

TRAFALGAR PROPERTY GROUP PLC

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2020

Company Registration No. 04340125

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J Dubois
N A C Lott
P A Treadaway

SECRETARY

N W Narraway

REGISTERED OFFICE

Chequers Barn
Bough Beech
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REGISTERED NUMBER:

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AUDITOR

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NOMINATED ADVISER

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REGISTRARS

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West Midlands B62 8HD

Trafalgar Property Group Plc

CHAIRMAN'S STATEMENT

for the year ended 31 March 2020

On behalf of the Board, I present Trafalgar Property Group Plc (the Group), results for the year ended 31 March 2020 which includes two property sales and a car park space sale completed in the year. The overall result was disappointing, as can be seen in the attached Accounts and Strategic Report, although an improvement on the previous year's loss. We are continuing to search for profitable sites for planning gains and development possibilities.

Financials

The year under review saw the Group turnover at £1,970,106 (2019: £2,128,189), with a loss after tax of £1,022,898 (2019: Loss £2,296,422), after taking into account exceptional items as detailed in note 20 to the accounts.

Management have performed a review of the assets and liabilities of the underlying subsidiaries which form the value of the anticipated profits on ongoing developments. In addition, the value of land options in TR+ have been re-assessed. At the time of approval of the financial statements there is no confirmed planning permission on these land options.

Due to the uncertainties and timing of developments it has been agreed by management not to include any future anticipated profits of developments in their assessment. Therefore, the net asset value of the underlying investments and inventory does not support the Group's carrying value of investments in the subsidiaries.

Management have concluded that an impairment of the investments is prudent and that these will be written down to zero, resulting in an exceptional charge of £595,452 (2019: £1,559,319).

The cash on the balance sheet at the end of the year was £27,969 (2019: £32,800) and the Group continues to have sufficient bank facilities for all planned activities.

In July 2020 we completed a share issue raising £750,000 of cash, before expenses, which provides additional cash reserves for our planned activities.

Business Environment and Outlook

Our recent move into the assisted living sector has not proved to be a success so we are now concentrating on our core activity of property development for residential homes and apartments.

On 27 May, 2019 Chris Johnson and his son Alex Johnson stepped down from the Group Board, although they remain involved as Directors of subsidiaries. On the same day, Paul Treadaway was appointed as the new Group Managing Director which strengthens the Board with his particular expertise in the sector for assisted living developments as well as conventional property 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.

The effects of the Covid 19 pandemic have affected our business since March as sales of completed units have been delayed by some months. Fortunately we had completed the construction phase of these units although there have also been delays to the obtaining of planning permission for other potential new sites. Like most businesses, we are aware of our need to conduct ourselves carefully to preserve the health of our staff and customers.

I would refer you to the Strategic Report that covers our activities in more detail.

James Dubois
Chairman
29th September 2020

Trafalgar Property Group Plc

STRATEGIC REPORT

for the year ended 31 March 2020

Business review, results and dividends

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

Trafalgar New Homes Limited (TNH)

Trafalgar Retirement+ Limited (TR+)

Selmat Limited – acquired April 2019 (Selmat)

Combe Bank Homes (Oakhurst) Limited (Oakhurst)

Combe Homes (Borough Green) Limited (Borough Green)

All bank and mortgage borrowings are the liability of TNH, the wholly owned subsidiary of the Group, apart from the mortgages on the four properties held by Selmat. The shares of the Group 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 was £1,022,898 (2019: Loss £ 2,296,422) after taking into account exceptional items as mentioned in note 20 to the accounts.

Principal risks & uncertainties

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

The principal risks and uncertainties facing the Group are:

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

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 at 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

Trafalgar Property Group Plc

STRATEGIC REPORT

for the year ended 31 March 2020

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 four to twenty units. Within this unit size, competition to purchase development sites from land buyers is relatively weak, as this size is unattractive to major national and regional house builders who require a larger scale to justify their administration and overheads, whilst being too many units for the smaller independent builder to finance or undertake as a project. Within this market, there are opportunities to negotiate land acquisitions on favourable terms. Many competitors who also focus on this niche have yet to recapitalise and are unable to raise finance.

5. Many of the activities are outsourced and each of the Directors is fully aware of the activities of all members.
6. The Group has a rigorous corporate governance policy appropriate for a publicly quoted company with ambitions substantially to raise its profile within the wider investor community.

Operations review

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

	2020 £	2019 £ Restated
Revenue for the year	1,970,106	2,128,189
Gross profit/(loss)	154,068	(264,171)
Loss after taxation	(1,022,898)	(2,296,422)

Group turnover for the year amounted to £1,970,106 (2019: £2,128,189), representing the sale of two (2019: five) residential properties plus a car park space. During the first six months to 30 September, 2019 the Group reclassified four properties from Trading Stock to Investment Property. These were assessed to be at fair market value and transferred to a newly acquired investment company. In the interim accounts this was recorded on the face of the profit and loss account as turnover and cost of sales at no profit. As part of the year-end audit process the treatment of this transaction has been amended and removed from turnover and cost of sales in the Group accounts and shown instead as an inter-group transfer. This adjustment has had no effect on profit or cashflow.

After taking into account the overheads of the Group, there was a loss recorded for the year of £1,022,898 after exceptional items as detailed in note 20.

There will be no tax charge and the Company now has tax losses being carried forward of £4,381,991 (2019: losses £3,364,609).

The loss per share during the year was (0.21p), (2019: loss per share 0.54p).

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, all remaining residential units have been sold being the executive house at Saxons, the sale of an option in Ewell and the remaining car park space at Borough Green site. Going forward five of a total of six units at the Sheerness Site are, as at the date of this report, all under offer with further options opportunities being explored.

Directors' duties under S172

The Directors believe that, individually and together, they have acted in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172(1)(a-f) of the companies Act 2006 in the decisions taken during the year ended 31 March 2020.

Trafalgar Property Group Plc

STRATEGIC REPORT

for the year ended 31 March 2020

Our Board of Directors remain aware of their responsibilities both within and outside of the Group. Within the limitations of a Group with so few employees we endeavour to follow these principles:

- **Purpose, vision and strategy:** this is set out on pages 3 and 4 of the Strategic Report and we recognise our role in identifying opportunities to develop homes and apartments to the best quality standards.
- **Group policies:** these are reviewed annually and staff and Directors are encouraged to improve their skillset as appropriate.
- **Culture and people:** we fully support a culture where all customers, staff and suppliers are treated in an open and honest fashion, irrespective of race, gender, ethnic, disabilities or other scenarios.
- **Board structure:** the role of the Board is reviewed annually with a clear focus on the specific roles assigned to each individual to enable the Board to properly support each member of staff.
- **Freedom within a framework:** we are developing a new framework for communicating this freedom in a straight-forward methodology.
- **Risk and internal control framework:** risks and controls are subject to discussion at quarterly Board meetings. Every project undertaken by the Group is analysed with a view to limiting the risks to the Group and its Stakeholders before proceeding with implementation.

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 & outlook

The year under review was not without its difficulties. In the residential division delays occurred on the building programme for the various properties that were still in the course of construction, or being finished off, with contractors appointed to complete the works but unable to follow the timetable laid down for completion of those works.

The delays lead to escalating interest costs on borrowing and therefore affected the profitability of the completed units that were for sale, on the disposal of the same.

During the year under review, Selmat was acquired to enable the retention of selected unsold properties rather than selling them into a declining market. Four properties were transferred as an intergroup transaction and let out on Assured Shorthold Tenancy Agreements, the rental income generated being substantially in excess of the borrowing cost of each property. Currently the Group holds these four rented properties, valued at £1,975,000 as investment property.

During the year work has continued on the 6 town house site at Sheerness, Kent where, again, contractor difficulties were experienced with the appointed contractor ceasing work on site resulting in the Group having to appoint an alternative contractor to complete the works. Work on site has been completed and five of these properties are under offer, under the Government's Help To Buy Scheme.

Whilst TR+ continue to identify and secure new land opportunities for extra/care and assisted living, they are equally focused on obtaining a successful outcome on the sites currently under option and/or in for planning. Once planning has been achieved then the sites can be built out and placed for sale on the open market, or in the case of the smaller residential schemes, sold on with planning, both options being profitable to the business. Options have been secured for residential development in Ashted, Epsom, Leatherhead and Send Surrey. Of these sites, Ashted and Epsom were sold on once planning permission had been granted to show a profit in the current year. It is our intention to develop the Leatherhead and Send sites once planning is granted.

During the year TR+ entered into a guarantee agreement for £240,000 for funds supplied by Mr C Johnson, being a deposit forfeited by Randell House Ltd, a subsidiary of TR+. This is related to the acquisition of an assisted living site in Camberley Surrey, where the acquisition was not completed owing to a lack of funding.

Trafalgar Property Group Plc

STRATEGIC REPORT

for the year ended 31 March 2020

Since then, Randell House Ltd has been dissolved on 22 September, 2020.

Financial Instruments

Information relating to the financial instruments is now included in the Directors' Report on pages 9-12.

Paul Treadaway
Director
29th September, 2020

Trafalgar Property Group Plc

DIRECTORS' REPORT

for the year ended 31 March 2020

DIRECTORS' REPORT

The Directors present their Report and Audited Financial Statements for the year ended 31 March 2020.

Results and dividends

The results for the year are set out on page 17.

The Directors do not recommend the payment of a final dividend for the year (2019: nil).

Directors

The following Directors have held office since 1 April 2019 and have all served for the entire accounting year:-

N A C Lott
J Dubois

Appointed in year:

P A Treadaway – appointed 27/5/19

Resignations in the year:

C C Johnson – resigned 27/05/19

A D Johnson – resigned 27/05/19

D C Stocks – resigned 10/12/19

The Company has in place an insurance policy in relation to Directors indemnity during both years.

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 2020, 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 2020 were as follows:-

	31.03.2020	31.03.2019
	Ordinary shares - 0.1p each	Ordinary shares - 0.1p each
C C Johnson	186,815,803	186,815,803
A Johnson	1,868	1,868
J Dubois	4,000,000	1,500,000
N Lott	500,000	500,000
D C Stocks	80,330,532	80,330,532
P Treadaway	106,484,658	106,484,658

On 31 May 2019 62,500,000 additional shares were issued being ordinary 0.01p shares and 0.03p premium shares.

Trafalgar Property Group Plc

DIRECTORS' REPORT

for the year ended 31 March 2020

P Treadaway was a shareholder as at 31 March, 2019 but not a Group Director at that time.

C C Johnson, A D Johnson and D C Stocks were Directors and shareholders as at 31 March, 2019 but only shareholders at 31 March, 2020.

Other substantial shareholdings

As at 16 September, 2020, 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 at that date.

	Ordinary shares No.	Shareholding %
C.C. Johnson	186,815,803	13.11
C Akers	145,190,380	10.17
P Treadaway	187,734,658	13.17

Statement of directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the consolidated financial statements in accordance with EU adopted IFRS and the Company financial statements in accordance with FRS 102 and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year. In preparing these financial statements, the Directors are required to:

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

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

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

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

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

Trafalgar Property Group Plc

DIRECTORS' REPORT

for the year ended 31 March 2020

Corporate Governance Statement

The Board of the Group recognise the value of good corporate governance and has through the year ended 31 March 2020 implemented corporate governance procedures appropriate for the present size of the entity having given due regard to the Corporate Governance Code for Small and Mid-Size Quoted Companies issued by the Quoted Companies Alliance ("QCA"). In accordance with AIM Rule 26 as amended, the Company has decided to apply the QCA Corporate Governance Code ("QCA Code") issued by the QCA in May 2018 and has published on its website details of the QCA Code, how the Company has complied with the QCA Code and, where it departs from the QCA Code, an explanation of the reasons for doing so.

Board Structure

The Board consists of three Directors of which one is executive and two non-executive, all of whom hold shares in the Group.

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.

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 5.

Information relating to the financial instruments is now included in the Strategic Report on pages 5-8.

Future Developments

Information relating to future developments is included in the Strategic Report on pages 5-8.

Provision of information to auditor

Trafalgar Property Group Plc

DIRECTORS' REPORT

for the year ended 31 March 2020

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

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

Auditor

The auditor, MHA MacIntyre Hudson, 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.

Paul Treadaway Director

29th September 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR PROPERTY GROUP PLC

Independent auditor's report to the members of Trafalgar Property Group plc

1. Our Opinion

We have audited the financial statements of Trafalgar Property Group plc (the parent) and its subsidiaries (the group) for the year ended 31 March 2020.

The financial statements that we have audited comprise:

- Consolidated statement of comprehensive income
- Group and company statement of financial position
- Group statement of changes in equity
- Statement of changes in equity
- Group and company statement of cashflows
- Notes of the financial statements, including the accounting policies.

The financial reporting framework of the group that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2020 and the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRS) 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; as regards the group financial statements, Article 4 of the IAS Regulation.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Material uncertainty regarding going concern

We draw your attention to note 3 in the financial statements which states that the group incurred substantial losses during the year and the continued requirements for successful future equity or debt fund raising. The impact of this together with other matters set out in the note, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR PROPERTY GROUP PLC

Overview

Materiality	
Group	£68K 2% of gross assets
Company	£7K 2% of gross assets
Key audit matters	
Group	<ul style="list-style-type: none"> Valuation of inventory Undisclosed Related Party transactions

4. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team and, as required for listed entities, our results from those procedures. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of inventory	
The Risk	Our response
<p>There is a risk that inventory in the financial statements might not be valued correctly either at initial recognition or when assessing the recoverability at the year end.</p> <p>This balance is required to be measured at the lower of cost and net realisable value.</p> <p>This requires significant judgement from management. These factors increase the risk of a material misstatement.</p>	<p>We reviewed the accounting policy to be adopted by management and assessed its consistency with the requirements of IAS 2 on inventories.</p> <p>We reviewed and discussed each material inventory item, as these relate to specific sites being developed, with the Directors.</p> <p>We tested additions to inventory in the year and corroborated to supporting evidence.</p> <p>A material element of these balances was capitalised borrowing costs and we considered this against the requirements of IAS 32 and confirmed that the requirements were appropriately applied.</p> <p>We reviewed the Directors assessment of the recoverability of each inventory item and confirmed these to post year end sales were possible.</p>
<p>Result of our procedures We concluded that inventory was appropriately valued and presented within the financial statements.</p>	

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR PROPERTY GROUP PLC

Undisclosed Related Party transactions	
The Risk	Our response
The Group enters into a significant number of transactions with related parties, both intra-group transactions and with individuals related to the Group. There is a risk that transactions (particularly any transactions which are not at arm's length) and balances with related parties are undisclosed.	<p>Our procedures included an assessment of the presentation of related party transactions in the financial statements. This focussed primarily on the Directors' loan accounts.</p> <p>We reviewed movements on these balances in the year and vouched items to supporting evidence.</p> <p>We discussed with management the nature and purpose of these items and considered whether disclosure sufficiently addressed these matters.</p> <p>In addition we obtained written confirmations of the balances from all disclosed parties and confirmed key terms to agreements.</p>
<p>Result of our procedures We concluded that the classification and disclosure of related party transactions is complete and appropriate.</p>	

5. Our application of materiality

Our definition of materiality considers the value of error or omission in the financial statements that would change or influence the economic decision of a reasonably knowledgeable person. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Materiality in respect of the group was set at £68K and for the parent company was £7K which was determined based on 2% of gross assets.

6. An overview of the scope of our audit

The group consists of 6 reporting components all of which were considered to be significant components of the group, Trafalgar Property Group Plc, Trafalgar New Homes Limited, Trafalgar Retirement + Limited, Combe Bank Homes (Oakhurst) Limited, Combe Homes (Borough Green) Ltd and Selma Limited. The significant components were subjected to full scope audits for the purposes of our audit report on the group financial statements.

7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion of the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR PROPERTY GROUP PLC

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

8. Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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 statements 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.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [\[website link\]](#). This description forms part of our auditor's report.

11. Use of our report

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.

Andrew Moyser FCA FCCA

Senior Statutory Auditor
for and on behalf of MHA MacIntyre Hudson
Chartered Accountants and Statutory Auditor
London
29 September 2020

Trafalgar Property Group Plc
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2020

		Year ended	Year ended
		31 March 2020	31 March 2019
	Note	£	Restated £
Revenue	1	1,970,106	2,128,189
Cost of sales		<u>(1,816,038)</u>	<u>(2,392,360)</u>
Gross profit/(loss)		154,068	(264,171)
Administrative expenses		<u>(541,397)</u>	<u>(472,932)</u>
Operating (loss)	3	(387,329)	(737,103)
(Loss) before interest		(387,329)	(737,103)
Other income	2	-	-
Exceptional items	20	(595,452)	(1,559,319)
Interest payable and similar charges	5	(40,117)	-
(Loss) before taxation		<u>(1,022,898)</u>	<u>(2,296,422)</u>
Tax payable on (loss) on ordinary activities	6	-	-
(Loss) after taxation for the year attributable to equity holders of the parent		<u>(1,022,898)</u>	<u>(2,296,422)</u>
Other comprehensive income attributable to equity holders of the parent		-	-
Total comprehensive (loss) for the year		(1,022,898)	(2,296,422)
(Loss) attributable to:			
Equity holders of the Parent		(1,022,898)	(2,296,422)
Total comprehensive (loss) for the year attributable to:			
Equity holders of the Parent		(1,022,898)	(2,296,422)
(LOSS) PER ORDINARY SHARE:			
Basic/diluted	7	<u>(0.21)p</u>	<u>(0.54)p</u>

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

The notes on pages 21 to 37 are an integral part of these consolidated financial statements.

Trafalgar Property Group Plc
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 March 2020

		31 March	31 March
	Note	2020	2019
		£	£
TOTAL ASSETS			
Non-current assets			
Plant and equipment	8	1,423	1,339
Investment property	9	1,975,000	-
		<u>1,976,423</u>	<u>1,339</u>
Current assets			
Inventory	12	1,212,692	4,481,230
Trade and other receivables	10	42,299	92,092
Cash and cash equivalents	11	27,969	32,800
		<u>1,282,960</u>	<u>4,606,122</u>
Total assets		<u><u>3,259,383</u></u>	<u><u>4,607,461</u></u>
EQUITIES & LIABILITIES			
Current liabilities			
Trade and other payables	13	548,804	442,203
Borrowings	14	555,000	2,502,462
		<u>1,103,804</u>	<u>2,944,665</u>
Non-current liabilities			
Deferred tax	6	-	-
Borrowings	14	5,575,884	4,273,103
Total liabilities		<u>6,679,688</u>	<u>7,217,768</u>
Equity attributable to equity holders of the Company			
Called up share capital	15	2,633,067	2,570,567
Share premium account	16	2,660,862	2,510,462
Reverse acquisition reserve		(2,817,633)	(2,817,633)
Profit & loss account		<u>(5,896,601)</u>	<u>(4,873,703)</u>
Total Equity		<u>(3,420,305)</u>	<u>(2,610,307)</u>
Total Equity & Liabilities		<u><u>3,259,383</u></u>	<u><u>4,607,461</u></u>

These financial statements were approved by the Board of Directors and authorised for issue on 29 September, 2020 and are signed on its behalf by:

P Treadaway: J Dubois:

The notes on pages 21 to 37 are an integral part of these consolidated financial statements.

Trafalgar Property Group Plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 March 2020

	Share capital	Share premium	Reverse acquisition reserve	Retained profits/(losses)	Total equity
	£	£	£	£	£
At 1 April 2018	2,570,567	2,510,462	(2,817,633)	(2,577,281)	(313,885)
Loss for the year	-	-	-	(2,296,422)	(2,296,422)
Total comprehensive income for the year	-	-	-	(2,296,422)	(2,296,422)
Issue of shares	-	-	-	-	-
Share issue costs	-	-	-	-	-
At 31 March 2019	2,570,567	2,510,462	(2,817,633)	(4,873,703)	(2,610,307)
At 1 April 2019	2,570,567	2,510,462	(2,817,633)	(4,873,703)	(2,610,307)
(Loss) for year	-	-	-	(1,022,898)	(1,022,898)
Total comprehensive (loss) for the year	-	-	-	(1,022,898)	(1,022,898)
Issue of shares	62,500	187,500	-	-	250,000
Share issue costs	-	(37,100)	-	-	(37,100)
At 31 March 2020	2,633,067	2,660,862	(2,817,633)	(5,896,601)	(3,420,305)

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 TNH (formerly Combe Bank Homes Limited). Since the shareholders of TNH 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 (2018: 0.1p per share). Share premium represents the excess over nominal value of the fair value consideration received for equity shares net of expenses plus deferred shares of 0.9p after issued share capital of 1p.

On 31 May 2019 62,500,000 additional shares were issued being ordinary 0.01p shares and 0.03p premium shares. The notes on pages 21 to 37 are an integral part of these consolidated financial statements.

Trafalgar Property Group Plc
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2020

	2020	2019
	£	£
Cash flow from operating activities		
(Loss) after taxation	(1,022,898)	(2,296,422)
Depreciation	902	740
Decrease in inventory	1,303,640	3,494,598
Decrease in receivables	49,783	2,752
Increase in payables	106,601	47,948
Interest payable and similar charges	118,177	145,434
Net cash outflow from operating activities	556,215	1,395,050
Investing activities		
Purchase of tangible fixed assets	(986)	-
	(986)	-
Taxation	-	(291,045)
Financing activities		
Issue of shares	212,900	-
New loan borrowings	1,479,373	-
Repaid loan borrowings	(2,502,462)	(606,048)
Related party new loan borrowing	778,408	320,000
Related party loan repayment	-	(794,715)
Repayment of other borrowings	(400,000)	(120,000)
Interest paid	(128,279)	(328,651)
Net cash (outflow) from financing	(560,060)	(1,529,414)
(Decrease) in cash and cash equivalents in the year	(4,831)	(425,409)
Cash and cash equivalents at the beginning of the year	32,800	458,209
Cash and cash equivalents at the end of the year	27,969	32,800

The notes on pages 21 to 37 are an integral part of these consolidated financial statements.

Trafalgar Property Group Plc

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

BASIS OF ACCOUNTING

These financial statements are for Trafalgar Property Group Plc (“the Company”) and its subsidiary undertakings (“the Group”). The Company is a public company, limited by shares and incorporated in England and Wales. (company number is 04340125). The Company’s registered office is Chequers Barn, Bough Beech, Edenbridge, Kent, TN8 7PD.

The nature of the Group’s operations and its principal activities are set out in the Strategic Report on page 5.

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 2020 and are presented in pounds sterling (“GBP”). The comparative year is for the year to 31 March 2019.

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom law. The principal accounting policies adopted are set out below.

GOING CONCERN

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

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

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

The Board is comfortable with the structure of its bank finance, which usually involves the bank lending a modest sum towards the land purchase for the modest sized residential development schemes, 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. However, difficulties have been experienced in the raising of finance for the substantial larger extra care/assisted living schemes which the Group wishes to undertake and the Group is accordingly actively seeking the finance for such developments at the present time.

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

The existing operations have been generating funds to meet short-term operating cash requirements and management are confident that the expected sales will allow the Group to meet loan repayments due within the next twelve months or that the loans will be refinanced.

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.

Trafalgar Property Group Plc

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

REVENUE RECOGNITION

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

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

The financial statements comply with IFRS as adopted by the European Union. A number of new and revised Standards and Interpretations have been adopted in the current period by the Group for the first time and do not have a material impact on the Group.

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

The Group has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings: – If yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. – If no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

IFRS 16 Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 April 2019.

The Group only have short-term leases and leases of low value assets. Therefore there has been no impact on the Group financial statements as a result of IFRS 16.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and [in some cases] had not yet been adopted by the EU:

IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to IFRS 3 Definition of a business

Amendments to IAS 1 and IAS 8 Definition of material

Conceptual Framework Amendments to References to the Conceptual Framework in IFRS Standards

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Trafalgar Property Group Plc

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Group and its subsidiaries.

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

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.

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.

Control is achieved when the Group:

- has the power over the investee;
- is exposed or his rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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.

DEFINED CONTRIBUTION PENSION PLAN

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds

FINANCIAL INSTRUMENTS

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual term expire. The Company's accounting policies in respect of financial instruments transactions are explained below: Financial assets and financial liabilities are initially measured at fair value.

Financial assets:

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets other than those which meet the criteria to be measured at amortised cost are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses

Trafalgar Property Group Plc

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Trade payables

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

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.

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.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or FVTOCI, lease receivables, amounts due from customers under construction contracts, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognises lifetime ECL on all financial instruments where there has been a significant increase in credit risk since initial recognition. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contract, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased, the following shall be taken into account:

- Actual or expected significant deterioration in the financial instrument's external or internal credit rating; or
- Significant deterioration in external market conditions; or
- Existing or forecast adverse changes in business, financial or economic conditions that will impact the debtor's ability to meet debt obligations; or
- Actual or expected deterioration in the operating results of the debtor; or
- Actual or expected significant adverse changes in the regulatory or technological environment of the debtor that will impact the debtor's ability to meet debt obligations.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in the national or local economic conditions that correlate with default on receivables.

Trafalgar Property Group Plc

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

Financial liabilities:

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation estimates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and deposits held at call with banks with maturities of three months or less from inception.

INVENTORIES

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

PROPERTY PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets using the reducing balance method over their expected useful economic lives. The rates generally applicable are:

Fixtures, fittings and equipment - 25% on reducing balance

INVESTMENT PROPERTY

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise."

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

Trafalgar Property Group Plc

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

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.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to be completed for sale, are added to the cost of property held as stock at the year end. All other borrowing costs are recognised in the statement of comprehensive income in the year in which they relate.

CURRENT AND DEFERRED 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 reporting date.

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 reporting 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. 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 reporting 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.

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.

Trafalgar Property Group Plc

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

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 carrying value is reduced by its selling price less costs to complete and sell. This impairment loss is recognised immediately in the Statement of Comprehensive Income. The assessment requires the use of judgment and estimates. The carrying amount of inventory is disclosed in note 12 to the financial statements.

Recognition of deferred tax assets

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

Impairment of non financial assets

At each statement of financial position date the company reviews the carrying amounts of its tangible and intangible assets with finite lives to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Trafalgar Property Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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.

Revenue

An analysis of revenue is as follows:

The Group’s revenue, which is all attributable to their principal activity, can be split as follows:

	2020 £	2019 £
Development sales	1,891,000	2,123,500
Rental income	<u>79,106</u>	<u>4,689</u>
	<u>1,970,106</u>	<u>2,128,189</u>

Timing of revenues are as follows:

	2020 £	2019 £
Goods transferred at a point in time	1,891,000	2,123,500
Services transferred over time	<u>79,106</u>	<u>4,689</u>
	<u>1,970,106</u>	<u>2,128,189</u>

Revenues analysed by geographic location are as follows:

	2020 £	2019 £
United Kingdom	<u>1,970,106</u>	<u>2,128,189</u>

2 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

Rental income has now become part of the principal activity of the Group, and is therefore shown in revenue with a subsequent restatement of the prior year.

Trafalgar Property Group Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2020

3 LOSS FOR THE YEAR

Operating loss is stated after charging / (crediting) the following:

	2020	2019
	£	£
Subcontractor costs and cost of inventories recognised as an expense	1,687,759	2,063,709
Interest charges	128,279	328,651
	<u>1,816,038</u>	<u>2,392,360</u>
Depreciation of property, plant and equipment	902	740
Auditor's remuneration – audit services - Group	10,000	10,000
Auditor's remuneration – audit services – Group entities	7,000	6,000
	<u>17,000</u>	<u>16,000</u>
Operating expenses by nature:		
Subcontractors costs, interest and consumables	1,816,038	2,392,360
Employee expenses	141,552	169,054
Depreciation	902	740
Other expenses	994,395	1,862,457
Consultancy Services – P Treadaway	70,108	-
Debt forgiveness	(70,108)	-
	<u>2,952,887</u>	<u>4,424,611</u>

4 EMPLOYEES AND DIRECTORS' REMUNERATION

Staff costs during the year were as follows:

	2020	2019
	£	£
Wages and salaries	113,000	138,000
Social security costs	8,512	11,394
Other pension costs	20,040	19,660
	<u>141,552</u>	<u>169,054</u>

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

	2020	2019
	Number	Number
Directors	3	4
Management	2	2

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

	2020	2019
	£	£
Short-term employee benefits:		
- Emoluments for qualifying services C C Johnson	-	-
- Emoluments for qualifying services A Johnson	48,550	65,617
- Emoluments for qualifying services J Dubois	15,879	15,907
	<u>64,429</u>	<u>81,524</u>

There are retirement benefits accruing to Mr C C Johnson for whom a company contribution was paid during the year of £18,000 (2019: £18,000) and Mr A Johnson £ 1,350 (2019: £1,200).

Consultancy fees of £ 4,994 (2019: £4,994) were paid to Mr N Lott during the year.

Trafalgar Property Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

5 INTEREST PAYABLE AND SIMILAR CHARGES

During the year the mortgage interest paid on borrowings relating to ongoing developments was capitalised as part of inventory £ 10,102 (2019: £ 183,217) 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 mortgage interest paid of £ 118,177 (2019: £145,434) has been accounted for in the profit & loss within cost of sales together with an impairment provision of £ nil (2019: £126,661) on account of the reduction of likely selling prices being achieved since the year end.

6 TAXATION

	2020 £	2019 £
Current tax	-	-
Tax charge	<u>-</u>	<u>-</u>
	2020 £	2019 £
(Loss)/profit on ordinary activities before tax	(1,022,898)	(2,296,422)
Based on (loss) for the year:		
Tax at 19% (2018: 19%)	(194,350)	(436,320)
Unrelieved tax losses	76,411	138,799
Impairment	116,968	296,271
Disallowable expenses	971	1,250
Tax charge for the year	<u>-</u>	<u>-</u>

Deferred tax

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 2020, the Group had cumulative tax losses of £4,381,991 (2019: £3,364,609) 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:

	2020 £	2019 £
(Loss) for the year	<u>(1,022,898)</u>	<u>(2,296,422)</u>
Weighted average number of shares for basic (loss) per share	<u>487,690,380</u>	<u>425,190,380</u>
Weighted average number of shares for diluted (loss) per share	<u>487,690,380</u>	<u>425,190,380</u>
(LOSS) PER ORDINARY SHARE:		
Basic	<u>(0.21)p</u>	<u>(0.54)p</u>
Diluted	<u>(0.21)p</u>	<u>(0.54)p</u>

Trafalgar Property Group Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2020

8 PROPERTY, PLANT AND EQUIPMENT

Plant and equipment	2020	2019
	£	£
Cost		
At 1 April	6,205	6,205
Additions	986	-
At 31 March	<u>7,191</u>	<u>6,205</u>
Depreciation		
At 1 April	4,866	4,126
Charge for the year	902	740
At 31 March	<u>5,768</u>	<u>4,866</u>
Net book value at 31 March	<u>1,423</u>	<u>1,339</u>

9 INVESTMENT PROPERTY

	2020	2019
	£	£
FAIR VALUE		
1 April 2019	-	-
Additions	<u>1,975,000</u>	-
31 March 2020	<u>1,975,000</u>	-
NET BOOK VALUE		
At 31 March 2020	<u>1,975,000</u>	-
At 31 March 2019	<u>-</u>	<u>-</u>
Fair Value at 31 March 2020 is represented by: Valuation in 2020	<u>1,975,000</u>	-

The Directors consider there has been no change in the valuation since purchase of the properties in August 2019 and therefore the property remains in the accounts as at 31 March 2020 at £1,975,000.00.

10 TRADE AND OTHER RECEIVABLES

	2020	2019
	£	£
Other receivables	24,000	75,389
Other taxes	16,480	14,629
Prepayments	1,819	2,074
	<u>42,299</u>	<u>92,092</u>

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.

Trafalgar Property Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

11 CASH AND CASH EQUIVALENTS

All of the Group's cash and cash equivalents at 31 March 2020 are in sterling and held at floating interest rates.

	2020 £	2019 £
Cash and cash equivalents	<u>27,969</u>	<u>32,800</u>

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

12 INVENTORY

	2020 £	2019 £
Work in progress	<u>1,212,692</u>	<u>4,481,230</u>

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

13 TRADE AND OTHER PAYABLES

	2020 £	2019 £
Trade payables	85,950	21,602
Other payables	28,130	2,462
Taxation & social security	3,422	6,149
Accruals	431,302	411,990
	<u>548,804</u>	<u>442,203</u>

14 BORROWINGS

	2020 £	2019 £
Directors' loans	3,471,511	2,693,103
Other loans	1,180,000	1,580,000
Bank loans - see under	1,479,373	2,502,462
	<u>6,130,884</u>	<u>6,775,565</u>

Included in Directors' loans is the sum of £ 300,000 (2019: £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 (2019: 12% per annum).

Within Directors' loans is the sum of £ 240,000 provided by Mr C C Johnson for a deposit on an option which was not taken up.

The remaining balance is disclosed in note 17.

Included in other loans is £ 650,000 (2019: £980,000) advanced by Mr. G Howard (son-in-law of Mr. C C

Trafalgar Property Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

Johnson) to the company at a rate of 10% per annum (2019: 10% pa). £ 530,000 (£2019: £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, Sheerness, Kent, together with charges over two term life policies on two of the Directors.

Mrs S Johnson, wife of Mr C C Johnson has a legal charge relating to her loan of £ 380,000 to Selmat.

Selmat has also granted to Paragon Mortgages, legal charges over the freehold property at Hildenborough and leasehold properties of one of the three flats purchased in the year at Burnside. These mortgages are interest only, for a term of 7 years with a fixed interest rate for the first 5 years.

The bank borrowings are repayable as follows:

	2020 £	2019 £
On demand or within one year	555,000	2,502,462
In the second year	-	-
In the third to fifth years inclusive	-	-
After five years	<u>924,373</u>	-
	<u>1,479,373</u>	<u>2,502,462</u>
Less amount due for settlement within 12 months (included in current liabilities)	<u>555,000</u>	<u>2,502,462</u>
Amount due for settlement after 12 months	<u>924,373</u>	-

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

Bank loans: 2.03 % (2019: 7.18%)

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 (2019: £ Nil) was paid to Mr C C Johnson. The rate of interest on the loan is 5% pa (2019: 5% pa). Interest of £36,000 (2019: £36,000) was paid to Mr J Dubois at the rate of 12% pa (2019: 12% pa).

15 SHARE CAPITAL

Authorised Share Capital

	2020 Number	2019 Number
Ordinary shares of 0.1p in issue	425,190,380	425,190,380
Ordinary shares of 0.1p issued in year	<u>62,500,000</u>	-
Total number of Ordinary shares	<u>487,690,380</u>	525,190,380
Deferred shares of 0.9p in issue	<u>238,375,190</u>	238,375,190
	<u>726,065,570</u>	<u>663,565,570</u>

On 31 May 2019 62,500,000 Ordinary shares of 0.1p were issued at 0.4p per share.

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

Trafalgar Property Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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

	2020	2019
	£	£
Ordinary shares	425,190	425,190
Deferred shares	2,145,377	2,145,377
Issued in year - ordinary shares	62,500	-
	<u>2,633,067</u>	<u>2,570,567</u>

16 SHARE PREMIUM ACCOUNT

	2020	2019
	£	£
Balance brought forward	2,510,462	2,510,462
Premium on issue of new shares	187,500	-
Share issue costs	(37,100)	-
Balance carried forward	<u>2,660,862</u>	<u>2,510,462</u>

17 RELATED PARTY TRANSACTIONS

Mr C C Johnson holds 38.3% (2019: 43.94%) of the total issued share capital of the Group as at 31 March, 2020

During the year four properties were sold by TNH to another Group Company, Selmat, at market value.

Mr D C Stocks held 80,330,532 ordinary shares of the Group as at 31 March, 2020. He has since sold his entire shareholding.

Mr P Treadaway held 106,484,658 ordinary shares of the Group as at 31 March, 2020.

Further details relating to an issue of shares post year end can be found under note 18.

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

	2020	2019
	£	£
C C Johnson		
Opening balances	2,417,146	2,170,657
Loan repayments	-	-
Personal drawings	(141,910)	(73,511)
Capital injected	896,275	320,000
Interest payable	-	-
Balance carried forward	<u>3,171,511</u>	<u>2,417,146</u>
J Dubois	300,000	300,000
D Stocks	-	(23,935)
P Treadaway	-	(108)
Balance carried forward	<u>3,471,511</u>	<u>2,693,103</u>

Trafalgar Property Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

Mr Johnson's Loan bore interest during the year at 5% (2019: 5% pa), but he has chosen to forego the interest in the year. Mr Johnson is no longer a Director, but he served as a Director for part of the year and remains a shareholder. Mr Dubois's Loan, which is from his Pension Fund of which he is the sole beneficiary, was at 12% pa interest (2019: 12% pa).

Mrs S Johnson, wife of Mr C C Johnson provided a Loan of £380,000 which bore interest of 5% pa, (2019: nil), to Selmat, a subsidiary of the Group This has been included within Mr C C Johnson's loan balance above.

During the year rents were paid of £10,000 (2019: £10,259) to the Combe Bank Homes Pension Scheme which owns the freehold offices at Chequers Barn. Mr C C Johnson is a Trustee and Beneficiary of that Pension Scheme.

Prior to Mr P Treadaway's appointment as a Director, charges of £70,108 were paid to him in relation to consultancy services.

During the year payments were made to Mr D Stocks of £68,936 for consultancy services.

18 SHARE OPTIONS AND WARRANTS

There are no share options or warrants as at the year end.

On 14 July, 2020 warrants to subscribe for ordinary shares of 0.01p were granted as follows:-

Subscribers to the placing effected in July 2020 were granted warrants to subscribe for up to 937,500,000 shares for a period of two years, exercisable at 0.2p per share;

Peterhouse Capital Limited was granted warrants to subscribe for shares equivalent up to 3% of the issued ordinary share capital for a period of two years, exercisable at 0.08p per share.

Further, on 14 July 2020, £ 600,000 of convertible loan notes were issued to Mr C C Johnson as part of arrangements to reorganise loans between him and the Group. The notes are convertible into 300,000,000 ordinary shares at 0.2p per share for a period of two years. On conversion, warrants to subscribe for up to 300,000,000 ordinary shares will be granted to Mr C C Johnson, exercisable for a period of two years from the date of grant at 0.2p per share.

19 CATEGORIES OF FINANCIAL INSTRUMENTS

All financial instruments are measured under IFRS 9 at amortised cost.

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 21 to 27 to these financial statements.

Trafalgar Property Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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 Lloyds Bank, where interest is charged on a variable rate basis. The Paragon mortgages are based on a fixed rate for the first 5 years of the 7 year term.

The impact of a 100 basis point increase in interest rates on these loans would result in additional interest cost for the year of £ 14,794 (2019: £25,025).

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 Group 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.

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.

Financial liabilities

	Total	Due within 1 year £	Due within 1-5 years £	Due over 5 Years £
Trade payables	545,382	545,382		
Borrowings – Directors’ loan	3,471,511		3,471,511	
Borrowings – Bank loan	1,479,373	555,000	-	924,373
Borrowings – Other loans	<u>1,180,000</u>		<u>1,180,000</u>	
Total	<u>6,676,266</u>	<u>1,100,382</u>	<u>4,651,511</u>	<u>924,373</u>

20 EXCEPTIONAL ITEM

Management have performed a review of the assets of its trading subsidiaries. This assessment concluded that the land options in TR+ should be written down to zero. Consequently, inventory valued at £ 432,268 (2019: £ 1,850,364) less potential deferred tax of nil (2019: £ 291,045) has been written off in the financial statements. Within TNH the sum of £ 163,184 has been written off which related to costs incurred to date on a site where planning permission has not been achieved despite several submission attempts and finally this was taken to appeal where this was also turned down.

Trafalgar Property Group Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2020

21 NET DEBT RECONCILIATION

	2020 £	2019 £	
Cash at bank	<u>27,969</u>	32,800	
Cash and cash equivalents	<u>27,969</u>	32,800	
Borrowing repayable within one year (including overdrafts)	<u>(6,130,884)</u>	(6,775,565)	
Net Debt	<u>(6,102,915)</u>	(6,742,765)	
	Cash and liquid investments	Gross borrowings with a fixed interest rate	Total cash and liquid investments
	£	£	£
Net debt as at 1 April 2018	458,209	(7,976,328)	(7,518,119)
Cash flows	<u>(425,409)</u>	<u>1,200,763</u>	<u>(775,354)</u>
Net debt as at 31 March 2019	32,800	(6,775,565)	(6,742,765)
Cash flows	<u>(4,831)</u>	<u>644,681</u>	<u>639,850</u>
Net debt as at 31 March 2020	<u>27,969</u>	<u>(6,130,884)</u>	<u>(6,102,915)</u>

22 SUBSEQUENT EVENTS

Events subsequent to the year end that provide additional information about the Group's position at the reporting 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.

Authorities were granted on 27 March 2020 to allot up to £2,000,000 nominal of shares; those authorities were replaced on 13 July 2020 by authorities to allot up to £593,750 nominal of shares. On 14 July 2020 937,500,000 ordinary shares of 0.01p were issued, raising £750,000 before costs.

Trafalgar Property Group Plc

COMPANY BALANCE SHEET

For the year ended 31 March 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Investments	7	<u>-</u>	<u>-</u>
Current assets			
Stocks		-	5,292
Debtors	9	350,134	278,363
Cash at bank and in hand		<u>3,538</u>	<u>9,561</u>
		353,672	293,216
Creditors: amounts falling due within one year	10	<u>978,264</u>	<u>995,543</u>
Net current liabilities		(624,592)	(702,327)
Net (liabilities)/assets		<u>(624,592)</u>	<u>(702,327)</u>
Capital and reserves			
Called up share capital	12	2,633,067	2,570,567
Share premium account	13	2,660,862	2,510,462
Profit and loss account		<u>(5,918,521)</u>	<u>(5,783,356)</u>
Equity – attributable to the owners of the Parent		<u>(624,592)</u>	<u>(702,327)</u>

The loss for the financial year dealt with in the financial statements of the Parent Company was Loss £ 135,165 (2019: Loss £2,531,344).

The financial statements were approved by the Board of Directors on 29 September, 2020 and authorised for issue and are signed on its behalf by:

P Treadaway: J Dubois:

Company Registration Number: 04340125

The notes on pages 40 to 45 form an integral part of these financial statements

Trafalgar Property Group Plc
COMPANY STATEMENT OF CHANGES IN EQUITY
31 March 2020

	Share capital	Share premium	Reverse acquisition reserve	Retained profits / (losses)	Total equity
	£	£	£	£	£
At 1 April 2018	2,570,567	2,510,462	-	(3,252,012)	1,829,017
Loss for the year	-	-	-	(2,531,344)	(2,531,344)
Total comprehensive income for the year	-	-	-	(2,531,344)	(2,531,344)
Issue of shares	-	-	-	-	-
Share issue costs	-	-	-	-	-
At 31 March 2019	2,570,567	2,510,462	-	(5,783,356)	(702,327)
At 1 April 2019	2,570,567	2,510,462	-	(5,783,356)	(702,327)
Loss for year	-	-	-	(135,165)	(135,165)
Total comprehensive income for the year	-	-	-	(135,165)	(135,165)
Issue of shares	62,500	187,500	-	-	250,000
Share issue costs	-	(37,100)	-	-	(37,100)
At 31 March 2020	2,633,067	2,660,862	-	(5,918,521)	(624,592)

The notes on pages 40 to 45 form an integral part of these financial statements.

Trafalgar Property Group Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 March 2020

1 GENERAL INFORMATION

Nature of operations

Trafalgar Property Group Plc (“the Company”) is the UK holding company of a group of companies which are engaged in property development. The Company is registered in England and Wales. Its registered office and principal place of business is Chequers Barn, Bough Beech, Edenbridge, Kent TN8 7PD.

2 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law, FRS 102 and accounting standards. The principal accounting policies are described below. They have all been applied consistently throughout the year and preceding year.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income to these financial statements.

The Company has taken advantage of the disclosure exemption from the requirements of section 7 Statement of Cashflow, as permitted by the FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) GOING CONCERN

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

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

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

(b) INVESTMENTS

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

(c) TAXATION

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

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

A 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.

(d) FINANCIAL INSTRUMENTS

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

Trafalgar Property Group Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 March 2020

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

(i) Financial assets

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

Trade and other receivables

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

(ii) Financial liabilities and equity instruments

Financial liabilities are classified as liabilities or equity in accordance with the substance of the contractual arrangement.

Financial liabilities

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

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

Equity instruments

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

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Trafalgar Property Group Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 March 2020

Carrying value of investments in subsidiaries and intercompany

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

Recognition of deferred tax assets

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

5 LOSS FOR FINANCIAL PERIOD

The Company has taken advantage of section 408 of the Companies Act 2006 and, consequently, a profit and loss account for the Company alone has not been presented. The Company's loss for the financial period was £135,165 (2019: Loss £2,531,344). The Company's loss for the financial year has been arrived at after charging auditor's remuneration payable to MHA MacIntyre Hudson for audit services to the Company of £10,000 (2019: £10,000) and an impairment adjustment of £ nil (2019: £ 2,354,732) – see note 8.

6 EMPLOYEES AND DIRECTORS' REMUNERATION

	2020	2019
	£	£
Directors' fees	15,000	15,000
Social security costs	879	907
Management fees	4,994	4,994
	<u>20,873</u>	<u>20,901</u>

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

	2020	2019
	Number	Number
Directors and management	<u>3</u>	<u>3</u>

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

£ 4,994 (2019: £4,994) was paid to Mr Norman Lott for his professional services.

Additional directors remuneration of £ 45,000 (2019: £60,000) was paid to a director through subsidiary entities.

Trafalgar Property Group Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 March 2020

7 INVESTMENTS

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

	Class of shares held	% Shareholding	Principal Activity
Held directly			
Trafalgar New Homes Limited	Ordinary shares	100%	Residential property developers
Trafalgar Retirement + Limited	Ordinary shares	100%	Residential property & assisted living scheme
Selmat Limited	Ordinary shares	100%	Residential property renting
Held indirectly through Trafalgar New Homes Limited			
Combe Bank Homes (Oakhurst) Limited	Ordinary shares	100%	Residential property developers
Held indirectly through Trafalgar Retirement + Limited			
Randell House Limited (dissolved 22 September 2020)	Ordinary shares	100%	Assisted living developers
Controlled via Deed of Trust			
Combe House (Borough Green) Limited	Ordinary shares	100%	Residential property developers

8 IMPAIRMENT

The investment carried in the Plc entity financial statements reflects the entity's control over TNH, Oakhurst and Borough Green, TR+ and Selmat.

There has been minimal trading in Oakhurst and Borough Green and both entities now hold no inventory.

Development continues in TNH and there have been sales of two properties in the year and the transfer of four properties to Selmat, however due to the factors laid out in the Operations review, there has been some erosion of the margins that had been anticipated at the start of the year.

Management have performed a review of the assets and liabilities of the underlying subsidiaries which form the value of the investment.

In performing this assessment TR+ have been re-assessed. At the time of approval of the financial statements there is no confirmed planning permission on these land options.

Where the 'real' net asset value is in excess of the carrying value of the investment in the Plc entity statement of financial position, there is no indication of impairment.

Due to the uncertainties and timing of developments it has been agreed by management not to include any future anticipated profits of developments in their assessment. Therefore the net asset value of the underlying investments does not support the Group's carrying value of investments in TNH, Oakhurst, Borough Green and TR+.

Trafalgar Property Group Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 March 2020

Management have concluded that an impairment of the investments is prudent and that these will be written down to zero.

9 DEBTORS

	2020	2019
	£	£
Amounts owed by group undertakings	343,068	274,304
Other debtors	1,822	1,136
Other taxes and social security	5,244	2,923
	<u>350,134</u>	<u>278,363</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2019
	£	£
Trade creditors	36,860	2,939
Taxation and social security	1,323	1,323
Other creditors	30,300	30,300
Director's loan account	105,000	100,000
Amounts owed to group undertakings	804,781	860,981
	<u>978,264</u>	<u>995,543</u>

11 FINANCIAL INSTRUMENTS

	2020	2019
	£	£
Financial assets		
Financial assets measured at amortised cost:		
Amounts owed by group undertakings and other debtors	344,890	275,440
Financial liabilities		
Financial liabilities measured at amortised cost	976,947	994,220

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

12 SHARE CAPITAL

	2020	2019
	Number	Number
Authorised Share Capital		
Ordinary shares of 0.1p in issue	425,190,380	425,190,380
Ordinary shares of 0.1p each issued in year	62,500,000	-
Deferred shares of 0.9p in issue	<u>238,375,190</u>	<u>238,375,190</u>
	<u>726,065,570</u>	<u>663,565,570</u>

Trafalgar Property Group Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 March 2020

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	2020	2019
	£	£
Ordinary shares	425,190	425,190
Issued in year	62,500	-
Deferred shares	<u>2,145,377</u>	<u>2,145,377</u>
	<u>2,633,067</u>	<u>2,570,567</u>

On 31 May, 2019 62,500,000 Ordinary shares of 0.1p were issued at 0.4p per share.

13 SHARE PREMIUM ACCOUNT

	2020	2019
	£	£
Balance brought forward	2,510,462	2,510,462
Premium on issue of new shares	187,500	-
Cost of issue	(37,100)	-
Balance carried forward	<u>2,660,862</u>	<u>2,510,462</u>

14 INTERCOMPANY TRANSACTIONS

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

15 POST BALANCE SHEET EVENTS

Authorities were granted on 27 March 2020 to allot up to £2,000,000 nominal of shares; those authorities were replaced on 13 July 2020 by authorities to allot up to £593,750 nominal of shares. On 14 July 2020 937,500,000 ordinary shares of 0.01p were issued, raising £750,000 before costs.

Explanation of resolutions at the Annual General Meeting

Information relating to resolutions to be proposed at the Annual General Meeting is set out below. The notice of AGM is set out on page 47.

Ordinary business at the AGM

The following ordinary business resolutions will be proposed at the AGM:

- (a) Resolution 1: to approve the annual report and accounts. The Directors are required to lay before the Company at the AGM the accounts of the Company for the financial year ended 31 March 2020, 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 MHA MacIntyre Hudson 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.
- (d) Resolution 4: to re-appoint Norman Lott as a Director; Norman is retiring by rotation and submitting himself for re-election.

Attendance at the AGM

Due to Covid-19 and related legal restrictions and guidance from government authorities, Shareholders may not physically attend the AGM other than to form a quorum, and will not be permitted access to the venue on the day of the meeting. Shareholders are strongly encouraged to participate in the meeting by voting by proxy ahead of the meeting. Given the restrictions on attendance in person, you are encouraged to appoint the Chairman of the meeting to submit proxy votes at the meeting, rather than a named person who will not be permitted to attend the physical meeting.

Any shareholder who wishes to raise a question is asked to contact the Company on 01732 700000.

TRAFALGAR PROPERTY GROUP PLC
(Registered in England No. 04340125)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2020 Annual General Meeting of the Company will be held at the Company's offices at Chequers Barn, Bough Beech, Edenbridge, Kent TN8 7PD at 11.00 a.m. on Tuesday 27th October 2020, for the following purposes:

RESOLUTIONS

To consider and, if thought fit, to pass resolutions 1 to 4 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 2020.
- 2 To re-appoint MHA MacIntyre Hudson 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 2021.
- 3 To authorise the Directors to determine the remuneration of the auditor.
- 4 To re-appoint Norman Lott as a Director of the Company.

Dated: 29 September 2020

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

By order of the Board
Nicholas Narraway
Secretary

Notes:

1. **Due to Covid-19 and related legal restrictions and guidance from government authorities, shareholders may not physically attend the meeting other than to form a quorum, and will not be permitted access to the venue on the day of the meeting. Shareholders are strongly encouraged to participate in the meeting by voting by proxy ahead of the meeting.**
2. 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.
3. 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. Given the restrictions on attendance in person, **you are encouraged to appoint the Chairman of the meeting to submit proxy votes at the meeting, rather than a named person who will not be permitted to attend the physical meeting.**
4. 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.
5. 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.
6. 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, Steelpark Road, Halesowen B62 8HD; and
- (c) received by no later than 11.00a.m. on 23 October 2020.

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.

- 7. 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.

- 8. 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, Steelpark Road, Halesowen, B62 8HD. 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 23 October 2020.

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.

- 9. 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 23 October 2020 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.