752)**	(1,134,703)
Equity – attributable to the owners of the Parent		**(898,120)**	(847,456)

These financial statements were approved by the Board of Directors and authorised for issue on 27th August 2014 and are signed on its behalf by:

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

Trafalgar New Homes Plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2014

	Share capital	Share premium	Reverse acquisition reserve	Retained profits /(losses)	Total equity
	£	£	£	£	£
At 1 April 2012	2,143,752	961,128	(2,817,633)	(1,665,261)	(1,378,014)
Profit for the year	-	-	-	530,558	530,558
Total comprehensive income for the year	-	-	-	530,558	530,558
At 31 March 2013	2,143,752	961,128	(2,817,633)	(1,134,703)	(847,456)
At 31 March 2013	2,143,752	961,128	(2,817,633)	(1,134,703)	(847,456)
Loss for year	-	-	-	(305,049)	(305,049)
Total comprehensive income for the year	-	-	-	(305,049)	(305,049)
Issue of shares	140,000	140,000	-	-	280,000
Share issue costs	-	(25,615)	-	-	(25,615)
At 31 March 2014	2,283,752	1,075,513	(2,817,633)	(1,439,752)	(898,120)

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.

Trafalgar New Homes Plc
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2014

	Note	**2014**	2013
		£	£
Cash flow from operating activities			
Operating (loss)/profit		**(205,843)**	559,732
Depreciation		**287**	383
Decrease in stocks		**1,190,930**	296,282
Increase in debtors		**(1,103,394)**	(1,013,418)
Increase in creditors		**378,238**	199,258
Interest received		**794**	58,244
Gain on disposal of group company		**-**	(198,631)
Net cash (outflow) / inflow from operating activities		**261,012**	(98,150)
Investing activities			
Purchase of tangible fixed assets		**-**	-
Net cash used in investing activities		**-**	-
Taxation		**(89,483)**	(3,402)
Financing activities			
New loans / (loan repayments) in year (net)		**900,631**	485,575
Issue of shares (net of direct costs)		**254,370**	-
Director loan repayments		**(403,981)**	(543,521)
Interest paid		**100,000**	-
Net cash inflow/(outflow) from financing		**651,020**	(57,946)
Increase/(decrease) in cash and cash equivalents in the year		**822,549**	(159,498)
Cash and cash equivalents at the beginning of the year		**393,922**	553,420
Cash and cash equivalents at the end of the year		**1,216,471**	393,922

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 2014 and are presented in pounds sterling ("GBP"). The comparative year is for the year to 31 March 2013.

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

GOING CONCERN

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

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

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

REVENUE RECOGNITION

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

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

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

STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements the following Standards and Interpretations, some of which have not been endorsed by the EU, which have not been applied in these financial statements but were in issue but not yet effective:

IFRIC 21 Levies
IAS 36 Amendments Recoverable Amount Disclosures for non–Financial Assets
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
IFRS 9 – Financial Instruments (not yet EU adopted)
IAS 19 Amendment – Defined Benefit Plans: Employee Contributions (not yet EU adopted)
IAS 16 and IAS 41 Amendments: Agriculture: Bearer Plants (not yet EU adopted)
IFRS 14 Regulatory Deferral Accounts (not yet EU adopted)
IAS 16 and IAS 38 Amendments: Clarification of Acceptable Methods of Depreciation and Amortisation (not yet EU adopted)
IFRS 11 Amendments: Accounting for Acquisitions of interests in Joint Operations (not yet EU adopted)
IFRS 15 Revenue from Contracts with Customers (not yet EU adopted)

The Directors do not anticipate that the adoption of these Standards and Interpretations in future years will have a material impact on the financial statements of the Group when the relevant standards and interpretations come into effect.

BASIS OF CONSOLIDATION

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

On 11 November 2011, Trafalgar New Homes plc became the legal holding company of Combe Bank Homes Limited and its subsidiaries via a share for share exchange.

This transaction is deemed outside the scope of IFRS 3 (Revised 2008) and not considered a business combination because the Directors have made a judgement that prior to the transaction, Trafalgar New Homes plc was not a business under the definition of IFRS 3 Appendix A and the application guidance in IFRS 3.B7- B12 due to Trafalgar New Homes plc being a shell company that had no processes or capability for outputs (IFRS 3.B7).

On this basis, the Directors have developed an accounting policy for this transaction, applying the principles set out in IAS 8.10-12, in that the policy adopted is:

• relevant to the users of the financial information;
• more representative of the financial position, performance and cash flows of the Group;
• reflects the economic substance of the transaction, not merely the legal form; and
• free from bias, prudent and complete in all material aspects.

The accounting policy adopted by the Directors applies the principles of IFRS 3 in identifying the accounting acquirer and the presentation of the consolidated financial statements of the legal parent (Trafalgar New Homes plc) as a continuation of the accounting acquirer's financial statements (Combe Bank Homes Limited). This policy reflects the commercial substance of this transaction as follows:

• the original shareholders of the subsidiary undertakings are the most significant shareholders post initial public offering, owning 90 per cent. of the issued share capital; and
• the cash consideration paid as part of the initial public offering returned equity to the original shareholders of the legal subsidiary undertaking and as a consequence diluted their shareholding to 10 per cent.

Accordingly, the following accounting treatment and terminology has been applied in respect of the reverse acquisition:

• the asset and liabilities of the legal subsidiary Combe Bank Homes Limited are recognised and measured in the Group financial statements at the pre-combination carrying amounts, without reinstatement to fair value;

• the retained earnings and other equity balances recognised in the Group financial statements reflect the retained earnings and other equity balances of Combe Bank Homes Limited immediately before the business combination, and the results of the year from 1 December 2010 to the date of the business combination are those of Combe Bank Homes Limited. However, the equity structure appearing in the Group financial statements reflects the equity structure of the legal parent, including the equity instruments issued under the share for share exchange to effect the business combination;

• the cost of the combination has been determined from the perspective of Combe Bank Homes Limited. The fair value of the shares in Combe Bank Homes Limited has been determined from the admission price of the Trafalgar New Homes plc shares on re-admission to trading on ISDFX (formerly PLUS) for 1 pence per share. The value of the consideration shares was £1,868,177. The fair value of the notional number of equity instruments that the legal subsidiary would have had to have issued to the legal parent to give the owners of the legal parent the same percentage ownership in the combined entity is 10 per cent of the market value of the shares after issues, being £207,575. The difference between the notional consideration paid by Trafalgar New Homes plc for Combe Bank Homes Limited and the Trafalgar New Homes plc net liabilities acquired of £54,000 has been charged to the Consolidated Statement of Comprehensive Income as a deemed cost of listing amounting to £261,575 with a corresponding entry to the reverse acquisition reserve.

Trafalgar New Homes plc had no significant assets nor significant other liabilities or contingent liabilities of its own at the time that the share for share exchange took effect.

Transaction costs of equity transactions relating to the issue and re-admission of the Company's shares are accounted for as a deduction from equity where they relate to the issue of new shares and listing costs are charged to the Group Income Statement as an exceptional item within administrative expenses.

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 bring the inventories to their present location and condition. Interest of sums borrowed that finance specific projects is added to cost. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

TANGIBLE FIXED ASSETS AND DEPRECIATION

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

Fixtures, fittings and equipment - 25% on reducing balance

TRADE AND OTHER RECEIVABLES

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

FINANCIAL LIABILITIES AND EQUITY

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

TRADE PAYABLES

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

BORROWING COSTS

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

EQUITY INSTRUMENTS

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

CURRENT TAXATION

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

DEFERRED TAXATION

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

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

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

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

SHARE CAPITAL

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

PROVISIONS

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

COMMITMENTS AND CONTINGENCIES

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

SUBSEQUENT EVENTS

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

CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

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

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

VALUATION OF INVENTORY

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

1 SEGMENTAL REPORTING

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

The principal activity of the Group was property development.

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 2014.

Year ended 31 March 2014	**United Kingdom £**	**Total** £
Property development – sales	**3,368,500**	3,368,500
	3,368,500	3,368,500

Year ended 31 March 2013	**United Kingdom £**	**Total** £
Property development – sales	**2,205,786**	2,205,786
	2,205,786	2,205,786

2 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £	2013 £
Bank interest received	**189**	253
Rental income & ground rent	**605**	57,991
Gain on disposal of Group Company	**-**	198,631
	794	256,875

3 LOSS FOR THE YEAR

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

	2014	2013
	£	£
AIM Transaction costs	**250,653**	-
Depreciation of tangible fixed assets	**287**	383
Loan interest to Director	**100,000**	-
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	**4,250**	4,000
Non-audit services associated with AIM Listing	**40,000**	383

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:

	2014	2013
	£	£
Directors remuneration	**30,000**	25,000
Wages and salaries	**71,000**	61,000
Social security costs	**11,489**	7,736
Other pension costs	**18,000**	18,000
	130,489	111,736

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

	2014	2013
	Number	Number
Directors and management	**3**	4

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

	2014	2013
	£	£
Short-term employee benefits:		
- Emoluments for qualifying services C C Johnson	**-**	-
- Emoluments for qualifying services A Johnson	**-**	10,000
- Emoluments for qualifying services J Dubois	**30,000**	15,000
	30,000	25,000

There are retirement benefits accruing to Mr C C Johnson for whom a company contribution was paid during the year of £18,000 (2013: £18,000).

Consultancy fees of £10,000 (2013: £10,000) were paid to Mr N Lott during the year.

5 INTEREST PAYABLE AND SIMILAR CHARGES

During the year all interest paid on borrowings is normally capitalised with the exception of:-

	2014	2013
	£	£
Director's loan interest paid	**100,000**	-
	100,000	-

6 TAXATION

	2014	2013
	£	£
Current tax	**-**	87,418
Tax charge	**-**	87,418

	2014	2013
	£	£
(Loss)/profit on ordinary activities before tax	**(305,049)**	617,976
Based on (loss)/profit for the year:		
Tax at 23% (2013: 24%)	**(70,161)**	148,314
Effect of:		
Losses utilised	**-**	(64,509)
Disallowable items	**43,784**	3,636
Capital allowances claimed	**-**	(23)
Losses c/f	**26,377**	-
Tax charge for the year	**-**	87,418

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

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:

	2014	2013
	£	£
(Loss)/profit for the year	**(305,049)**	530,558
Weighted average number of shares for basic (loss)/profit per share	**224,347,803**	214,375,200
Weighted average number of shares for diluted (loss)/profit per share	**224,347,803**	214,375,200
(LOSS)/PROFIT PER ORDINARY SHARE:		
Basic	**(0.14p)**	0.25p
Diluted	**(0.14p)**	0.25p

8 PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £
Cost	
At 1 April 2013	2,936
At 31 March 2014	**2,936**
Depreciation	
At 1 April 2013	1,786
Charge for the year	287
At 31 March 2014	**2,073**
Net book value at 31 March 2014	863
Net book value at 31 March 2013	1,150

9 TRADE AND OTHER RECEIVABLES

	2014 £	2013 £
Trade debtors	**-**	1,140,000
Other receivables	**2,395,257**	103,442
Other taxes	**25,451**	76,149
Prepayment	**4,548**	2,501
	2,425,257	1,322,092

There are no receivables that are past due but not impaired at the year end, and receivables relate only to customers with no recent history of default. 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 2014 are in sterling and held at floating interest rates.

	2014 £	2013 £
Cash and cash equivalents	**1,216,471**	393,922

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

11 INVENTORY

	2014 £	2013 £
Work in progress	**5,070,454**	6,261,384

12 TRADE AND OTHER PAYABLES

	2014 £	2013 £
Trade creditors	**60,766**	169,510
Accruals	**54,848**	140,693
Tax	**5,478**	89,483
Other creditors	**619,998**	52,893
	741,090	452,579

13 BORROWINGS

	2014 £	2013 £
Director's loans	**3,631,410**	4,035,391
Other loans	**755,000**	565,000
Bank and other loans	**4,483,665**	3,773,034
	8,870,075	8,373,425

Included in other loans, all bearing interest at 10% - 12% per annum, is the sum of £300,000 (2013: £300,000) advanced by the DFM Pension Scheme of which Mr J Dubois is the principal beneficiary.

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

The bank borrowings are repayable as follows:

	2014 £	2013 £
On demand or within one year	**574,503**	3,380,034
In the second year	**3,909,162**	393,000
In the third to fifth years inclusive	**-**	-
After five years	**4,483,665**	3,773,034
Less amount due for settlement within 12 months (included in current liabilities)	**(574,503)**	(3,380,034)
Amount due for settlement after 12 months	**3,909,162**	393,000

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

Bank Loans – 8.41% (2013: 5.1%)

All of the Director's loan is repayable after more than 1 year. Interest of £ 100,000 was paid at the rate of 5% pa as from 1 April 2013 (2013: nil).

14 SHARE CAPITAL

Authorised Share Capital

	2014 Number	2013 Number
Ordinary shares of 1p each - @ 1April 2013	**214,375,200**	214,375,200
Additional shares issued for cash in year	**14,000,000**	-
	228,375,200	214,375,200

Issued, allotted and fully paid

	2014 £	2013 £
Ordinary shares of 1p each	**2,283,752**	2,143,752

On 16 July 2013 Trafalgar New Homes plc issued 14,000,000 ordinary shares for cash at £0.02 per share.

15 SHARE PREMIUM ACCOUNT

	2014 £	2013 £
Balance brought forward	**961,128**	961,128
Premium on issue of new shares	**140,000**	-
Share issue costs	**(25,615)**	-
Balance carried forward	**1,075,513**	961,128

16 RELATED PARTY TRANSACTIONS

Mr C C Johnson holds 81.8% (2013: 87.15%) of the total issued share capital of the Group.

In the prior year, the Directors agreed to sell a small number of completed properties to Mr C C Johnson and his Pension Fund for an aggregate consideration of £760,000. There have been no such similar arrangements in the current year.

In the previous year, four properties were also sold to an independent third party to whom Mr J Dubois provided an indirect loan of nil (2013: £275,000) in connection with these purchases, for an aggregate consideration of £nil (2013: £972,000).

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

	2014	**2013**
C C Johnson	**£3,631,410**	£4,035,391
J Dubois	**£300,000**	£300,000

Mr Johnson's Loan was interest-free except that £2,000,000 bore interest at 5% pa from 1st April 2013. Mr Dubois's Loan, which is from his Pension Fund of which he is the sole beneficiary, was at 12% pa interest (2013: 15% pa).

Mrs L C Howard (daughter of Mr C C Johnson) has provided a loan to the company at a rate of 10% per annum of £90,000 (2013: £ 100,000).

17 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, cash and cash equivalents and receivables held at amortised cost		Borrowings and trade payables held at amortised cost	
	2014	2013	**2014**	2013
	£	£	**£**	£
Financial assets				
Cash and cash equivalents	**1,216,471**	393,922	**-**	-
Financial liabilities				
Borrowings – Directors' loans	**-**	-	**3,631,410**	4,035,391
Borrowings – Bank loan	**-**	-	**4,483,665**	3,773,034
Borrowings – Other loans	**-**	-	**755,000**	565,000
Total	**1,216,471**	393,922	**8,870,075**	8,373,425

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 from 1 April 2013. Mr Dubois' loan from his Pension Fund attracts interest at 12% pa.

The impact of a 100 basis point increase in interest rates would result in additional interest cost for the year of £41,283 (2013: £43,969).

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
Company Registration Number: 05332938
31 March 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Investments	3	**2,323,524**	2,323,524
		2,323,524	2,323,524
Current assets			
Debtors	4	**119,507**	9,915
Stocks	5	**132,599**	-
Cash at bank and in hand		**14,773**	3,797
		266,879	13,712
Creditors: amounts falling due within one year	6	**120,835**	23,214
Net current assets / (liabilities)		**146,044**	(9,502)
Creditors: amounts falling due after more than one year	7	**314,670**	181,771
Net assets		**2,154,898**	2,132,251
Capital and reserves			
Called up share capital	8	**2,283,752**	2,143,752
Share premium account	9	**1,075,513**	961,128
Profit and loss account	10	**(1,204,367)**	(972,629)
Equity – attributable to the owners of the Parent	11	**2,154,898**	2,132,251

The financial statements were approved by the Board of Directors on 27th August 2014 and authorised for issue and are signed on its behalf by:

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

Trafalgar New Homes Plc
COMPANY STATEMENT OF CASH FLOWS
Year ended 31 March 2014

	Notes		**2014**		2013
		£	**£**	£	£
Net cash outflow from operating activities	1		**(361,533)**		(63,735)
Capital expenditure and financial investment	2		**-**		-
			(361,533)		(63,735)
Return on Investment and Servicing of finance			**(117)**		-
Financing	2		**372,626**		46,287
(Decrease) / increase in cash in the year			**10,976**		(17,448)

Reconciliation of net cash flow to movement in net debt	3				
(Decrease) / increase in cash in the year		**10,976**		(17,448)	
Cash outflow / (inflow) from decrease / (increase) in debt		**14,643**		27,660	
Change in net debt resulting from cash flows			**25,619**		10,212
Movement in net debt in the year			**25,619**		10,212
Net debt at 1 April			**(10,846)**		(21,058)
Net debt at 31 March			**14,773**		(10,846)

1. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	31.3.14	31.3.13
	£	£
Operating loss	(231,606)	(74,919)
Increase in stocks	(132,599)	-
Decrease in debtors	(109,592)	2,613
Increase/(decrease) in creditors	112,264	8,571
Net cash outflow from operating activities	(361,533)	(63,735)

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.3.14	31.3.13
	£	£
Capital expenditure and financial investment		
Purchase of fixed asset investments	-	-
Sale of tangible fixed assets	-	-
Net cash outflow for capital expenditure and financial investment	-	-
Financing		
Loan repayments in year	(14,643)	(27,600)
Loans from Group undertakings in year	132,899	73,947
Share issues	254,370	-
Net cash inflow from financing	372,626	46,287

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.13	Cash flow	At 31.3.14
	£	£	£
Net cash:			
Cash at bank	3,797	10,976	14,773
	3,797	10,976	14,773
Debts:			
Falling due within one year	(14,643)	14,643	-
Falling due after one year	-	-	-
	(14,643)	14,643	-
Total	(10,846)	25,619	14,773

BASIS OF ACCOUNTING

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

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.

INVESTMENTS

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

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.

STOCK

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

1 LOSS FOR THE FINANCIAL YEAR

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 year was £231,738 (2013: Loss £74,919).

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 (2013: £10,000).

2 EMPLOYEES AND DIRECTORS' REMUNERATION

	2014	2013
	£	£
Directors fees	**30,000**	15,000
Wages and salaries	**-**	-
Social security costs	**3,078**	1,037
Management fees	**10,000**	10,000
Other pension costs	**-**	-
	43,078	26,037

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

	2014	2013
	Number	Number
Directors and management	**2**	2

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

£10,000 (2013: £10,000) was paid to Mr Norman Lott for his professional services.

3 INVESTMENTS

	Subsidiary undertakings £
At 1 April 2013	2,323,524
At 31 March 2014	**2,323,524**

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

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

4 DEBTORS

	2014 £	2013 £
Amounts owed by group undertakings	**115,200**	-
Other debtors	**1,141**	3,134
Other taxes and social security	**3,166**	6,781
	119,507	**9,915**

5 STOCKS

	2014 £	2013 £
Land	**132,599**	-
	132,509	**-**

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Bank loan	**-**	14,643
Trade creditors	**-**	7,860
Taxation and social security	**1,470**	711
Other creditors	**119,365**	-
	120,835	23,214

7 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014	2013
	£	£
Amounts owed to group undertakings	**314,670**	181,771
	314,670	181,771

8 SHARE CAPITAL

Authorised share capital

	2014	2013
	£	£
Ordinary shares of 1p each	**2,283,752**	2,143,752

Issued, allotted and fully paid

	2014	2013
	£	£
Brought forward – 1 April 2013	**2,143,752**	2,143,752
Issued for cash in year	**140,000**	-
Ordinary shares of 1p each	2,283,752	2,143,752

On 16 July 2013, Trafalgar New Homes plc issued 14,000,000 ordinary shares for cash at £ 0.02 per share.

9 SHARE PREMIUM ACCOUNT

	2014	2013
	£	£
Balance brought forward	**961,128**	961,128
Premium on issue of new shares	**140,000**	-
Share issue costs	**(25,615)**	-
Balance carried forward	**1,075,513**	961,128

10 PROFIT AND LOSS ACCOUNT

	2014	2013
	£	£
Balance brought forward	**(972,629)**	(897,710)
Loss for financial year	**(231,738)**	(74,919)
Balance carried forward	**(1,204,367)**	(972,629)

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS-

	2014	2013
	£	£
Loss for the financial year	**(231,738)**	(74,919)
Net decrease in shareholders' funds	**(231,738)**	(74,919)
Issue of new shares	**140,000**	-
Share premium – shares issued in year	**140,000**	-
Share premium – issue costs	**(25,615)**	-
Opening Shareholders' funds	**2,132,251**	2,207,170
Closing Shareholders' funds	**2,154,898**	2,132,251

12 INTERCOMPANY

The company has taken advantage of the exemption conferred by Financial Reporting standard 8 "Related Party disclosures" not to disclose transactions undertaken with other members of the group.

Explanation of resolutions at the Annual General Meeting

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

Retirement and re-election of Directors

Under the Articles of Association, those Directors who have not done so at either of the two previous annual general meetings must retire and submit themselves for re-election each year. James Dubois, Christopher Johnson and Norman Lott are retiring by rotation, and are submitting themselves for re-election.

Renewal and increase in authority to allot shares and disapply pre-emption rights

The Company currently has an issued share capital of £2,383,751.90 divided into 238,375,190 ordinary shares of 1p each. The Company has outstanding warrants to subscribe for up to 4,567,504 ordinary shares 2p per share.

The Board proposes to renew the current authorities to allot shares, which expire at the next AGM. Accordingly, shareholder resolutions are being proposed at the AGM for the purpose of (i) granting the Directors general authority to allot up to 80,000,000 ordinary shares (£800,000 nominal) representing approximately 33.5% 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 (£370,000 nominal), representing approximately 15.5% of the current issued ordinary share capital.

Other Business at the AGM

In addition to the appointment and retirement of Directors by rotation (resolutions 4, 5 and 6) and renewal of authorities to allot shares (resolutions 7 and 8), the following 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 this AGM the accounts of the Company for the financial year ended 31 March 2014, 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.

Resolutions 1 to 7 are ordinary resolutions; resolution 8 is a special resolution.

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TRAFALGAR NEW HOMES PLC

(Registered in England No. 04340125)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2014 Annual General Meeting of the Company will be held at the offices of Allenby Capital Limited, 3 St. Helen's Place, London EC3A 6AB at 11.00 a.m. on 29 September 2014 for the following purposes:

RESOLUTIONS

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

1 To receive and adopt the directors' report, the auditor's report and the Company's accounts for the year ended 31 March 2014.

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 2015.

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

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

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

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

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

7 THAT the directors be authorised generally and unconditionally pursuant to Section 551 of the Companies Act 2006 as amended ("**2006 Act**") 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 £800,000 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 2015 or, if earlier, 15 months after the date on which this resolution has been passed, provided that the Company may, before such expiry, make an offer, agreement or other arrangement which would or might require shares and/or rights to subscribe for or to convert any security into shares to be allotted after such expiry and the directors may allot such shares and/or rights to subscribe for or to convert any security into shares in pursuance of such offer, agreement or other arrangement as if the authority conferred hereby had not expired.

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

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

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

such authority and power (unless previously revoked, varied or renewed) to expire on the earlier to occur of 15 months after the passing of this resolution or the conclusion of the Annual General Meeting of the Company to be held in 2015, 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: 27 August 2014

Registered Office:	By order of the Board
Chequers Barn	Andrew Moore
Chequers Hill	Secretary
Bough Beech	
Edenbridge	
Kent	
TN8 7PD	

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 25 September 2014.

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

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

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

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

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

   The revocation notice must be received by no later than 11.00 a.m. on 25 September 2014.

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 26 September 2014 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.