

TRAFALGAR NEW HOMES PLC

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2013

Company Registration No 04340125



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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C C Johnson
J Dubois
A Johnson
N Lott

SECRETARY

A Moore

REGISTERED OFFICE

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Bough Beech
Edenbridge
Kent TN8 7PD

REGISTERED NUMBER:

04340125

AUDITOR

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EC4Y 8EH

NOMINATED ADVISER AND BROKER

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London
EC3A 6AB

REGISTRARS

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PUBLIC RELATIONS

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London
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CHAIRMAN'S STATEMENT

TRAFALGAR NEW HOMES PLC

CHAIRMAN'S STATEMENT

I am very pleased to present the Report and Accounts for the Group for the year ended 31 March 2013

Business Environment

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

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

Financials

The period under review saw Group turnover at £2,205,786 (2012 £2,346,404 in a 16 month period), with a profit before tax up 196% to £617,976 (2012 £208,619). The underlying operating profit for the year was £559,732 (16 months to 31 March 2012 £394,999).

Land has been acquired to enable our development programme to continue profitably for 2014 and 2015.

Outlook

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

On 16 July 2013, we were delighted to announce our move from ISDX to AIM, something the Board felt was the next logical step for the Group seeking fast expansion and growth. The Directors believe that the AIM market will assist the Group in attracting new investors, improving liquidity in its shares and raising additional capital when required, as well as enhancing the Group's overall profile and helping to attract future acquisition opportunities moving forward.

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

James Dubois

Chairman

21 August 2013

DIRECTORS' REPORT

TRAFALGAR NEW HOMES PLC

DIRECTORS' STATEMENT

The Directors present their Report and Audited Financial Statements for the year ended 31 March 2013

Principal Activities

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

The principal activity of the principal subsidiary undertaking, Combe Bank Homes Limited, continued to be that of home building and property development

Business review, results and dividends

The Consolidated Results of the year's trading, presented on the basis of accounting, are shown on page 11 of the Financial Statements. The Consolidated Profit (post tax) for the year amounted to £530,558 (16 month period to 31 March 2012 Profit £208,464)

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 risk and uncertainties facing the Group are

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

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

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

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

- 5 The Group has a rigorous corporate governance policy appropriate for a publicly quoted company now listed on AIM
- 6 Many of the activities are outsourced and each of the Directors is fully aware of the activities of all members of staff enabling adequate cover when needed

DIRECTORS' REPORT

Operations Review

The year under review has seen us continue our movement towards establishing ourselves as a force in the house building market in our chosen area of operation, which, as in previous years, remains primarily Kent, East Sussex, Surrey and the outer London M25 ring

At the commencement of the year, work was under way on our flagship site at Oakhurst Park Gardens, Hildenborough, Kent and our site at Edenbridge, Kent which two sites were anticipated to generate substantial turnover over the two financial years ended 31 March 2013 and 31 March 2014. This has been the case. Work was completed on the Edenbridge site, which comprised of eight two bed apartments, a three bedroom penthouse, a studio and retail shop (new build) and an existing cottage which was refurbished. Seven of the units contributed to the profit for the year end under review and all, but one, of the remaining units are currently under offer for sale. This site contributed substantially to the profit for the year.

On the Oakhurst Park Gardens development, work is complete and whilst available for sale now, marketing of the properties will commence in earnest at the beginning of September, as we took the decision to delay the launch during the peak July and August summer holiday period. We are confident that this site will contribute substantially to turnover and profit for the year ended 31 March 2014.

During the year we have acquired sites in Ticehurst, East Sussex and Tunbridge Wells, Kent for the development of two units and six units respectively and development work will be undertaken on these two sites during this year, with the site we own at Sheerness, Kent (six units) being commenced at the same time. These three sites are anticipated to contribute to the profit for the year ended 31 March 2015.

The other site currently owned by us at Chatham, Kent (three units) will be retained for development or sale over the course of this year. We have decided to withdraw from the development at Chipstead as satisfactory terms could not be agreed.

The success of our development activities through the year is shown in the gross profit achieved for the year under review, the profitability being further enhanced by the addition of profit generated from the sale of the balance of the investment properties at The Square, Maidstone, which had been retained by us through the recession.

The consolidated profit after tax of £530,558 (2012: £208,464) on revenue of £2,205,786 is an encouraging result. The losses carried forward from previous years has reduced the tax charge in 2013. There has been a change in accounting policy in relation to revenue recognition as detailed in the accounting policy note on page 15.

As stated previously, the declaration and payment of dividends is at the discretion of the Board and depends upon future funding requirements, profits generated and the available reserves of the Company. It remains the Board's intention to give consideration to the payment of a dividend at the earliest opportunity and we therefore aim to pay a dividend in respect of the financial year ending 31 March 2014, subject to the foregoing.

We continue to negotiate the purchase of a number of sites, some with planning permission and some without planning consent where we are confident that planning permission will be obtained. We have and are entering into options and conditional contracts on land in our chosen area of operation to ensure continuity of development activity with a view to achieving our projected profitability for 2015 and onwards.

In particular, we are excited about the option we have entered into in respect of land in Staplehurst, Kent (circa 5 acres in extent) where we are confident planning permission will be obtained and which has been acquired by us for a nominal consideration and at a beneficial purchase price.

In our area of operations we intend for the Group to continue our successful policy of developing property of high quality to satisfy public demand. We will continue our land acquisition programme to satisfy the likely needs and demands of house buyers, preferring to develop a broad and varied range of residential homes, as evidenced in the year under review where we have developed out the Edenbridge site comprising apartments and a refurbished cottage and the Oakhurst site which comprises twelve three/four bedroom houses ranging in size from 1,400 sq ft to 1,900 sq ft each and which we intend to market for sale at figures in excess of £500,000 per unit.

As regards financial matters, I can confirm that our main bankers have continued their full support for the Group and its activities and remains prepared to lend on realistic terms for both land acquisitions and construction costs. Indeed, we have a number of financial institutions keen to support our development activities. We have three main bankers/funders at present, satisfying our needs on competitive terms and the Johnson family will continue to support the Group in its

DIRECTORS' REPORT

activities where necessary via the established loan accounts, providing the necessary financial support to cover the balance of the monies needed to buy land and build out sites and for overheads. We borrow on a site specific basis only and do not seek general overdraft facilities.

On the corporate side, we signalled our intention to move the Company from the ISDX Growth Market (formerly PLUS) to AIM, which was completed on 16 July 2013, and the Company's shares may be a further source of capital funding in the future as a result. The Group does, indeed, intend to capitalise upon its funding sources to acquire and develop prime new build land sites on a favourable cost basis, where opportunities arise and it is prudent so to do.

We continue to run the business on a low overhead base and whilst costs will rise following our admission to AIM, we believe we will continue to operate on a low overhead base compared to our competitors.

The experience of the Executive Directors in the industry enables us to buy land, negotiate and enter into construction contracts for the sites and engage professional services with a low head office overhead centre, enabling the Group to scale up or down the trading activity very quickly to react to changing market conditions and opportunities. We are very confident of being able to develop out sufficient sites to continue the Group's growth trend through the current year and onwards. We believe that the success of the Group and the profitability generated as a result will enable us to pay dividends to shareholders in the future.

Finally, we remain committed to providing quality homes in areas of undoubted demand at realistic prices.

RESULTS AND DIVIDENDS

The results for the year are set out on page 11.

The Directors do not recommend the payment of a final dividend for the year (2012: nil).

DIRECTORS

The following Directors have held office since 1 April 2012 -

C C Johnson

A Johnson

N Lott

J Dubois

CONFLICTS OF INTEREST

Under the articles of association of the company and in accordance with the provisions of the Companies Act 2006, a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. However, the Directors may authorise conflicts and potential conflicts, as they deem appropriate. As a safeguard, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and the Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate. During the financial year ended 31 March 2013, 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 2013 were as follows -

	31 03 2013	31 03 2012
	Ordinary shares of 1p each	Ordinary shares of 1p each
C C Johnson	186,815,803	186,815,803
A Johnson	1,868	1,868

DIRECTORS' REPORT

SHAREHOLDINGS OR OTHER DIRECTORS

Since the year end, on admission to AIM, the non-executive Directors subscribed for new shares at the placing price of 2p per share -

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

OTHER SUBSTANTIAL SHAREHOLDINGS

As at 13 August 2013, being the latest practicable date before the issue of these financial statements, the company had been notified of the following shareholdings which constitute 3% or more of the total issued shares of the company

	Ordinary shares No	Shareholding %
Mr C C Johnson	186,815,803	87.15

FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise cash at bank, bank loans, other loans and various items within current assets and current liabilities that arise directly from its operations. The Directors consider that the key financial risk is liquidity risk. This risk is explained in the section headed Principal Risks and Uncertainties on page 3.

POLICY ON PAYMENT OF CREDITORS

Although the Group does not follow a formal code, the policy is to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods and services in accordance with the agreed terms and conditions. The total value of trade creditors at 31 March 2013 amounted to £169,510 (2012: £69,057). The average taken to pay creditors during the year was less than 14 days (2012: 14 days).

STATEMENT OF DIRECTORS RESPONSIBILITIES

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

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

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

DIRECTORS' REPORT

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.

Provision of information to auditors

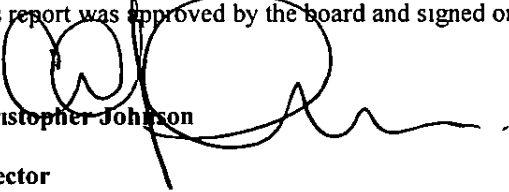
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that

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

AUDITOR

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

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



Christopher Johnson

Director

21 August 2013

Trafalgar New Homes Plc

CORPORATE GOVERNANCE STATEMENT

The Board of Trafalgar New Homes Plc appreciate the value of good corporate governance and the requirements of the UK Corporate Governance Code ("the Code"). Companies on AIM are not required to comply with the Code and, due to its size, the Company is not in full compliance. However the Company intends to comply as far as is practicable and appropriate.

Board Structure

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

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

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

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

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

Internal Controls

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

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

We have audited the financial statements of Trafalgar New Homes Plc for the year ended 31 March 2013 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the Parent Company Balance Sheet, the Parent Company Statement of Cash Flows and the related notes numbered 1 to 18 for the Group and the related notes numbered 1 to 10 for the Parent Company

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of Directors and Auditors

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

Scope of the audit of the financial statements

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

We read all the financial and non-financial information in the Directors' Report and any other surrounding information which includes the Chairman's statement to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2013 and of the Group's profit for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Parent Company financial 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



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

21 August 2013

Trafalgar New Homes Plc
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2013

		Year ended 31 March 2013 £	16 month period ended 31 March 2012 £
	Note		
Revenue		2,205,786	2,346,404
Cost of sales		1,583,216	1,699,896
Gross profit		622,570	646,508
Administrative expenses		261,469	251,509
Gain on disposal of Group Company	3	198,631	-
Underlying operating profit*		559,732	394,999
Costs of acquisition		-	29,500
Deemed cost of listing	5	-	261,575
Operating profit		559,732	103,924
Profit before interest		559,732	103,924
Other interest receivable and similar income	2	58,244	137,858
Finance costs	4	-	33,163
Profit before taxation		617,976	208,619
Tax payable on profit on ordinary activities	7	87,418	155
Profit after taxation for the year		530,558	208,464
Other comprehensive income		-	-
Total comprehensive income for the year		530,558	208,464
Profit attributable to Equity holders of the Parent		530,558	208,464
Total comprehensive income for the year attributable to Equity holders of the Parent		530,558	208,464
PROFIT PER ORDINARY SHARE, Basic/Diluted	8	0.25p	0 10p

*Operating profit before costs of acquisition and deemed cost of listing

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

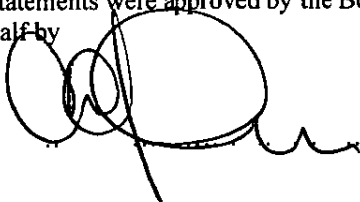
The notes on pages 15 to 30 are an integral part of these consolidated financial statements

Trafalgar New Homes Plc
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2013

	Note	31 March 2013 £	31 March 2012 £
Non-current assets			
Property, plant and equipment	9	<u>1,150</u> 1,150	<u>1,533</u> 1,533
Current assets			
Inventory	12	6,261,384	6,557,666
Trade and other receivables	10	1,322,092	110,043
Cash at bank and in hand	11	<u>393,922</u>	<u>553,420</u>
		7,977,398	7,221,129
Total assets		7,978,548	7,222,662
Liabilities: amounts falling due within one year			
Trade and other payables	13	(452,579)	(169,305)
Borrowings	14	(3,380,034)	(1,010,816)
Net current assets		4,144,785	6,041,008
Non-current liabilities			
Borrowings	14	(4,993,391)	(7,420,555)
Net liabilities		<u>(847,456)</u>	<u>(1,378,014)</u>
Capital and reserves			
Called up share capital	15	2,143,752	2,143,752
Share premium account	16	961,128	961,128
Reverse acquisition reserve		(2,817,633)	(2,817,633)
Profit & loss account		<u>(1,134,703)</u>	<u>(1,665,261)</u>
Equity – attributable to the owners of the Parent		<u>(847,456)</u>	<u>(1,378,014)</u>

These financial statements were approved by the Board of Directors and authorised for issue on 21 August 2013 and are signed on its behalf by

C C Johnson



J Dubois



Trafalgar New Homes Plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Share capital £	Share premium £	Reverse acquisition reserve £	Retained profits/(losses) £	Total equity £
At 1 December 2010	87,575	194,393	(181,669)	(1,873,725)	(1,773,426)
Profit for year	-	-	-	208,464	208,464
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	208,464	208,464
Issue of shares	2,056,177	787,235	-	-	2,843,412
Share issue costs	-	(20,500)	-	-	(20,500)
Reverse acquisition adjustment	-	-	(2,635,964)	-	(2,635,964)
At 31 March 2012	2,143,752	961,128	(2,817,633)	(1,665,261)	(1,378,014)
At 1 April 2012	2,143,752	961,128	(2,817,633)	(1,665,261)	(1,378,014)
Profit for the year	-	-	-	530,558	530,558
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	530,558	530,558
At 31 March 2013	2,143,752	961,128	(2,817,633)	(1,134,703)	(847,456)

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

The reverse acquisition reserve relates to the reverse acquisition between Trafalgar New Homes plc and Combe Bank Homes Limited on 11 November 2011.

Trafalgar New Homes Plc
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2013

	Note	2013 £	2012 £
Cash flow from operating activities			
Operating profit		559,732	103,924
Depreciation charges		383	767
Decrease in stocks		296,282	377,068
Increase in debtors		(1,013,418)	(55,930)
Increase in creditors		199,258	90,933
Deemed cost of listing		-	261,575
Other income		58,244	137,858
Interest paid		-	(33,163)
Gain on disposal of group company		(198,631)	
Net cash (outflow) / inflow from operating activities		(98,150)	883,032
Investing activities			
Purchase of tangible fixed assets		-	(1,771)
Net cash used in investing activities		-	(1,771)
Taxation		(3,402)	-
Financing activities			
New loans / (loan repayments) in year (net)		485,575	(567,153)
Share issue costs		-	(20,500)
Amount withdrawn by Directors		(543,521)	(11,853)
Net cash outflow from financing		(57,946)	(599,506)
(Decrease) / increase in cash and cash equivalents in the year		(159,498)	281,755
Cash and cash equivalents at the beginning of the year		553,420	271,665
Cash and cash equivalents at the end of the year		393,922	553,420

Trafalgar New Homes Plc

ACCOUNTING POLICIES

For the year ended 31 March 2013

BASIS OF ACCOUNTING

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

The nature of the Company's operations and its principal activities are set out in the Directors Report on page 3.

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 2013 and are presented in pounds sterling ("GBP"). The comparative year is for the 16 months to 31 March 2012.

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

GOING CONCERN

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

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

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

CHANGE IN ACCOUNTING POLICY – REVENUE RECOGNITION

For the year ended 31 March 2013, the group changed its accounting policy on revenue recognition to be more in line with the business practices of the group. For the previous period end, sales of homes were recognised when the sale had achieved legal completion and the proceeds had been received.

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 and it is probable that the economic benefits associated with the sale will flow to the group/company. In the majority of cases properties are treated as sold and profits are recognised when contracts are exchanged and the building work is physically complete.

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

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

Trafalgar New Homes Plc

ACCOUNTING POLICIES

For the year ended 31 March 2013

The effects of this change in accounting policy in the year to 31 March 2013 on the consolidated financial statements are presented below

	Year ended 31 March 2013 (as per previous accounting policy)	Year ended 31 March 2013 (as per new accounting policy)	Adjustment
	£	£	£
Income Statement - Consolidated			
Revenue	1,445,786	2,205,786	760,000
Cost of sales	1,148,232	1,583,216	(434,984)
Gross profit	297,554	622,570	325,016
Administrative expenses	261,469	261,469	-
Gain on disposal of group company	198,631	198,631	-
Operating Profit	234,716	559,732	325,016
Other interest receivable and similar income	58,244	58,244	-
Profit before taxation	292,960	617,976	325,016
Tax payable on profit on ordinary activities	87,418	87,418	-
Profit after taxation for the year	205,542	530,558	325,016

Basic and Diluted EPS (pence)	0.10	0.25	0.15
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	Year ended 31 March 2013 (as per previous accounting policy)	Year ended 31 March 2013 (as per new accounting policy)	Adjustment
	£	£	£
Statement of Financial Position - Consolidated			
Non-current assets			
Tangible Fixed Assets	1,150	1,150	-
Current assets			
Inventory	6,696,368	6,261,384	(434,984)
Trade and other receivables	562,092	1,322,092	760,000
Cash at bank and in hand	393,922	393,922	-
	7,652,382	7,977,398	325,016
Total assets	7,653,532	7,978,548	325,016
Liabilities: amounts due within one year			
Trade and other payables	(452,579)	(452,579)	-
Borrowings	(3,380,034)	(3,380,034)	-
Net current assets	3,819,769	4,144,785	325,016
Non-current liabilities			
Borrowings	(4,993,391)	(4,993,391)	-
Net liabilities	(1,172,472)	(847,456)	325,016

Trafalgar New Homes Plc

ACCOUNTING POLICIES

For the year ended 31 March 2013

Capital and reserves			
Called up share capital	2,143,752	2,143,752	-
Share premium account	961,128	961,128	-
Reverse acquisition reserve	(2,817,633)	(2,817,633)	-
Profit and loss account	(1,459,719)	(1,134,703)	325,016
Equity – attributable to owners of the Parent	(1,172,472)	(847,456)	325,016
	Year ended 31 March 2013 (as per previous accounting policy)	Year ended 31 March 2013 (as per new accounting policy)	Adjustment
Extract of Consolidated Statement of Cash Flows	£	£	£
Cash flows from operating activities			
Operating profit	234,716	559,732	325,016
Depreciation charges	383	383	-
(Increase) / decrease in stocks	(138,702)	296,282	434,984
Increase in debtors	(253,418)	(1,013,418)	(760,000)
Increase in creditors	199,258	199,258	-
Other income	58,244	58,244	-
Gain on disposal of company	(198,631)	(198,631)	-
Net cash outflow from operating activities	(98,150)	(98,150)	-

There was no impact of the change in accounting policies on the Group's financial statements for the period ended 31 March 2012

STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IAS 1 (amended) – Presentation of Items of Other Comprehensive Income,
Annual improvements to IFRSs – (2009-2011) Cycle,
Amendments to IFRS7 and IAS 32 – Disclosures – Offsetting Financial Assets and Financial Liabilities,
IFRS 9 – Financial Instruments (not yet EU adopted),
IFRS 10 – Consolidated Financial Statements,
IFRS 11 – Joint Arrangements,
IFRS 12 – Disclosure of Interests in Other Entities,
IFRS 13 – Fair Value Measurement,
Amendments to IFRS 10, IFRS12 and IAS 27 – Investment Entities,
IAS 19 (revised) – Employee Benefits,
IAS 27 (revised) – Separate Financial Statements, and
IAS 28 (revised) – Investments in Associates and Joint Ventures

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

Trafalgar New Homes Plc

ACCOUNTING POLICIES

For the year ended 31 March 2013

BASIS OF CONSOLIDATION

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

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

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

On this basis, the Directors have developed an accounting policy for this transaction, applying the principles set out in IAS 8 10-12, in that the policy adopted is

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

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

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

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

- the asset and liabilities of the legal subsidiary Combe Bank Homes Limited are recognised and measured in the Group financial statements at the pre-combination carrying amounts, without reinstatement to fair value,
- the retained earnings and other equity balances recognised in the Group financial statements reflect the retained earnings and other equity balances of Combe Bank Homes Limited immediately before the business combination, and the results of the year from 1 December 2010 to the date of the business combination are those of Combe Bank Homes Limited However, the equity structure appearing in the Group financial statements reflects the equity structure of the legal parent, including the equity instruments issued under the share for share exchange to effect the business combination,
- the cost of the combination has been determined from the perspective of Combe Bank Homes Limited The fair value of the shares in Combe Bank Homes Limited has been determined from the admission price of the Trafalgar New Homes plc shares on re-admission to trading on ISDFX (formerly PLUS) for 1 pence per share The value of the consideration shares was £1,868,177 The fair value of the notional number of equity instruments that the legal subsidiary would have had to have issued to the legal parent to give the owners of the legal parent the same percentage ownership in the combined entity is 10 per cent of the market value of the shares after issues, being £207,575 The difference between the notional consideration paid by Trafalgar New Homes plc for Combe Bank Homes Limited and the Trafalgar New Homes plc net liabilities acquired of £54,000 has been charged to the Consolidated Statement of Comprehensive Income as a deemed cost of listing amounting to £261,575 with a corresponding entry to the reverse acquisition reserve

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

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

Trafalgar New Homes Plc

ACCOUNTING POLICIES

For the year ended 31 March 2013

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

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

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

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

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

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

REVENUE

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. In the majority of cases properties are treated as sold and profits are recognised when contracts are exchanged and the building work is physically complete.

FUNCTIONAL CURRENCY

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

OPERATING PROFIT

Operating profit is stated before interest and tax.

FINANCIAL INSTRUMENTS

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

CASH AND CASH EQUIVALENTS

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

Trafalgar New Homes Plc

ACCOUNTING POLICIES

For the year ended 31 March 2013

INVENTORIES

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

TANGIBLE FIXED ASSETS AND DEPRECIATION

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

Fixtures, fittings and equipment - 25% on reducing balance

TRADE AND OTHER RECEIVABLES

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

FINANCIAL LIABILITIES AND EQUITY

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

TRADE PAYABLES

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

BORROWING COSTS

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

EQUITY INSTRUMENTS

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

CURRENT TAXATION

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

DEFERRED TAXATION

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

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

Trafalgar New Homes Plc

ACCOUNTING POLICIES

For the year ended 31 March 2013

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

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

SHARE CAPITAL

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

PROVISIONS

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

COMMITMENTS AND CONTINGENCIES

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

SUBSEQUENT EVENTS

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

CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The preparation of financial statements in conformity with IFRS 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.

Trafalgar New Homes Plc

ACCOUNTING POLICIES

For the year ended 31 March 2013

according to their recoverable amounts based on the realisability of these properties, taking into account estimated costs to completion based on past experience and committed contracts and estimated net sales based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgment and estimates. The carrying amount of inventory is disclosed in note 12 to the financial statements.

Trafalgar New Homes Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

1 SEGMENTAL REPORTING

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

The principal activity of the Group was property development.

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

Geographical segments

The following tables present revenue regarding the Group's geographical segments for the year ended 31 March 2013.

<i>Year ended 31 March 2013</i>	United Kingdom £	Total £
Property development – sales	<u>2,205,786</u>	<u>2,205,786</u>
	<u>2,205,786</u>	<u>2,205,786</u>
 <i>Year ended 31 March 2012</i>	 United Kingdom £	 Total £
Property development – sales	<u>2,346,404</u>	<u>2,346,404</u>
	<u>2,346,404</u>	<u>2,346,404</u>

Trafalgar New Homes Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

2 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £	2012 £
Bank interest received	253	220
Rental income	57,991	137,638
Gain on disposal of Group Company	198,631	-
	<u>256,875</u>	<u>137,858</u>

3 GAIN ON DISPOSAL GROUP COMPANY

On 31 March 2013 Combe Bank Homes Limited, a fully owned subsidiary of the Group, sold its 100% shareholding in Combe Homes (Investments) Limited for £200,000. The net assets of Combe Homes (Investments) Limited at the date of disposal were £1,369, which provided a gain on disposal of £198,631.

A summary of the results of Combe Homes (Investments) Limited for the current year and prior period are included below.

	2013 £	2012 £
Revenue	<u>49,235</u>	-
Profit for the period	<u>1,267</u>	2
Net assets on disposal	<u>1,369</u>	102

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £	2012 £
Interest on bank loans	-	33,163
	<u>-</u>	<u>33,163</u>

5 PROFIT FOR THE YEAR

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

	2013 £	2012 £
Deemed cost of listing	-	261,575
Costs of acquisition	-	29,500
Depreciation of tangible fixed assets	383	737
Auditor's remuneration		
Audit of these financial statements	10,000	10,000
Amounts receivable by the auditor in respect of the audit of the financial statements of subsidiary undertakings pursuant to legislation	4,000	2,000

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

Trafalgar New Homes Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

6 EMPLOYEES AND DIRECTORS' REMUNERATION

Staff costs during the year were as follows

	2013 £	2012 £
Directors remuneration	25,000	24,475
Wages and salaries	61,000	81,333
Social security costs	7,736	9,626
Other pension costs	18,000	25,500
	<u>111,736</u>	<u>140,934</u>

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

	2013 Number	2012 Number
Directors and management	<u>4</u>	<u>4</u>

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

	2013 £	2012 £
Short-term employee benefits		
- Emoluments for qualifying services C C Johnson	-	14,475
- Emoluments for qualifying services A Johnson	10,000	10,000
- Emoluments for qualifying services J Dubois	15,000	-
	<u>25,000</u>	<u>24,475</u>

There are retirement benefits accruing to Mr C C Johnson for whom a company contribution was paid during the year of £18,000 (2012 £25,500)

Consultancy fees of £10,000 (2012 £13,333) were paid to Mr N Lott during the year

7 TAXATION

	2013 £	2012 £
Current tax	87,418	155
Tax charge	<u>87,418</u>	<u>155</u>
Profit on ordinary activities before tax	617,976	208,619
Based on profit for the year		
Tax at 24% (2012 26.3%)	148,314	54,867
Effect of		
Losses utilised	(64,509)	(59,584)
Disallowable items	3,636	5,346
Capital allowances claimed	(23)	(474)
Tax charge for the year	<u>87,418</u>	<u>155</u>

Trafalgar New Homes Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

8 PROFIT PER ORDINARY SHARE

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

	2013 £	2012 £
Profit for the year	<u>530,558</u>	<u>£208,464</u>
Weighted average number of shares for basic profit per share	<u>214,375,200</u>	<u>200,396,679</u>
Weighted average number of shares for diluted profit per share	<u>214,375,200</u>	<u>200,396,679</u>
PROFIT PER ORDINARY SHARE,		
Basic	<u>0 25p</u>	<u>0 10p</u>
Diluted	<u>0 25p</u>	<u>0 10p</u>

9 PROPERTY PLANT AND EQUIPMENT

	Fixtures and fittings £
At 1 April 2012	<u>2,936</u>
At 31 March 2013	<u><u>2,936</u></u>
Depreciation	
At 1 April 2012	<u>1,403</u>
Charge for the year	<u>383</u>
At 31 March 2013	<u><u>1,786</u></u>
Net book value at 31 March 2013	<u>1,150</u>
Net book value at 31 March 2012	<u><u>1,533</u></u>

10 TRADE AND OTHER RECEIVABLES

	2013 £	2012 £
Trade debtors	<u>1,140,000</u>	-
Other receivables	<u>103,442</u>	<u>79,926</u>
Other taxes	<u>76,149</u>	<u>27,820</u>
Prepayment	<u>2,501</u>	<u>2,297</u>
	<u><u>1,322,092</u></u>	<u><u>110,043</u></u>

There are no receivables that are past due but not impaired at the year end, and receivables relate only to customers with no recent history of default

Trafalgar New Homes Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

11 CASH AND CASH EQUIVALENTS

All of the Group's cash and cash equivalents at 31 March 2013 are in sterling and held at floating interest rates

	2013 £	2012 £
Cash and cash equivalents	<u>393,922</u>	<u>553,420</u>

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

12 INVENTORY

	2013 £	2012 £
Work in progress	<u>6,261,384</u>	<u>6,557,666</u>

13 TRADE AND OTHER PAYABLES

	2013 £	2012 £
Trade creditors	169,510	69,057
Accruals	140,693	52,812
Tax	89,483	5,467
Other creditors	<u>52,893</u>	<u>41,969</u>
	<u>452,579</u>	<u>169,305</u>

14 BORROWINGS

	2013 £	2012 £
Director's loans	4,035,391	4,578,912
Other loans	565,000	480,000
Bank loans	<u>3,773,034</u>	<u>3,372,459</u>
	<u>8,373,425</u>	<u>8,431,371</u>

Included in other loans, all bearing interest at 10% - 15% per annum, is the sum of £300,000 (2012 £300,000) advanced by the DFM Pension Scheme of which Mr J Dubois is the principal beneficiary

The bank borrowings are repayable as follows

	2013 £	2012 £
On demand or within one year	3,380,034	1,010,816
In the second year	393,000	1,726,643
In the third to fifth years inclusive	-	635,000
After five years	<u>3,773,034</u>	<u>3,372,459</u>
Less amount due for settlement within 12 months (included in current liabilities)	<u>(3,380,034)</u>	<u>(1,010,816)</u>
Amount due for settlement after 12 months	<u>393,000</u>	<u>2,361,643</u>

Trafalgar New Homes Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

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

Bank Loans - 5 1% (2012 5 1%)

£2,000,000 of the Director's loan is repayable after more than 1 year while the balance will be repaid in the next few months when cashflow permits Interest will be payable at the rate of 5% pa as from 1 April 2013 (previously nil)

The other loans bear interest of between 10-15% and are repayable after more than 1 year

15 SHARE CAPITAL

Authorised Share Capital

	2013 Number	2012 Number
Ordinary shares of 1p each	<u>214,375,200</u>	<u>214,375,200</u>
Issued, allotted and fully paid		
	2012 £	2010 £
Ordinary shares of 1p each	<u>2,143,752</u>	<u>2,143,752</u>

16 SHARE PREMIUM ACCOUNT

	2013 £	2012 £
Balance brought forward	961,128	194,393
Premium on issue of new shares	-	787,235
Share issue costs	-	(20,500)
Balance carried forward	<u>961,128</u>	<u>961,128</u>

17 RELATED PARTY TRANSACTIONS

Mr C C Johnson holds 87 15% (2012 87 15%) of the total issued share capital of the Group

During the year, the Directors agreed to sell a small number of completed properties to Mr C C Johnson and his Pension Fund for an aggregate consideration of £760,000 (2012 £1,090,000)

Four properties were also sold to an independent third party to whom Mr J Dubois provided an indirect loan of £275,000 in connection with these purchases, for an aggregate consideration of £972,000 (2012 £nil)

The following working capital loans have been provided by the Directors

	2013	2012
C C Johnson	£4,035,391	£4,578,912
J Dubois	£300,000	£300,000

Mr Johnson's Loan was interest-free but will bear interest at 5% pa from 1st April 2013 Mr Dubois's Loan, which is from his Pension Fund of which he is the sole beneficiary, was at 15% pa interest (2012 15% pa), reducing to 12% pa as from 1 April 2013

Trafalgar New Homes Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

18 CATEGORIES OF FINANCIAL INSTRUMENTS

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

	Loans, cash and cash equivalents and receivables held at amortised cost		Borrowings and trade payables held at amortised cost	
	2013	2012	2013	2012
	£	£	£	£
Financial assets				
Cash and cash equivalents	393,922	553,420	-	-
Financial liabilities				
Borrowings – Directors loans	-	-	4,035,391	4,578,912
Borrowings – bank loan	-	-	3,773,034	3,372,459
Borrowings – other loans	-	-	465,000	480,000
Total	393,922	553,420	8,273,425	8,431,371

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

Capital risk management

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

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed on pages 15 to 22 to these financial statements

Foreign currency risk

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

Interest rate risk

The Group is sensitive to changes in interest rates principally on the loans from banks The loans from Mr Johnson were interest free in the year but will bear interest at 5% pa from 1 April 2013 Mr Dubois's loan from his Pension Fund attracts interest at 15% pa which reduces to 12% pa from 1 April 2013

The impact of a 100 basis point increase in interest rates would result in additional interest cost for the year of £43,969 (2012 £33,302)

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

Trafalgar New Homes Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

Liquidity risk management

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

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

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

Derivative financial instruments

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

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

Trafalgar New Homes Plc
COMPANY BALANCE SHEET
 Company Registration Number: 05332938
 31 March 2013

	Note	2013 £	2012 £
Investments	3	<u>2,323,524</u> 2,323,524	<u>2,323,524</u> 2,323,524
Current assets			
Other receivables	4	9,915	12,528
Cash at bank and in hand		<u>3,797</u> 13,712	<u>21,245</u> 33,773
Creditors: amounts falling due within one year	5	<u>23,214</u>	<u>27,660</u>
Net current (liabilities) / assets		(9,502)	6,113
Creditors: amounts falling due after more than one year			
Borrowings	6	181,771	122,467
Net assets		<u>2,132,251</u>	<u>2,207,170</u>
Capital and reserves			
Called up share capital	7	2,143,752	2,143,752
Share premium account	8	961,128	961,128
Profit and loss account		<u>(972,629)</u>	<u>(897,710)</u>
Equity – attributable to the owners of the Parent	10	<u>2,132,251</u>	<u>2,207,170</u>

The financial statements were approved by the Board of Directors on 21 August 2013 and authorised for issue and are signed on its behalf by

C C Johnson



J Dubois



Trafalgar New Homes Plc
COMPANY STATEMENT OF CASH FLOWS
Year ended 31 March 2013

	Notes	£	2012 £	£	2012 £
Net cash outflow from operating activities	1		(63,735)		(377,975)
Capital expenditure and financial investment	2		<u>-</u>		<u>(2,323,138)</u>
			(63,735)		(2,701,113)
Financing	2		<u>46,287</u>		<u>2,718,616</u>
(Decrease) / increase in cash in the year			<u>(17,448)</u>		<u>17,503</u>

**Reconciliation of net cash flow
to movement in net debt**

	3				
(Decrease) / increase in cash in the year			(17,448)	17,503	
Cash outflow / (inflow) from decrease / (increase) in debt			<u>27,660</u>	<u>212,120</u>	
Change in net debt resulting from cash flows			<u>10,212</u>	<u>229,623</u>	
Movement in net debt in the year			10,212	229,623	
Net debt at 1 April			<u>(21,058)</u>	<u>(250,681)</u>	
Net debt at 31 March			<u>(10,846)</u>	<u>(21,058)</u>	

Trafalgar New Homes Plc
COMPANY STATEMENT OF CASH FLOWS
Year ended 31 March 2013

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

	31.3.13	31 3 12
	£	£
Operating loss	(74,919)	(41,528)
Cost of reorganisation	-	(334,831)
Decrease in stocks	-	161,711
Decrease in debtors	2,613	96,397
Increase/(decrease) in creditors	<u>8,571</u>	<u>(259,724)</u>
Net cash outflow from operating activities	<u>(63,735)</u>	<u>(377,975)</u>

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

	31.3.13	31 3 12
	£	£
Capital expenditure and financial investment		
Purchase of fixed asset investments	-	(2,323,524)
Sale of tangible fixed assets	<u>-</u>	<u>386</u>
Net cash outflow for capital expenditure and financial investment	<u>-</u>	<u>(2,323,138)</u>
 Financing		
Loan repayments in year	(27,600)	(212,120)
Loans from Group undertakings in year	73,947	107,824
Share issues	<u>-</u>	<u>2,822,912</u>
Net cash inflow from financing	<u>46,287</u>	<u>2,718,616</u>

Trafalgar New Homes Plc
COMPANY STATEMENT OF CASH FLOWS
Year ended 31 March 2013

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.12 £	Cash flow £	At 31.3.13 £
Net cash			
Cash at bank	<u>21,245</u>	<u>(17,448)</u>	<u>3,797</u>
	<u>21,245</u>	<u>(17,448)</u>	<u>3,797</u>
Debts			
Falling due within one year	(27,660)	13,017	(14,643)
Falling due after one year	<u>(14,643)</u>	<u>14,643</u>	<u>-</u>
	<u>(42,303)</u>	<u>27,660</u>	<u>(14,643)</u>
Total	<u>(21,058)</u>	<u>10,212</u>	<u>(10,846)</u>

Trafalgar New Homes Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 March 2013

BASIS OF ACCOUNTING

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

GOING CONCERN

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

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

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

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

INVESTMENTS

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

TAXATION

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

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

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

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

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

Trafalgar New Homes Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS for the year ended 31 March 2013

1 LOSS FOR THE FINANCIAL YEAR

a) The company has taken advantage of section 408 of the Companies Act 2006 and consequently a profit and loss account for the company alone has not been presented

The company's loss for the financial year was £74,919 (2012 Loss £376,359)

The company's loss for the financial year has been arrived at after charging auditor's remuneration payable to Crowe Clark Whitehill LLP for audit services to the company of £10,000 (2012 £10,000)

2 EMPLOYEES AND DIRECTORS' REMUNERATION

	2013 £	2012 £
Directors fees	15,000	-
Wages and salaries	-	-
Social security costs	1,037	-
Management fees	10,000	-
Other pension costs	-	-
	<u>26,037</u>	<u>-</u>

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

	2013 Number	2012 Number
Directors and management	<u>2</u>	<u>2</u>

There are no retirement benefits accruing to any of the Directors

£10,000 (2012 £13,333) was paid to Mr Norman Lott for his professional services

Trafalgar New Homes Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS for the year ended 31 March 2013

3 INVESTMENTS

	Subsidiary undertakings £
At 1 April 2012	2,323,524
At 31 March 2013	<u>2,323,524</u>

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

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

On 31 March 2013 Combe Bank Homes Limited sold the entire share capital of Combe Homes (Investments) Limited for £200,000. This provided a gain on disposal of the investment in Combe Bank Homes Limited of £199,900.

Trafalgar New Homes Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS for the year ended 31 March 2013

4 OTHER RECEIVABLES

	2013	2012
	£	£
Other debtors	3,134	-
Other taxes and social security	6,781	12,528
	<u>9,915</u>	<u>12,528</u>

5 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£	£
Bank loan	14,643	27,660
Trade creditors	7,860	-
Social security and other taxes	711	-
	<u>23,214</u>	<u>27,660</u>

6 BORROWINGS

	2013	2012
	£	£
Amounts owed to subsidiary undertakings more than one year	181,771	107,824
Bank loan more than one year	-	14,643
	<u>181,771</u>	<u>122,467</u>

7 SHARE CAPITAL

Authorised share capital

	2013	2012
	Number	Number
Ordinary shares of 1p each	<u>214,375,200</u>	<u>214,375,200</u>

Issued, allotted and fully paid

	2013	2012
	£	£
Ordinary shares of 1p each	<u>2,143,752</u>	<u>2,143,752</u>

Trafalgar New Homes Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS for the year ended 31 March 2013

8 SHARE PREMIUM ACCOUNT

	2013 £	2012 £
Balance brought forward	961,128	194,393
Premium on issue of new shares	-	787,235
Costs on share premium	-	(20,500)
Balance carried forward	<u>961,128</u>	<u>961,128</u>

9 PROFIT AND LOSS ACCOUNT

	2013 £	2012 £
Balance brought forward	(897,710)	(521,351)
Loss for financial year	<u>(74,919)</u>	<u>(376,359)</u>
Balance carried forward	<u>(972,629)</u>	<u>(897,710)</u>

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS-

	2012 £	2012 £
Loss for the financial year	<u>(74,919)</u>	<u>(376,359)</u>
Net decrease in shareholders' funds	<u>(74,919)</u>	<u>(376,359)</u>
Issue of new shares	-	2,056,177
Share premium – shares issued in year	-	787,235
Share premium – issue costs	-	(20,500)
Opening Shareholders' funds	<u>2,207,170</u>	<u>(239,383)</u>
Closing Shareholders' funds	<u>2,132,251</u>	<u>2,207,170</u>