

**TRAFALGAR PROPERTY GROUP PLC**

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2021

Company Registration No. 04340125

## TABLE OF CONTENTS

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Officers and Professional Advisers	3
Chairman's Statement	4
Strategic Report	5–7
Directors' Report	8 – 11
Independent Auditor's Report	12 – 17
Consolidated Statement of Comprehensive Income	18
Consolidated Statement of Financial Position	19
Consolidated Statement of Changes in Equity	20
Consolidated Statement of Cash Flows	21
Accounting Policies	22– 30
Notes to the Consolidated Financial Statements	31– 41
Company Balance Sheet	42
Company Statement of Changes in Equity	43
Notes to the Company Financial Statements	44– 50
Explanation of Resolutions at the Annual General Meeting	51
Notice of Annual General Meeting	52– 53

## OFFICERS AND PROFESSIONAL ADVISERS

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**DIRECTORS**

J Dubois  
N A C Lott  
P A Treadaway  
G Thorneycroft

**SECRETARY**

N W Narraway

**REGISTERED OFFICE**

Chequers Barn  
Chequers Hill  
Bough Beech  
Edenbridge  
Kent TN8 7PD

**REGISTERED NUMBER:**

04340125

**AUDITOR**

MHA MacIntyre Hudson  
2 London Wall Place  
Barbican  
London EC2Y 5AU

**NOMINATED ADVISER**

Spark Advisory Partners Ltd  
5 St John's Lane  
London EC1M 4BH

**REGISTRARS**

Neville Registrars Ltd  
Neville House  
Steelpark Road  
Halesowen  
West Midlands B62 8HD

# Trafalgar Property Group Plc

## CHAIRMAN'S STATEMENT

for the year ended 31 March 2021

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On behalf of the Board, I present Trafalgar Property Group Plc (the Group), results for the year ended 31 March 2021 which includes six property sales and two site options 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 progress two existing land options that we still hold but Covid-19 related issues are causing delays in the planning process.

### Financials

The year under review saw the Group turnover at £2,285,800 (2020: £1,970,106), with a loss after tax of £329,194 (2020: Loss £1,022,898), after taking into account exceptional items as detailed in note 19 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.

Due to the uncertainties and timing these planning appeals, it has been agreed by management not to include any future anticipated profits of developments in their assessment.

The cash on the balance sheet at the end of the year was £246,193 (2020: £27,969) 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 provided additional cash reserves for our planned activities.

### Business Environment and Outlook

On 24<sup>th</sup> November, 2020 Gary Thorneycroft was appointed as a Director of the Group which strengthens the Board with his particular expertise within the accountancy profession. 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 2020 as sales of completed units have been delayed by some months with the planning process being negatively impacted by the effects of the pandemic. 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**  
**6 September 2021**

# Trafalgar Property Group Plc

## STRATEGIC REPORT

for the year ended 31 March 2021

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### 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 (Selmat)

Combe Bank Homes (Oakhurst) Limited (Oakhurst)

Combe Homes (Borough Green) Limited (Borough Green)

All bank borrowings were the liability of TNH, the wholly owned subsidiary of the Group, however during the year the bank borrowings were cleared. Mortgages of £924,373 exist 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 £329,194 (2020: Loss £ 1,022,898) after taking into account exceptional items as mentioned in note 19 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. Direct costs may escalate and eat into gross profit margins.
2. Heavy overheads may be incurred especially when projects have been completed and before others have been commenced.
3. The Group could commit too much to future capital projects.
4. The Group's reliance on key members of staff.
5. 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. Direct costs are outsourced on a fixed price contract basis, thereby passing on to the contractor all risk of 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. Buying decisions for capital projects are taken at Board level, after careful research by the Directors personally, who have substantial experience in various business sectors and markets.

# Trafalgar Property Group Plc

## STRATEGIC REPORT

for the year ended 31 March 2021

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The Group has focused 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. 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 corporate governance policy appropriate for a small publicly listed 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:-

	2021 £	2020 £
Revenue for the year	2,285,800	1,970,106
Gross profit	322,006	154,068
Loss after taxation	(329,194)	(1,022,898)

Group turnover for the year amounted to £2,285,800 (2019: £1,970,106), representing the sale of six units at Sheerness plus two land options purchased and sold (2020: two residential properties plus car park space).

After taking into account the overheads of the Group, there was a loss recorded for the year of (£329,194) after exceptional items as detailed in note 19.

There will be no tax charge and the Company now has tax losses being carried forward of £ 4,645,489 (2020: losses £4,381,991).

The loss per share during the year was (0.34p), (2020: loss per share 0.21p).

As can be seen from the above, the Group failed to achieve a profit for the year under review and during the year all remaining residential units have been sold being the remaining six units at the Sheerness Site. There are currently two site options in Send & Leatherhead upon which planning was not granted and for which now appeals have been lodged with further option 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 2021.

# Trafalgar Property Group Plc

## STRATEGIC REPORT

for the year ended 31 March 2021

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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 5-7 on this 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 constantly monitor cashflows and expenditure. However, Management believe 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 all remaining 6 units at the Sheerness site sold.

Currently the Group holds four rented properties within its subsidiary. These properties valued at £1,975,000 as investment properties have generated rental income and are let on Assured Shorthold Tenancy Agreements, generating rental income substantially in excess of the borrowing cost of each property.

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 sites currently under option and/or in for planning. Once planning has been achieved 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 and subsequently sold for profit during the year. Going forward options still remain on Leatherhead and Send but planning has not been forthcoming and this is now lodged for appeal. It is our intention to develop the Leatherhead and Send sites once the favourable outcome of the appeal is known.

### Financial Instruments

Information relating to the financial instruments is now included in the Directors' Report on pages 8-11.

**Paul Treadaway**  
**Director**  
**6 September 2021**

# Trafalgar Property Group Plc

## DIRECTORS' REPORT

for the year ended 31 March 2021

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### DIRECTORS' REPORT

The Directors present their Report and Audited Financial Statements for the year ended 31 March 2021.

#### Results and dividends

The results for the year are set out on page 19.

The Directors do not recommend the payment of a final dividend for the year (2020: nil).

#### Directors

The following Directors have held office since 1 April 2020 and have all served for the entire accounting year:-

N A C Lott  
J Dubois  
P A Treadaway

Appointed in year:

G Thorneycroft- 24 November 2020

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 2021, the Directors have authorised no such conflicts or potential conflicts.

Directors' interests in the shares of the Company, including family interests, at 31 March 2021 were as follows: -

#### Directors' interests in shares

	31.03.2021	31.03.2020
	Ordinary shares - 0.1p each	Ordinary shares - 0.01p each
J Dubois	400,000	4,000,000
N Lott	50,000	500,000
D C Stocks	-	80,330,532
P Treadaway	19,733,466	106,484,658
G Thorneycroft	600,000	-

# Trafalgar Property Group Plc

## DIRECTORS' REPORT

for the year ended 31 March 2021

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	31.03.2021 Deferred shares – 0.9p each No. held	31.03.2020 Deferred shares – 0.9p each No. held
J Dubois	1,900,000	1,500,000
N Lott	550,000	500,000
D C Stocks	-	-
P Treadaway	10,648,466	-
G Thorneycroft	-	-

Shares shown for the year to 31 March 2021 are stated following consolidation of ordinary shares from 0.01p to 0.1p and deferred shares from 0.09p to 0.9p.

On 13 July 2020 each ordinary share of 0.1p was sub-divided into one ordinary share of 0.01p each and one deferred share of 0.09p each,

On 14 July 2020 937,500,000 ordinary shares of 0.01p were issued at 0.08p per share (including a share premium of 0.07p per share) under a placing to raise £ 750,000 before costs of £ 66,863. A loan note instrument was entered into with Mr C C Johnson on 13 July 2020 as part of an arrangement to reorganize loans between himself and the Group. Warrants to subscribe for up to 937,500,000 ordinary shares of 0.01p were granted to placees on a one for one basis exercisable for a period of two year from 14 July 2020, and were also granted to Peterhouse Capital Limited to subscribe for shares equivalent up to 3% of the issued ordinary share capital from time to time, for a period of two years from 14 July 2020. Finally on 29 December 2020 the ordinary shares of 0.01p each were consolidated into ordinary shares of 0.1p each. Further details on all these items are given in Note 15 to the accounts.

C C Johnson, A D Johnson were shareholders (but not directors) as at 31 March, 2020 & 31 March, 2021.

### Other substantial shareholdings

As at 2 September 2021, 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 0.1p	Shareholding %
C.C. Johnson	18,681,580	13.11
P Treadaway	19,773,466	13.87
R & C Edwards	12,955,720	9.09

### 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 International Financial Reporting Standards (IFRS) and IFRS in conformity with the requirements of Companies Act 2006 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:

# Trafalgar Property Group Plc

## DIRECTORS' REPORT

for the year ended 31 March 2021

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- 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.

### **Corporate Governance Statement**

The Board of the Group recognise the value of good corporate governance and implemented corporate governance procedures during the previous year and continued to use these during the financial year to 31 March 2021. These procedures are 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"). 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. The Board has considered the Streamlined Energy and Carbon Reporting requirements and conclude that the Group has not consumed more than 40,000 kWh of energy and therefore qualifies as a low energy user and is exempt from reporting under these regulations.

### **Board Structure**

The Board consists of four Directors (2020: three) of which three are executive and one 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 quarter 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:

# Trafalgar Property Group Plc

## DIRECTORS' REPORT

for the year ended 31 March 2021

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- 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 5-7.

### **Future Developments**

Information relating to future developments is included in the Strategic Report on pages 5-7.

### **Provision of information to auditor**

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

- so far as that Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed 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**

6 September 2021

# Trafalgar Property Group Plc

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR PROPERTY GROUP PLC for the year ended 31 March 2021

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For the purpose of this report, the terms “we” and “our” denote MHA MacIntyre Hudson in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Trafalgar Property Group plc. For the purposes of the table on pages **14** to **15** that sets out the key audit matters and how our audit addressed the key audit matters, the terms “we” and “our” refer to MHA MacIntyre Hudson. The Group financial statements, as defined below, consolidate the accounts of Trafalgar Property Group plc and its subsidiaries (the “Group”). The “Parent Company” is defined as Trafalgar Property Group plc. The relevant legislation governing the Parent Company is the United Kingdom Companies Act 2006 (“Companies Act 2006”).

### **Our opinion**

We have audited the financial statements of Trafalgar Property Group plc for the year ended 31 March 2021.

The financial statements that we have audited comprise:

- Group Income Statement and Statement of Comprehensive Income.
- Group and Company Statements of Financial Position
- Group and Company Statements of Changes In Equity
- Group Statements of Cash Flows
- Notes **1** to **21** of the consolidated financial statements, including the accounting policies & notes 1 to 14 of the parent company financial statements, including the accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

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 2021 and the Group’s loss for the year then ended.
- have been properly prepared in accordance with UK adopted international accounting standards and international accounting standards in conformity with the requirements of the Companies Act 2006 and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our opinion is consistent with our reporting to the Directors.

### **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 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.

### **Material uncertainty related to going concern**

We draw your attention to the going concern section of the accounting policies 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 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.

# Trafalgar Property Group Plc

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR PROPERTY GROUP PLC for the year ended 31 March 2021

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Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to the Company's operations and specifically its business model.
- The evaluation of how those risks might impact on the Company's available financial resources.
- Where additional resources may be required the reasonableness and practicality of the assumptions made by the Directors when assessing the probability and likelihood of those resources becoming available.
- Liquidity considerations including examination of cash flow projections.
- Solvency considerations including examination of budgets and forecasts and their basis of preparation, including review and assessment of the model's mechanical accuracy and the reasonableness of assumptions included within.
- Consideration of availability of funds required to settle funding facilities due for repayment during the going concern review period. Assessing the reasonableness and practicality of the mitigation measures identified by management in their conservative case scenario and considered by them in arriving at their conclusions about the existence of any uncertainties in respect of going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# Trafalgar Property Group Plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR  
PROPERTY GROUP PLC  
for the year ended 31 March 2021

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## Overview of our audit approach

Materiality	2021	2020	
Group	£58,500	£68,000	2% of Gross Assets
Parent	£22,000	£7,000	2% of Gross Assets

## Key Audit Matters

Group	<ul style="list-style-type: none"><li>Undisclosed Related Party Transactions</li></ul>
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### 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 public interest 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.

## Undisclosed Related Party Transactions

<b>Key audit matter description</b>	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.
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<b>How the scope of our audit responded to the key audit matter</b>	Our procedures included an assessment of the presentation of related party transactions in the financial statements, this focused primarily on the Directors loan accounts.
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We reviewed movements on these balances in the year and vouched items to supporting evidence.

We discussed with management the nature and purpose of these items and considered whether disclosure sufficiently addressed these matters.

In addition, we obtained written confirmations of the balances from all disclosed parties and confirmed key terms to agreements.

<b>Key observations</b>	We concluded that the classification and disclosure of related party transactions is complete and appropriate.
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# Trafalgar Property Group Plc

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR PROPERTY GROUP PLC for the year ended 31 March 2021

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### **Our application of materiality**

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. 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 £58,500 (2020: £68,000) which was determined based on 2% of gross assets in both years. Gross assets were deemed to be the most appropriate metric for materiality as this is primarily what the users of the financial statements are concerned with.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Performance materiality for the Group was set at £35,100 (2019: £40,800) which represents 60% (2020: 60%) of the above materiality levels.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.

Materiality in respect of the parent was set at £22,000 (2020: £7,000) which was determined based on 2% of gross assets. Performance materiality for the parent company was set at £13,200 (2020: £4,200) which represents 60% (2020: 60%) of the above materiality levels.

We agreed to report any corrected or uncorrected adjustments exceeding £2,925 to the directors as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

### **The scope of our audit**

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.

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 Selmat Limited. The significant components were subjected to full scope audits for the purposes of our audit report on the Group financial statements.

### **Reporting on other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

We have nothing to report in this regard.

# Trafalgar Property Group Plc

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR PROPERTY GROUP PLC for the year ended 31 March 2021

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### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the Parent 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 by branches not visited by us; or
- the financial statements of the Parent Company 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.

### **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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

### **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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

# Trafalgar Property Group Plc

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR PROPERTY GROUP PLC for the year ended 31 March 2021

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The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements. The key laws and regulations we considered in this context included the UK Companies Act 2006, AIM regulations and applicable tax legislation. In addition, we considered compliance with the UK Bribery Act and employee legislation, as fundamental to the Group's operations.
- Enquiry of management to identify any instances of non-compliance with laws and regulations.
- Enquiry of management around actual and potential litigation and claims.
- Enquiry of management concerning actual and potential litigation and claims.
- Enquiry of management to identify any instances of known or suspected instances of fraud.
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Reading key correspondence with regulatory authorities such as the Financial Reporting Council.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias; and
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular with respect to the valuations of investments and bonds.

A further description of our responsibilities for the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities) . This description forms part of our auditor's report.

### **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 , London  
Statutory Auditor

6 September 2021

**Trafalgar Property Group Plc**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 March 2021

		Year ended	Year ended
		31 March 2021	31 March 2020
	Note	£	£
Revenue	1	2,285,800	1,970,106
Cost of sales		<u>(1,963,794)</u>	<u>(1,816,038)</u>
Gross profit		322,006	154,068
Administrative expenses		(463,963)	(541,397)
<b>Operating (loss)</b>	3	<b>(141,957)</b>	<b>(387,329)</b>
<b>(Loss) before interest and exceptional items</b>		<b>(141,957)</b>	<b>(387,329)</b>
Other income	2	27,023	-
Exceptional items	19	-	(595,452)
Interest payable and similar charges	5	(214,260)	(40,117)
<b>(Loss) before taxation</b>		<b>(329,194)</b>	<b>(1,022,898)</b>
Tax payable on (loss) on ordinary activities	6	-	-
<b>(Loss) after taxation for the year attributable to equity holders of the parent</b>		<b><u>(329,194)</u></b>	<b><u>(1,022,898)</u></b>
Other comprehensive income attributable to equity holders of the parent		-	-
<b>Total comprehensive (loss) for the year</b>		<b>(329,194)</b>	<b>(1,022,898)</b>
<b>(Loss) attributable to:</b>			
Equity holders of the Parent		<b>(329,194)</b>	<b>(1,022,898)</b>
<b>Total comprehensive (loss) for the year attributable to:</b>			
Equity holders of the Parent		<b>(329,194)</b>	<b>(1,022,898)</b>
<b>(LOSS) PER ORDINARY SHARE:</b>			
Basic/diluted	7	<b><u>(0.34)p</u></b>	<b><u>(0.21)p</u></b>

All results in the current and preceding financial year derive from continuing operations.  
The notes on pages 22 to 41 are an integral part of these consolidated financial statements

**Trafalgar Property Group Plc**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
For the year ended 31 March 2021

		31 March	31 March
	Note	2021	2020
		£	£
<b>TOTAL ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	8	1,516	1,423
Investment property	9	<u>1,975,000</u>	<u>1,975,000</u>
		<b>1,976,516</b>	1,976,423
<b>Current assets</b>			
Inventory	12	78,608	1,212,692
Trade and other receivables	10	33,455	42,299
Cash and cash equivalents	11	<u>246,193</u>	<u>27,969</u>
		<b>358,256</b>	1,282,960
<b>Total assets</b>		<u><b>2,334,772</b></u>	<u>3,259,383</u>
<b>EQUITIES &amp; LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	478,514	548,804
Borrowings	14	-	555,000
		<u>478,514</u>	<u>1,103,804</u>
<b>Non-current liabilities</b>			
Deferred tax	6	-	-
Borrowings	14	4,818,488	5,575,884
<b>Total liabilities</b>		<u>5,297,002</u>	<u>6,679,688</u>
<b>Net (liabilities)/assets</b>		<u>(2,962,230)</u>	<u>(3,420,305)</u>
Called up share capital	15	2,726,817	2,633,067
Share premium account		3,250,249	2,660,862
Reverse acquisition reserve		(2,817,633)	(2,817,633)
Loan note equity reserve	15 & 17	104,132	-
Profit & loss account		<u>(6,225,795)</u>	<u>(5,896,601)</u>
<b>Total Equity</b>		<u>(2,962,230)</u>	<u>(3,420,305)</u>
<b>Total Equity &amp; Liabilities</b>		<u>2,334,772</u>	<u>3,259,383</u>

These financial statements were approved by the Board of Directors and authorised for issue on 6 September, 2021 and are signed on its behalf by:

P Treadaway: ..... G Thorneycroft: .....  
The notes on pages 22 to 41 are an integral part of these consolidated financial statements.

**Trafalgar Property Group Plc**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
As at 31 March 2021

	Share Capital	Share Premium	Loan Note Equity Reserve	Reverse acquisition reserve	Retained profits/ (losses)	Total Equity
	£	£	£	£	£	£
At 1 April 2019	2,570,567	2,510,462	-	(2,817,633)	(4,873,703)	(2,610,307)
Loss for the year					(1,022,898)	(1,022,898)
Total comprehensive						
Income 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)
At 1 April 2020	2,633,067	2,660,862	-	(2,817,633)	(5,896,601)	(3,420,305)
Loss for the year					(329,194)	(329,194)
Total comprehensive						
Income for the year					(329,194)	(329,194)
Loan note equity reserve			104,132			104,132
Issue of shares	93,750	656,250				750,000
Share issue costs		(66,863)				(66,863)
At 31 March 2021	2,726,817	3,250,249	104,132	(2,817,633)	(6,225,795)	(2,962,230)

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.

Further details of share issues in the year are shown in note 15 to the accounts.

The notes on pages 22 to 41 are an integral part of these consolidated financial statements.

**Trafalgar Property Group Plc**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended 31 March 2021

	<b>2021</b>	2020
	£	£
<b>Cash flow from operating activities</b>		
(Loss) after taxation	(329,194)	(1,022,898)
Depreciation	506	902
Decrease in inventory	1,134,084	1,303,640
(Increase)/decrease in receivables	(8,844)	49,783
(Decrease)/increase in payables	(70,290)	106,601
Taxation	-	-
Interest payable and similar charges	214,260	118,177
<b>Net cash inflow from operating activities</b>	<b>940,522</b>	<b>556,205</b>
<b>Investing activities</b>		
Purchase of tangible fixed assets	(599)	(986)
	<u>(599)</u>	<u>(986)</u>
<b>Financing activities</b>		
Issue of shares	683,137	212,900
New loan borrowings	51,250	1,479,373
Repaid loan borrowings	(555,000)	(2,502,462)
Related party new loan borrowing	430,338	778,418
Related party loan repayment	(771,431)	-
Repayment of other borrowings	(490,000)	(400,000)
Interest paid	(69,993)	(128,279)
<b>Net cash/(outflow) from financing</b>	<b>(721,699)</b>	<b>(560,050)</b>
<b>Increase/(decrease) in cash and cash equivalents in the year</b>	<b>218,224</b>	<b>(4,831)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>27,969</b>	<b>32,800</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>246,193</b>	<b>27,969</b>

The notes on pages 22 to 41 are an integral part of these consolidated financial statements.

# Trafalgar Property Group Plc

## GROUP ACCOUNTING POLICIES

For the year ended 31 March 2021

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### 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 IFRS in conformity with the requirements of Companies Act 2006. These financial statements are for the year ended 31 March 2021 and are presented in pounds sterling (“GBP”). The comparative year is for the year to 31 March 2020.

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 does 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.

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 2021

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### 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

#### **Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current** (*issued January 2020*)

The amendments clarify that the classification of a liability as current or non-current is based only on rights existing at the end of the reporting period and the classification is not affected by expectations about whether rights to settle or defer a liability will be exercised. Further, the amendments clarify that the settlement of a liability refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. This amendment only affects presentation.

The amendment is effective for financial years beginning on or after 1 January 2023 and is not yet endorsed for use under the Companies Act 2006.

The Group does not expect a material impact on its consolidated financial statements from these amendments.

#### **Amendments to IAS 16 Property, Plant and Equipment** (*issued in May 2020*)

The amendments require any proceeds from selling items produced (and related production costs) in the course of bringing an item property, plant and equipment into operation to be recognised in profit or loss clarifying that such items are not reflected in the cost of the asset.

The amendment is effective for financial years beginning on or after 1 January 2022 and is not yet endorsed for use under the Companies Act 2006.

The Group does not expect a material impact on its consolidated financial statements from these amendments.

#### **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets** (*issued in May 2020*)

The amendments clarify that the cost of fulfilling a contract are costs that relate directly to that contract. Such costs can be the incremental costs of fulfilling that contract or an allocation of other costs directly related to fulfilling that contract.

The amendment is effective for financial years beginning on or after 1 January 2022 and is not yet endorsed for use under the Companies Act 2006.

The Group does not expect a material impact on its consolidated financial statements from these amendments.

#### **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2** (*issued in August 2020*)

The amendments are aimed at helping companies to provide investors with useful information about the effects of the reform of interest rate benchmarks on those companies' financial statements.

# Trafalgar Property Group Plc

## GROUP ACCOUNTING POLICIES

For the year ended 31 March 2021

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The amendments complement those issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform.

The Phase 2 amendments relate to:

- **changes to contractual cash flows**—a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- **hedge accounting**—a company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- **disclosures**—a company is required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The amendment is effective for financial years beginning on or after 1 January 2022 and is not yet endorsed for use under the Companies Act 2006.

The Group does not expect a material impact on its consolidated financial statements from these amendments.

### **Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies** (*issued in February 2021*)

The amendments enhance the disclosure requirements relating to an entity's accounting policies and clarify that the notes to a complete set of financial statements are required to include material accounting policy information. Material accounting policy information, when considered with other information included in the financial statements, can reasonably be expected to influence decisions that the primary users of financial statements make on the basis of the financial statements

The amendments help preparers determine what constitutes material accounting policy information and notes that accounting policy information which focuses on how IFRS has been applied to its own circumstances is more useful for users of financial statements than standardised information or information duplicating the requirements of IFRS.

The amendment also states that immaterial accounting policy information need not be disclosed but when it is disclosed it shall not obscure material accounting policy information. Further, if accounting policy information is not deemed material this does not affect the materiality of related disclosure requirements of IFRS.

The disclosure of judgements made in applying accounting policies should reflect those that have had the most significant effect on items recognised in the financial statements.

The amendment is effective for financial years beginning on or after 1 January 2022 and is not yet endorsed for use under the Companies Act 2006.

### **Amendments to IAS 8 Definition of Accounting Estimates** (*issued in February 2021*)

The amendments define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty. An accounting policy may require an item in financial statements to be measured at a monetary amount that cannot be observed directly so that in order to achieve the objective of an accounting policy, an estimation is required.

The amendments state that the development of an accounting estimate requires the use of judgement or assumptions based on the latest available reliable information and involve the use of measurement techniques and inputs. Accounting estimates might then need to change as a result of new information, new developments or more experience.

A change in input or measurement technique is a change in accounting estimate which is applied prospectively unless the change results from the correction of prior period errors.

The amendment is effective for financial years beginning on or after 1 January 2023 and is not yet endorsed for use under the Companies Act 2006.

# Trafalgar Property Group Plc

## GROUP ACCOUNTING POLICIES

For the year ended 31 March 2021

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### **Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

*(issued 7 May 2021)*

The amendments specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations.

In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability.

The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted and is not yet endorsed for use under the Companies Act 2006.

# Trafalgar Property Group Plc

## GROUP ACCOUNTING POLICIES

For the year ended 31 March 2021

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### 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 re measured 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 profit or loss 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 2021

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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 contrast, 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 2021

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### *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 2021

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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 profit or loss 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 2021

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### CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) and IFRS in conformity with the requirements of the Companies Act 2006 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 profit or loss. 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 2021

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### 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:

	2021 £	2020 £
Development sales	2,212,500	1,891,000
Rental income	<u>73,300</u>	<u>79,106</u>
	<u><b>2,285,800</b></u>	<u><b>1,970,106</b></u>

Timing of revenues are as follows:

	2021 £	2020 £
Goods transferred at a point in time	2,212,500	1,891,000
Rental income transferred over time	<u>73,300</u>	<u>79,106</u>
	<u><b>2,285,800</b></u>	<u><b>1,970,106</b></u>

Revenues analysed by geographic location are as follows:

	2021 £	2020 £
United Kingdom	<u><b>2,285,800</b></u>	<u><b>1,970,106</b></u>

### 2 OTHER INCOME

Other income consists of sums received by way of furlough sums claimed for one employee as a result of Covid-19 during the first lockdown.

# Trafalgar Property Group Plc

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 3 LOSS FOR THE YEAR

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

	2021	2020
	£	£
Subcontractor costs and cost of inventories recognised as an expense	1,945,107	1,687,759
Interest charges	<u>18,687</u>	<u>128,279</u>
	<b>1,963,794</b>	<b>1,816,038</b>
Depreciation of property, plant and equipment	<u>506</u>	<u>902</u>
Auditor's remuneration – audit services – Group	10,000	10,000
Auditor's remuneration – audit services – Group entities	15,650	7,000
Auditor's remuneration – other assurance services – Group	5,000	-
	<u>30,650</u>	<u>17,000</u>
<b>Operating expenses by nature:</b>		
Subcontractors costs, interest and consumables	<u>1,963,794</u>	1,816,038
Employee expenses	199,219	141,552
Depreciation	506	902
Other expenses	264,238	994,395
Consultancy Services – P Treadaway	-	70,108
Debt forgiveness	-	(70,108)
	<u>-</u>	<u>-</u>

### 4 EMPLOYEES AND DIRECTORS' REMUNERATION

Staff costs during the year were as follows:

	2021	2020
	£	£
Wages and salaries	165,000	113,000
Social security costs	14,179	8,512
Other pension costs	20,040	20,040
	<u>199,219</u>	<u>141,552</u>

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

	2021	2020
	Number	Number
Directors	4	3
Management	<u>1</u>	<u>2</u>

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

	2021	2020
	£	£
Short-term employee benefits:		
- Emoluments for qualifying services J Dubois	30,000	15,879
- Emoluments for qualifying services A Johnson	45,000	48,550
- Emoluments for qualifying services P Treadaway	60,000	-
- Emoluments for qualifying services G Thorneycroft	7,000	-
	<u>142,000</u>	<u>64,429</u>

There are retirement benefits accruing to Mr C C Johnson for whom a company contribution was paid during the year of £18,000 (2020: £18,000) and Mr A Johnson £ 1,350 (2020: £1,350).

Consultancy fees of £ 9,998 (2020: £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 2021

### 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 £ nil (2020: £ 10,102) 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 bank loan interest paid during the year on these sites of £ 18,687 (2020: £118,177) has been accounted for in the profit & loss within cost of sales.

In addition, interest of £214,260 (2020: £40,117) has been paid on general funding loans, rental property mortgage loan and provisions for interest on loan notes, further details are provided in notes 15 and 17.

### 6 TAXATION

	2021 £	2020 £
Current tax	-	-
Tax charge	<u>-</u>	<u>-</u>
	<b>2021 £</b>	<b>2020 £</b>
<b>(Loss)/profit on ordinary activities before tax</b>	<b>(329,194)</b>	<b>(1,022,898)</b>
Based on (loss) for the year:		
Tax at 19% (2020: 19%)	<b>(62,546)</b>	<b>(194,350)</b>
Unrelieved tax losses	<b>(4,206)</b>	<b>76,411</b>
Impairment	<b>-</b>	<b>116,968</b>
Tax losses carried forward	<b>66,752</b>	<b>971</b>
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 2021, the Group had cumulative tax losses of £ 4,645,489 (2020: £4,381,991) that are available to offset against future taxable profits of the same trade.

### 7 (LOSS) PER ORDINARY SHARE

The calculation of (loss)/profit per ordinary share is based on the following profits/(losses) and the number of shares used should be that retrospectively adjusted for the effect of consolidation:

	2021 £	2020 £
(Loss) for the year	<u><b>(329,194)</b></u>	<u><b>(1,022,898)</b></u>
Weighted average number of shares for basic (loss) per share	<u><b>95,644,038</b></u>	<u><b>487,690,380</b></u>
Weighted average number of shares for diluted (loss) per share	<u><b>95,644,038</b></u>	<u><b>487,690,380</b></u>
(LOSS) PER ORDINARY SHARE:		
Basic	<u><b>(0.34)p</b></u>	<u><b>(0.21)p</b></u>
Diluted	<u><b>(0.34)p</b></u>	<u><b>(0.21)p</b></u>

**Trafalgar Property Group Plc**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 March 2021

**8 PROPERTY, PLANT AND EQUIPMENT**

Plant and equipment	<b>2021</b>	2020
	£	£
<b>Cost</b>		
At 1 April	<b>7,191</b>	6,205
Additions	<b>599</b>	986
At 31 March	<u><b>7,790</b></u>	<u>7,191</u>
<b>Depreciation</b>		
At 1 April	<b>5,768</b>	4,866
Charge for the year	<b>506</b>	902
At 31 March	<u><b>6,274</b></u>	<u>5,768</u>
<b>Net book value at 31 March</b>	<u><b>1,516</b></u>	<u>1,423</u>

**9 INVESTMENT PROPERTY**

	<b>2021</b>	2020
	£	£
<b>FAIR VALUE</b>		
1 April 2020	<b>1,975,000</b>	-
Additions	<u>-</u>	<u>1,975,000</u>
31 March 2021	<u><b>1,975,000</b></u>	<u>1,975,000</u>
<b>NET BOOK VALUE</b>		
At 31 March 2021	<u><b>1,975,000</b></u>	<u>1,975,000</u>
At 31 March 2020	<u><b>1,975,000</b></u>	<u>1,975,000</u>
Fair Value at 31 March 2021 is represented by:		
Valuation in 2019	<u><b>1,975,000</b></u>	<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 2021 at £1,975,000.

**10 TRADE AND OTHER RECEIVABLES**

	<b>2021</b>	2020
	£	£
Other receivables	<b>700</b>	24,000
Other taxes	<b>11,071</b>	16,480
Prepayments	<b>21,684</b>	1,819
	<u><b>33,455</b></u>	<u>42,299</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 2021

### 11 CASH AND CASH EQUIVALENTS

All of the Group's cash and cash equivalents at 31 March 2021 are in sterling and held at floating interest rates.

	2021 £	2020 £
Cash and cash equivalents	<u>246,193</u>	<u>27,969</u>

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

### 12 INVENTORY

	2021 £	2020 £
Work in progress	<u>78,608</u>	<u>1,212,692</u>

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

### 13 TRADE AND OTHER PAYABLES

	2021 £	2020 £
Trade payables	23,438	85,950
Other payables	-	28,130
Taxation & social security	22,575	3,422
Accruals	432,501	431,302
	<u>478,514</u>	<u>548,804</u>

### 14 BORROWINGS

	2021 £	2020 £
Directors' loans	3,152,865	3,471,511
Other loans	741,250	1,180,000
Bank loans - see under	924,373	1,479,373
	<u>4,818,488</u>	<u>6,130,884</u>

Included in Directors' loans is the sum of £ 150,000 (2020: £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 (2020: 12% per annum).

Within Directors' loans is the sum of £ 240,000 (2020: £ 240,000) provided by Mr C C Johnson for a deposit on an option which was not taken up, together with the sum of £ 528,925 in relation to convertible loan notes issued to Mr C C Johnson on 14 July 2020. These have a nominal value of £ 600,000 and are repayable on 31 July 2022. As a financial instrument with both debt and equity components, an amount was recognised directly into a Loan Note Equity Reserve on issue, as explained further in Note 15, with the debt element being unwound at an implied interest rate of 10% and the interest recognized through profit and loss.

The remaining balance is disclosed in note 16.

# Trafalgar Property Group Plc

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

Included in other loans is £ 600,000 (2020: £ 650,000) advanced by Mr G Howard (son-in-law to Mr C C Johnson to the company at rates of 10% & 5% per annum (2020: 10% pa). £ 90,000 (2020: £530,000) has been advanced by C Rowe, a former employee of the Group, at a rate of 10% per annum.

During the year the loan with Lloyds Bank who held a legal charge over land at Wellesley Road, Sheerness, Kent, was cleared following the successful sale of all units.

Mrs S Johnson, wife of Mr C C Johnson has a legal charge on flats 3 & 5 Burnside Court Sandhurst Road, Tunbridge Wells Kent of £ 380,000 (2020: £380,000) in connection with her loan 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 at Burnside. These mortgages are interest only, for a term of 7 years with a fixed interest rate for the first 5 years. These properties are rented out.

The bank borrowings are repayable as follows:

	<b>2021</b>	2020
	£	£
On demand or within one year	—	555,000
In the second year	-	-
In the third to fifth years inclusive	-	-
After five years	<b>924,373</b>	924,373
	<b>924,373</b>	1,479,373
Less amount due for settlement within 12 months (included in current liabilities)	-	555,000
Amount due for settlement after 12 months	<b>924,373</b>	924,373

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

Bank loans: 3.4 % (2020: 2.03%)

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 with the exception of the first £ 500,000. Interest of £ 25,000 (2020: nil) was paid to him during the year. Interest of £32,761 (2020: £36,000) was paid to Mr J Dubois at the rate of 12% pa (2020: 12% pa).

## 15 SHARE CAPITAL

Issued allotted & paid share capital	2021	2020
	Number	Number
<b>Ordinary shares</b>		
Ordinary shares of 0.01p (2020: 0.1p) in issue	487,690,380	425,190,380
Ordinary shares of 0.01p (2020: 0.1p) issued in year	<u>937,500,000</u>	<u>62,500,000</u>
Total ordinary shares of 0.01p (2020: 0.1p) in issue	<b>1,425,190,380</b>	<b>487,690,380</b>
Total ordinary shares of 0.1p in issue following consolidation	<u>142,519,038</u>	-
<b>Deferred shares</b>		
Deferred shares of 0.9p in issue	238,375,190	238,375,190
Deferred shares of 0.9p arising in year from re-organisation	<u>48,769,038</u>	-
Total Deferred shares of 0.9p in issue	<b>287,144,228</b>	<b>238,375,190</b>

# Trafalgar Property Group Plc

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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On 13 July, 2020 the Company undertook a sub-division of its ordinary shares, which sub divided the 487,690,380 ordinary shares of 0.1p each into 487,690,380 ordinary shares of 0.01p each and 487,690,380 deferred shares of 0.09p each. The deferred shares of 0.09p each were consolidated into deferred shares of 0.9p each ranking pari passu as one class with the existing deferred shares of 0.9p each.

On 14 July 2020, 937,500,000 ordinary shares of 0.01p each were issued under a placing at 0.08p each (at a premium of 0.07p per share) to raise £750,000 before costs of £ 66,863.

In addition, on 14 July 2020, warrants to subscribe for ordinary shares of 0.01p were granted as follows:

- (a) Subscribers to the placing were granted warrants to subscribe for up to 937,500,000 shares for a period of two years, exercisable at 0.2p per share;
- (b) Peterhouse Capital Limited was granted warrants to subscribe for shares equivalent up to 3% of the issued ordinary share capital for time to time, exercisable for a period of two years, at 0.08p per share.

Following the consolidation of ordinary shares in December 2020, the warrants have been adjusted and comprise placee warrants to subscribe for up to 93,750,000 ordinary shares of 0.1p at 2p per share, and the warrants held by Peterhouse Capital Limited are exercisable at 0.8p per share.

In relation to the granting of these warrants to Peterhouse Capital Limited, these fall under the requirements of IFRS 9 Financial Instruments and as such are accounted for at fair value through profit or loss. At the grant date of these warrants these are valued using a Black Scholes model to determine the intrinsic value of the warrant and a liability is recognized for this amount with a corresponding expense through the income statement. The Directors' have concluded that the intrinsic value of the warrant as at 31 March 2021 is not material to the results and subsequent movements in the share price have decreased this value further. As such no accounting entries have been made to these results.

Further on 14 July 2020, £ 600,000 of convertible loan notes were issued to Mr C C Johnson as part of arrangements to reorganize loans between him and the Group. The notes are repayable on 31 July 2022 and are convertible at any time into 300,000,000 ordinary shares of 0.01p at 0.2p per share. 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. Following the consolidation of ordinary shares in December 2020, the loan notes have been adjusted and are convertible into 30,000,000 ordinary shares of 0.1p at 2p per share, with warrants to be granted to subscribe for up to 30,000,000 ordinary shares of 0.1p each at 2p per share.

The convertible loan notes have been accounted for as having both a debt and an equity element. This results in the creation of a loan note equity reserve at the point of issue. This loan note equity reserve is the difference between the loan note value received by the company of £ 600,000 and the fair value of a debt only instrument with a 10% imputed interest rate and a final settlement figure of £ 600,000 in July 2022. This 10% imputed interest rate of £ 33,058 (2020: nil), is managements' best estimate as to the interest rate that would be expected from the market for an unsecured loan of £ 600,000 without a conversion element.

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

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

On 29 December 2020, for every ten of the 1,425,190,380 ordinary shares of 0.01p then in issue, were consolidated into one ordinary share of 0.1p resulting in there being 142,519,038 ordinary shares of 0.1p in issue.

**Trafalgar Property Group Plc**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 March 2021

**Issued, allotted and fully paid**

	2021 £	2020 £
Ordinary shares	48,769	425,190
Deferred shares	2,145,377	2,145,377
Issued in year - ordinary shares	93,750	62,500
Issued in year – deferred shares	<u>438,921</u>	<u>-</u>
	<u>2,726,817</u>	<u>2,633,067</u>

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 (2020: 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.

**16 RELATED PARTY TRANSACTIONS**

Mr C C Johnson held 18,681,580 ordinary 0.1p shares in the Group as at 31 March 2021 (2020: 186,815,803 ordinary 0.01p).

Mr J Dubois held 400,000 ordinary 0.1p shares in the Group as at 31 March 2021 (2020: 4,000,000 ordinary 0.01p).

Mr D C Stocks held no ordinary 0.1p shares in the Group as at 31 March 2021 (2020: 80,330,532 ordinary 0.01p). He sold his entire shareholding during the year.

Mr N Lott held 50,000 ordinary 0.1p shares in the Group as at 31 March 2021 (2020: 500,000 ordinary 0.01p).

Mr P Treadaway held 19,733,466 ordinary 0.1p shares in the Group as at 31 March 2021 (2020: 106,484,658 ordinary 0.01p).

Mr G Thorneycroft held 600,000 ordinary 0.1p shares in the Group as at 31 March 2021 (2020: nil).

Further details relating to share option and warrants can be found under note 17.

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

	2021 £	2020 £
<b>C C Johnson</b>		
Opening balances	3,171,511	2,417,146
Loan repayments	(526,000)	-
Personal drawings	(95,431)	(141,910)
Capital injected	427,785	896,275
Interest payable	<u>25,000</u>	<u>-</u>
<b>Balance carried forward</b>	<u>3,002,865</u>	<u>3,171,511</u>
<b>J Dubois</b>		
Opening balances	300,000	300,000
Loan repayments	<u>(150,000)</u>	<u>-</u>
<b>Balance carried forward</b>	<u>150,000</u>	<u>300,000</u>
<b>Directors balances carried forward</b>	<u>3,152,865</u>	<u>3,471,511</u>

Mr Johnson's Loan bore interest during the year at 5% (2020: 5% pa), but he has chosen to forego the interest in both years with the exception of the first £ 500,000 in this year only, (2020: exception £ nil). Mr Johnson received £ 25,000 interest (2020: nil). Mr Johnson is no longer a Director, but he served as a Director for part of the previous 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 (2020: 12% pa).

# Trafalgar Property Group Plc

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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Mrs S Johnson, wife of Mr C C Johnson provided a Loan of £380,000 (2020: £ 380,000) which bore interest of 5% pa, (2020: 5% pa), 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 £7,692 (2020: £10,000) 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 nil (2020: £70,108) were paid to him in relation to consultancy services. Mr P Treadaway now takes remuneration as shown in note 4.

During the year payments were made to Mr D Stocks of nil (2020: £68,936) and to Mr N Lott of £9,998 (2020: £ 4,994) for consultancy services.

### 17 SHARE OPTIONS AND WARRANTS

Share options or warrants as at the year end are as follows (2020:nil)

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

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

Following the consolidation of ordinary shares in December 2020, the warrants have been adjusted and comprise placee warrants to subscribe for up to 93,750,000 ordinary shares of 0.1p at 2p per share, and the warrants held by Peterhouse Capital Limited are exercisable at 0.8p 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 reorganize loans between him and the Group. The notes are repayable on 31 July 2022 and are convertible at any time into 300,000,000 ordinary shares of 0.01p at 0.2p per share. 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. Following the consolidation of ordinary shares in December 2020, the loan notes have been adjusted and are convertible into 30,000,000 ordinary shares of 0.1p at 2p per share, with warrants to be granted to subscribe for up to 30,000,000 ordinary shares of 0.1p each at 2p per share.

### 18 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.

# Trafalgar Property Group Plc

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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### 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 22 to 30 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 where interest is charged on a variable rate basis. This risk has been minimized by:

- the bank loan being repaid in full during the year, which was on a variable rate basis,
- renegotiation of interest rates on some of the other loans from 10% to 5% (all fixed rates),
- partial repayments made in the year on other loans and,
- the Paragon mortgages which are on a fixed rate for the first five years of the seven 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 £ Nil (2020: £14,794).

### 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	455,939	455,939		
Borrowings – Directors’ loan	3,152,865		3,152,865	
Borrowings – Bank loan	924,373	-	-	924,373
Borrowings – Other loans	<u>741,250</u>		<u>741,250</u>	
<b>Total</b>	<b><u>5,274,427</u></b>	<b><u>455,939</u></b>	<b><u>3,894,115</u></b>	<b><u>924,373</u></b>

# Trafalgar Property Group Plc

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 19 EXCEPTIONAL ITEM

Management have performed a review of the assets of its trading subsidiaries. Consequently, inventory valued at £ nil (2020: £432,268) less potential deferred tax of nil (2020: £ nil) has been written off in the financial statements. Within TNH the sum of nil (2020:£ 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.

### 20 NET DEBT RECONCILIATION

	2021 £	2020 £	
Cash at bank	<u>246,193</u>	<u>27,969</u>	
Cash and cash equivalents	<u>246,193</u>	<u>27,969</u>	
Borrowing repayable within one year (including overdrafts)	<u>(4,818,488)</u>	<u>(6,130,884)</u>	
<b>Net Debt</b>	<b><u>(4,572,295)</u></b>	<b><u>(6,102,915)</u></b>	
	<b>Cash and liquid investments</b>	<b>Gross borrowings with a fixed interest rate</b>	<b>Total cash and liquid investments</b>
	£	£	£
Net debt as at 1 April 2019	32,800	(6,775,565)	(6,742,765)
Cash flows	<u>(4,831)</u>	<u>644,681</u>	<u>639,850</u>
<b>Net debt as at 31 March 2020</b>	<b>27,969</b>	<b>(6,130,884)</b>	<b>(6,102,915)</b>
Cash flows	<u>218,224</u>	<u>1,312,396</u>	<u>1,530,620</u>
<b>Net debt as at 31 March 2021</b>	<b><u>246,193</u></b>	<b><u>(4,818,488)</u></b>	<b><u>(4,572,295)</u></b>

### 21 SUBSEQUENT EVENTS

Events following 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.

Following the year end, a further loan repayment of £ 50,000 has been made to the DFM Pension Scheme in which Mr J Dubois is the principal beneficiary.

# Trafalgar Property Group Plc

## COMPANY BALANCE SHEET

For the year ended 31 March 2021

	Note	2021 £	2020 Restated £
<b>FIXED ASSETS</b>			
Investments	7	<u>-</u>	<u>-</u>
		-	-
<b>Current assets</b>			
Stocks		-	-
Debtors	8	22,159	350,134
Cash at bank and in hand		<u>84,219</u>	<u>3,538</u>
		<b><u>106,378</u></b>	<b><u>353,672</u></b>
<b>EQUITIES &amp; LIABILITIES</b>			
<b>Current liabilities</b>			
Trade & other payables	9	<u>652,662</u>	<u>873,264</u>
		652,662	873,264
<b>Non-current liabilities</b>			
Borrowings	10	<u>33,926</u>	<u>105,000</u>
Total liabilities		<u>686,588</u>	<u>978,264</u>
<b>Net (liabilities)/assets</b>		<b><u>(580,210)</u></b>	<b><u>(624,592)</u></b>
Called up share capital	12	2,726,817	2,633,067
Share premium account		3,250,249	2,660,862
Loan note equity reserve		104,132	-
Profit and loss account		<u>(6,661,408)</u>	<u>(5,918,521)</u>
<b>Equity – attributable to the owners of the Parent</b>		<b><u>(580,210)</u></b>	<b><u>(624,592)</u></b>
<b>Total Equity &amp; Liabilities</b>		<b><u>106,378</u></b>	<b><u>353,672</u></b>

The loss for the financial year dealt with in the financial statements of the Parent Company was Loss £ 742,887 (2020: Loss £135,165 ).

The financial statements were approved by the Board of Directors on 6 September 2021 and authorised for issue and are signed on its behalf by:

P Treadaway: ..... J Dubois: .....

Company Registration Number: 04340125

The notes on pages 44 to 50 form an integral part of these financial statements

**Trafalgar Property Group Plc**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**31 March 2021**

	Share Capital	Share Premium	Loan Note Equity Reserve	Retained profits/ (losses)	Total Equity
	£	£	£	£	£
At 1 April 2019	2,570,567	2,510,462	-	5,783,356	702,327
Loss for the 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)
At 1 April 2020	2,633,067	2,660,862	-	(5,918,521)	(624,592)
Loss for the year				(742,887)	(742,887)
Total comprehensive income for the year				(742,887)	(742,887)
Loan note equity reserve			104,132		104,132
Issue of shares	93,750	656,250			750,000
Share issue costs		(66,863)			(66,863)
At 31 March 2021	2,726,817	3,250,249	104,132	(6,661,408)	(580,210)

Further details of share issues in the year are shown in note 12 to the company accounts.

The notes on pages 44 to 50 form an integral part of these financial statements.

# Trafalgar Property Group Plc

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 March 2021

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### 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 2021

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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 2021

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### 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 £742,887 (2020: Loss £135,165). 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 (2020: £10,000).

## 6 EMPLOYEES AND DIRECTORS' REMUNERATION

	2021 £	2020 £
Directors' fees	97,000	15,000
Social security costs	10,938	879
Management fees	9,998	4,994
	<u>117,936</u>	<u>20,873</u>

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

	2021 Number	2020 Number
Directors and management	<u>3</u>	<u>3</u>

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

£ 9,998 (2020: £4,994) was paid to Mr Norman Lott for his professional services.

Additional directors remuneration of £ 45,000 (2020: £45,000) was paid to a director through subsidiary entities.

# Trafalgar Property Group Plc

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 March 2021

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### 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.

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

**Trafalgar Property Group Plc**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
for the year ended 31 March 2021

**8 DEBTORS**

	2021	2020
	£	£
Amounts owed by group undertakings	-	343,068
Other debtors	<b>16,637</b>	1,822
Other taxes and social security	<b>5,522</b>	5,244
	<b><u>22,159</u></b>	<u>350,134</u>

**9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021	2020
	£	Restated £
Trade creditors	<b>21,713</b>	36,860
Taxation and social security	<b>5,313</b>	1,323
Other creditors	<b>25,636</b>	30,300
Amounts owed to group undertakings	<b>600,000</b>	804,781
	<b><u>652,662</u></b>	<u>873,264</u>

**10 BORROWINGS**

The Borrowings balance in both 2021 and 2020 relates to Director's loans. These balances in both 2021 and 2020 are due in more than one year. The balance for 2020 has been restated as it was incorrectly shown as due within one year. This restatement has no impact on the financial performance of the Company and is purely a reclassification between being due in less than one year to more than one year.

**11 FINANCIAL INSTRUMENTS**

	2021	2020
	£	£
Financial assets measured at amortised cost:		
Amounts owed by group undertakings and other debtors	<b>16,637</b>	344,890
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>681,275</b>	976,941

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

**12 SHARE CAPITAL**

Issued, allotted and paid share capital

	2021	2020
	Number	Number
<b>Ordinary shares</b>		
Ordinary shares of 0.01p (2020: 0.1p) in issue	<b>487,690,380</b>	425,190,380
Ordinary shares of 0.01p (2020: 0.1p) issued in year	<b>937,500,000</b>	<u>62,500,000</u>
Total ordinary shares of 0.01p (2020: 0.1p) in issue	<b><u>1,425,190,380</u></b>	<u>487,690,380</u>
Total ordinary shares of 0.1p in issue following consolidation	<b><u>142,519,038</u></b>	<u>-</u>
<b>Deferred shares</b>		
Deferred shares of 0.9p in issue	<b>238,375,190</b>	238,375,190
Deferred shares of 0.9p arising in year from reorganisation	<b>48,769,038</b>	<u>-</u>
Total Deferred shares of 0.9p in issue	<b><u>287,144,228</u></b>	<u>238,375,190</u>

# Trafalgar Property Group Plc

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

### for the year ended 31 March 2021

Issued allotted and paid	<b>2021</b>	2020
	£	£
Ordinary shares of 0.01p (2020: 0.1p) in issue	<b>48,769</b>	425,190
Ordinary shares of 0.01p (2020: 0.1p) issued in year	<b>93,750</b>	62,500
Total Ordinary shares of 0.1p in issue following Re-organisation	<b><u>142,519</u></b>	<u>487,690</u>
Deferred shares of 0.9p in issue	<b>2,145,377</b>	2,145,377
Deferred shares of 0.9p arising in year from Re-organisation	<b>438,921</b>	-
	<b><u>2,584,298</u></b>	<u>2,145,377</u>
	<b><u>2,726,817</u></b>	<u>2,633,067</u>

On 13 July 2020 the Company undertook a sub-division of its ordinary shares, which sub divided the 487,690,380 0.1p ordinary shares of 0.1p each into 487,690,380 ordinary shares of 0.01p each and 487,690,380 0.09p deferred shares of 0.09p each. The 0.09p deferred shares of 0.09p each were consolidated into deferred shares of 0.9p each ranking pari passu as one class with the existing deferred shares of 0.9p each.

On 14 July 2020, 937,500,000 ordinary shares of 0.01p each were issued under a placing at 0.08p each (at a premium of 0.07p per share) to raise £ 750,000 before costs of £ 66,863.

In addition, on 14 July 2020 warrants to subscribe for ordinary shares of 0.01p were granted as follows:

- (a) Subscribers to the placing were granted warrants to subscribe for up to 937,500,000 shares for a period of two years, exercisable at 0.2p per share;
- (b) Peterhouse Capital Limited was granted warrants to subscribe for shares equivalent up to 3% of the issued ordinary share capital from time to time, exercisable for a period of two years, at 0.08p per share.

Following the consolidation of ordinary shares in December 2020, the warrants have been adjusted and comprise placee warrants to subscribe for up to 93,750,000 ordinary shares of 0.1p at 2p per share, and the warrants held by Peterhouse Capital Limited are exercisable at 0.8p per share.

In relation to the granting of these warrants to Peterhouse Capital Limited, these fall under the requirements of IAS 39 Financial Instruments and as such are accounted for at fair value through profit or loss. At the grant date of these warrants these are valued using a Black Scholes model to determine the intrinsic value of the warrant and a liability is recognized for this amount with a corresponding expense through the income statement. The Directors' have concluded that the intrinsic value of the warrant as at 31 March 2021 is not material to the results and subsequent movements in the share price have decreased this value further. As such no accounting entries have been made to these results.

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 repayable on 31 July 2022 and are convertible at any time into 300,000,000 ordinary shares of 0.01p at 0.2p per share. 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. Following the consolidation of ordinary shares in December 2020, the loan notes have been adjusted and are convertible into 30,000,000 ordinary shares of 0.1p at 2p per share, with warrants to be granted to subscribe for up to 30,000,000 ordinary shares of 0.1p each at 2p per share, with warrants to be granted to subscribe for up to 30,000,000 ordinary shares of 0.1p each at 2p per share.

The convertible loan notes have been accounted for as having both a debt and an equity element. This results in the creation of a loan note equity reserve at the point of issue. This loan note equity reserve is the difference between the loan note value received by the company of £ 600,000 and the fair value of a debt only instrument with a 10% imputed interest rate and a final settlement figure of £ 600,000 in July 2022. This 10% imputed interest rate is managements' best estimate as to the interest rate that would be expected from the market for an unsecured loan of £ 600,000 without a conversion element.

# Trafalgar Property Group Plc

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

### for the year ended 31 March 2021

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

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

On 29 December 2020 for every ten of the 1,425,190,380 ordinary shares of 0.01p then in issue, were consolidated into one ordinary share of 0.1p resulting in there being 142,519,038 ordinary shares of 0.1p in issue.

#### **13 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 and transactions with directors.

#### **14 POST BALANCE SHEET EVENTS**

There are no events to report.

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

**NOTICE OF ANNUAL GENERAL MEETING**

**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 52

***Business at the AGM***

The following resolutions will be proposed at the AGM:

- (a) Resolution 1: to approve the annual report and accounts. The Directors are required to lay before the Company at the AGM the accounts of the Company for the financial year ended 31 March 2021 , 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 Gary Thorneycroft as a Director; Gary was appointed during the financial year, and is required to be re-appointed at the first Annual General Meeting following his appointment.
- (e) Resolution 5: to re-appoint Paul Treadaway as a Director; Paul is retiring by rotation and submitting himself for re-election.
- (f) Resolutions 6 and 7: to approve the renewal of general authorities to allot shares, which expire at the AGM, for the purpose of (i) granting the Directors general authority to allot up to a maximum nominal amount of £140,000, representing approximately 98% of the current issued ordinary share capital; and (ii) disapplying pre-emption rights in connection with the allotment of up to a maximum nominal amount of £140,000, representing approximately 98% of the current issued ordinary share capital.

***Attendance at the AGM***

**There are no longer any Covid-19 related legal prohibitions on attending the meeting in person. However, in light of the continuing impact of Covid-19, current government guidance, and recognising that some members and proxies may still be reluctant to attend in person, (i) the vote on each of the resolutions put to the meeting will be taken on a poll; and (ii) shareholders are strongly advised to appoint the chairman of the meeting as their proxy.**

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 2021 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 30th September 2021, for the following purposes:

**RESOLUTIONS**

To consider and, if thought fit, to pass resolutions 1 to 5 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 2021.
- 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 2022.
- 3 To authorise the Directors to determine the remuneration of the auditor.
- 4 To re-appoint Gary Thorneycroft as a Director of the Company.
- 5 To re-appoint Paul Treadaway as a Director of the Company.

***Special business***

To consider and, if thought fit, to pass resolution 6 as an ordinary resolution, and resolution 7 as a special resolution:

- 6 THAT, in addition to all existing authorities conferred on the directors to allot shares or to grant rights to subscribe for or to convert any securities into shares, the directors be authorised generally and unconditionally pursuant to Section 551 of the Companies Act 2006 as amended to exercise all the powers of the Company to allot shares and/or rights to subscribe for or to convert any security into shares, provided that the authority conferred by this resolution shall be limited to the allotment of shares and/or rights to subscribe or convert any security into shares of the Company up to an aggregate nominal amount of £140,000 such authority (unless previously revoked, varied or renewed) to expire on the conclusion of the Annual General Meeting of the Company to be held in 2022 or, if earlier, 15 months after the date on which this resolution has been passed, provided that the Company may, before such expiry, make an offer, agreement or other arrangement which would or might require shares and/or rights to subscribe for or to convert any security into shares to be allotted after such expiry and the directors may allot such shares and/or rights to subscribe for or to convert any security into shares in pursuance of such offer, agreement or other arrangement as if the authority conferred hereby had not expired.
- 7 THAT, in addition to all existing authorities conferred on the directors to allot shares or to grant rights to subscribe for or to convert any securities into shares, the directors be and are hereby generally empowered to allot equity securities (within the meaning of Section 560 of the Companies Act 2006) pursuant to the general authority conferred by resolution 6 above for cash or by way of sale of treasury shares as if Section 561 of the Companies Act 2006 or any pre-emption provisions contained in the Company's articles of association did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to
  - (i) any allotment of equity securities where such securities have been offered (whether by way of rights issue, open offer or otherwise) to holders of equity securities in proportion (as nearly as may be practicable) to their then holdings of such securities, but subject to the directors having the right to make such exclusions or other arrangements in connection with such offer as they deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising in, or pursuant to, the laws of any territory or the requirements of any regulatory body or stock exchange in any territory or otherwise howsoever;
  - (ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal value of £140,000,

such authority and power (unless previously revoked, varied or renewed) to expire on the earlier to occur of 15 months after the passing of this resolution or the conclusion of the Annual General Meeting of the Company to be held in 2022, provided that the Company may prior to such expiry make any offer, agreement or other arrangement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer, agreement or other arrangement as if the power hereby conferred had not expired.

Dated: 6 September 2021  
Registered office:  
Chequers Barn  
Chequers Hill  
Bough Beech  
Edenbridge  
Kent TN8 7PD

By order of the Board  
N W Naraway  
Secretary

## Notes:

1. **There are no longer any Covid-19 related legal prohibitions on attending the meeting in person. However, in light of the continuing impact of Covid-19, current government guidance, and recognising that some members and proxies may still be reluctant to attend in person, (i) the vote on each of the resolutions put to the meeting will be taken on a poll; and (ii) shareholders are strongly advised to appoint the chairman of the meeting as their proxy.**
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. **As all resolutions will be taken on a poll, shareholders are strongly advised to appoint the chairman of the meeting as their proxy.**
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.
7. 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 28 September 2021.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.
8. 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.
9. 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 28 September 2021.

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.
10. 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 **28 September 2021** 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.