TRAFALGAR PROPERTY GROUP PLC

(formerly Trafalgar New Homes Plc)

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2018

Company Registration No. 04340125

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DIRECTORS	C C Johnson J Dubois A Johnson N Lott D C Stocks
SECRETARY	N Narraway
REGISTERED OFFICE	Chequers Barn Bough Beech Edenbridge Kent TN8 7PD
REGISTERED NUMBER:	04340125
AUDITOR	Crowe U.K. LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
NOMINATED ADVISER AND BROKER	Allenby Capital Ltd 5 St Helen’s Place London EC3A 6AB
REGISTRARS	Neville Registrars Ltd Neville House Steelpark Road Halesowen West Midlands B62 8HD
PUBLIC RELATIONS	Yellow Jersey PR 30 Stamford Street London SE1 9LQ

On behalf of the Board, I present herewith Trafalgar Property Group's results for the year ended 31 March 2018 which show that two house sales were recorded in the year. In previous years we have sold properties off plan or prior to legal completion but for the last three years we only record sales on legal completion rather than on exchange. We have therefore concentrated on constructing the properties with a view to marketing them in the following trading year and can report that five completions have taken place since the year end. The Board remains confident that with our current level of construction activity that the Company is well placed to deliver significantly improved results for future trading years.

We will continue to explore the potential for acquiring new sites that should produce increased turnover and a significant improvement in future profit levels.

Financials

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

Business Environment and Outlook

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

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

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

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

James Dubois
Chairman
4th September 2018

Business review, results and dividends

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

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

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

Trafalgar New Homes Limited

Combe Bank Homes (Oakhurst) Limited

Combe Homes (Borough Green) Ltd

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

The principal activity of the Group continues to be that of home building and property development and the consolidated results of the year's trading, are shown below. The consolidated loss for the year amounted to £424,903 (2017: Loss £298,397).

Principal risks & uncertainties

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

The principal risks and uncertainties facing the Group are:

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

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

1. The Group affords its bankers and other lenders a strong level of asset and income cover and maintains good relationships with a range of funding sources from which it is able to secure finance on favourable terms.
2. Construction costs are outsourced on a fixed price contract basis, thereby passing on to the contractor all risk of development cost overspend, including from increased material, labour or other costs.
3. Most other professional services are also outsourced, thus providing a known fixed cost before any

project is taken forward and avoiding the risk that can arise in employing in-house professionals at a high unproductive overhead at times when activity is slack.

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

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

5. Many of the activities are outsourced and each of the Directors is fully aware of the activities of all members.

6. The Group has a rigorous corporate governance policy appropriate for a publicly quoted company with ambitions substantially to raise its profile within the wider investor community.

Operations review

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

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

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

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

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

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

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

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

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

Key performance indicators (KPIs)

Management are closely involved in the day to day operations of the Group and are very aware of cashflows and expenditure. However, Management believe that the key indicators of performance for the group are the revenue and profitability achieved during the period. These measures are disclosed above in the operations review.

Development Pipeline

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

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

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

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

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

Acquisitions & Future Developments

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

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

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

Your Group is taking advantage of the fact that the 'Extra Care' and 'Very Sheltered/Assisted Living' sectors will grow significantly as the population of older people in the UK is expected to increase from 10.3m in 2010 to 28m by 2035. Proposed future developments will come with communal areas and a range of social and recreational activities to promote health and happiness. These are key attributes compared to non-specialised homes.

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

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

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

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

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

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

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

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

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

Outlook

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

Looking ahead and during the current year, the Group will continue its negotiations for the purchase of other sites in the South of England, its chosen area of operation, which will contribute to turnover for the Group in the future.

As has been mentioned before, the Board of Trafalgar Property Group, remains focused on growing the Group, both through site acquisition and development and corporate acquisitions, to enable value to be created for shareholders and for a dividend to be paid by the Group when appropriate.

Banking

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

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

The Board is comfortable with the structure of its bank finance, which usually involves the bank lending a modest sum towards the land purchase, with the Group providing the rest of the funds required to acquire the site and the costs associated with the acquisition and then for the bank to provide 100% of the build finance. These are the arrangements that have been entered into with Lloyds and Coutts who lend to the Group at very competitive rates.

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

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

Hence, in general terms, the Group is happy with its financial support afforded to it by its Banks and investors, enabling it to trade without a general overdraft facility.

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

Financial Instruments

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

Christopher Johnson
Director
4th September, 2018

TRAFALGAR PROPERTY GROUP PLC

DIRECTORS' REPORT

The Directors present their Report and Audited Financial Statements for the year ended 31 March 2018.

Results and dividends

The results for the year are set out on page 16.

The Directors do not recommend the payment of a final dividend for the year (2017: nil).

Directors

The following Directors have held office since 1 April 2017 and have all served for the entire accounting year:-
C C Johnson
A Johnson
N Lott
J Dubois

Appointed during the year:

D C Stocks – 19 March 2018

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 2018, the Directors have authorised no such conflicts or potential conflicts.

Directors' interests in shares

Directors' interests in the shares of the Company, including family interests, at 31 March 2018 were as follows:-

	31.03.2018	31.03.2017
	Ordinary shares of 0.1p each	Ordinary shares of 1p each
C C Johnson	186,815,803	186,815,803
A Johnson	1,868	1,868
J Dubois	1,500,000	1,500,000
N Lott	500,000	500,000
D C Stocks	80,330,532	-

Other substantial shareholdings

As at 3rd September 2018, being the latest practicable date before the issue of these financial statements, the company had been notified of the following shareholdings which constitute 3% or more of the total issued shares of the company.

	Ordinary shares No.	Shareholding %
C.C. Johnson	186,815,803	43.9
D C Stocks	80,330,532	18.9
P Treadaway	106,484,658	25.0

Statement of directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the European Union ("EU") and the parent entity financial statements under FRS102 in accordance with the provisions of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year. In preparing these financial statements, the Directors are required to:

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

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

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

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

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

Financial Instruments

Information relating to the financial instruments is now included in the Strategic report on pages 3-7.

Future Developments

Information relating to future developments is included in the Strategic report on pages 3-7.

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 need by the Group's auditor in connection with preparing their report and to establish that the Group's auditor is aware of the information.

Auditor

The auditor, Crowe U.K. LLP, will be proposed for re-appointment in accordance with Section 489 of the Companies Act 2006.

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

Christopher Johnson
Director

4th September 2018

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

Board Structure

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

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

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

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

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

Internal Controls

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

Opinion

We have audited the financial statements of Trafalgar Property Group plc (the “Parent Company”) and its subsidiaries (the “Group”) for the year ended 31 March 2018, which comprise:

- the Group statement of comprehensive income for the year ended 31 March 2018;
- the Group and parent company statements of financial position as at 31 March 2018;
- the Group and parent company statements of cash flows for the year then ended;
- the Group and parent company statements of changes in equity for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the Parent Company's affairs as at 31 March 2018 and of the Group’s profit for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with FRS 102 and in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.
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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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

Material uncertainty related to going concern

We draw attention to the going concern section in the notes to the financial statements. The group’s and parent company’s ability to generate funds to meet short term operating cash requirements and loan repayments is reliant on the group’s ability to sell the properties it holds, or to obtain alternative financing. The timing of these sales is uncertain and as a result the group is currently reliant on long term investor loans being renewed when they come up for repayment and the continued support of the Director Mr C Johnson, who has confirmed that he will continue to support the group and company, and, if necessary will not recall the balances owed to him for at least twelve months from the date of signing.

Notwithstanding the disclosure in the going concern note in the notes to the accounts and the directors’ belief that it is appropriate to produce these accounts on a going concern basis, we consider there to be factors that indicate that a material uncertainty exists that may cast doubt on the ability of the company and group to continue as a going concern. Our opinion is not modified in respect of this matter.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall balance sheet materiality for the Group financial statements to be £125,000 (FY17 £100,000), based on 2% of the total assets, with particular reference to the carrying value of inventory. We have determined that for other account balances not related to inventory a misstatement of less than materiality for the financial statements as a whole could influence the economic decisions of users. As such we have applied an income statement materiality of £30,000 (FY17 £30,000) based on 8-10% of the result before tax. The income statement materiality used is for sampling purposes only and is separate from the overall materiality.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Directors to report to it all identified errors in excess of £2,000 (FY17: £2,500). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

We conducted full scope audit work at the Group's head offices where the accounting records for the Group and its subsidiaries are maintained. Our work covered the Plc entity and its subsidiaries all of which are incorporated in the UK.

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 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. 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.
This is not a complete list of all risks identified by our audit.

Key audit matter	***How the scope of our audit addressed the key audit matter***
Valuation of inventory The group develops properties at a number of sites incurring significant costs. These are required to be valued at the lower of cost and net realisable value.	We reviewed the additions to the inventory value during the year ensuring that the amounts recognized were appropriate and accounted for correctly. In addition we reviewed the assessed realisable value of the developments for indications of potential impairment in the carrying value of the inventory by reference to agents' valuations and market trends and data.
Revenue recognition The group recognises revenue at the point of completion.	We reviewed sales during the year to ensure that these were recognised in line with the stated revenue recognition policy. We reviewed revenue recognised post year end to ensure cut-off had been suitably applied.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole.

They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion based on the work undertaken in the course of our 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 directors' report and strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In light of the knowledge and understanding of the group and the parent company and their 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement [set out on page 9], 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

Stacy Eden (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

4th September, 2018

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

	Note	**Year ended 31 March 2018 £**	Year ended 31 March 2017 £
Revenue		**906,484**	30,000
Cost of sales		**(880,846)**	(48,070)
Gross profit/(loss)		**25,638**	(18,070)
Administrative expenses		**(440,014)**	(270,263)
Operating (loss)		**(414,376)**	(288,333)
(Loss) before interest		**(414,376)**	(288,333)
Other interest receivable and similar income	2	**8,200**	801
Interest payable and similar charges	5	**(18,727)**	-
(Loss) before taxation		**(424,903)**	(287,532)
Tax payable on (loss) on ordinary activities	6	**-**	(10,865)
(Loss) after taxation for the year attributable to equity holders of the parent		**(424,903)**	(298,397)
Other comprehensive income attributable to equity holders of the parent		**-**	-
Total comprehensive (loss) for the year		**(424,903)**	(298,397)
(Loss) attributable to:			
Equity holders of the Parent		**(424,903)**	(298,397)
Total comprehensive (loss) for the year attributable to:			
Equity holders of the Parent		**(424,903)**	(298,397)
(LOSS) PER ORDINARY SHARE:			
Basic/diluted	7	**(0.10)p**	(0.12)p

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

The notes on pages 20 to 34 are an integral part of these consolidated financial statements.

Trafalgar Property Group Plc (formerly Trafalgar New Homes Plc)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2018

	Note	31 March 2018 £	31 March 2017 £
TOTAL ASSETS			
Non-current assets			
Property, plant and equipment	8	**2,079**	1,788
		2,079	1,788
Current assets			
Inventory	11	**7,792,611**	5,399,198
Trade and other receivables	9	**94,844**	96,985
Cash at bank and in hand	10	**458,209**	100,808
		8,345,664	5,596,991
Total assets		**8,347,743**	5,598,779
EQUITIES & LIABILITIES			
Current liabilities			
Trade and other payables	12	**394,255**	178,675
Borrowings	13	**3,108,510**	2,150,643
		3,502,765	2,329,318
Non-current liabilities			
Deferred tax	6	**291,045**	-
Borrowings	13	**4,867,818**	4,690,257
Total liabilities		**8,661,628**	7,019,575
Equity attributable to equity holders of the Company			
Called up share capital	14	**2,570,567**	2,383,752
Share premium account	15	**2,510,462**	1,165,463
Reverse acquisition reserve		**(2,817,633)**	(2,817,633)
Profit & loss account		**(2,577,281)**	(2,152,378)
Total Equity		**(313,885)**	(1,420,796)
Total Equity & Liabilities		**8,347,743**	5,598,779

These financial statements were approved by the Board of Directors and authorised for issue on 4th September, 2018 and are signed on its behalf by:

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

The notes on pages 20 to 34 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

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

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

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

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

The notes on pages 20 to 34 are an integral part of these consolidated financial statements.

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

	Note	**2018** £	2017 £
Cash flow from operating activities			
Operating (loss)		(424,903)	(287,532)
Depreciation		447	596
Increase in stocks		(517,488)	(3,123,652)
Decrease in debtors		3,371	339,619
Increase in creditors		160,546	5,026
Interest paid		18,727	-
Net cash outflow from operating activities		(759,300)	(3,065,943)
Investing activities			
Purchase of tangible fixed assets		-	-
Net cash used in investing activities		-	-
Taxation		-	10,635
Financing activities			
New loans in year		931,367	2,309,377
Director loan cash injected		204,061	568,333
Interest paid		(18,727)	-
Net cash inflow from financing	**18**	1,116,701	2,877,710
Increase/(Decrease) in cash and cash equivalents in the year		357,401	(177,598)
Cash and cash equivalents at the beginning of the year		100,808	278,406
Cash and cash equivalents at the end of the year		458,209	100,808

The notes on pages 20 to 34 are an integral part of these consolidated financial statements.

BASIS OF ACCOUNTING

These financial statements are for Trafalgar Property Group Plc ("the Company") and its subsidiary undertakings. 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 Company's operations and its principal activities are set out in the Strategic Report on page 3.

BASIS OF PREPARATION

The Group financial statements have been prepared in accordance with FRS102 and International Financial Reporting Standards (IFRS) and interpretations adopted by the European Union ("EU") and as applied in accordance with the provisions of the Companies Act 2006. These financial statements are for the year ended 31 March 2018 and are presented in pounds sterling ("GBP"). The comparative year is for the year to 31 March 2017.

The financial statements have been prepared under the historical cost basis. The principal accounting policies adopted are set out below.

GOING CONCERN

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

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

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

The Board is comfortable with the structure of its bank finance, which usually involves the bank lending a modest sum towards the land purchase, with the Group putting up the rest of the funds required to acquire the site and the costs associated with the acquisition and then for the bank to provide 100% of the build finance.

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

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

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

As a result of these considerations, at the time of approving the financial statements, the Directors consider that the Company and the Group have sufficient resources to continue in operational existence for the foreseeable future.

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

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.

This complies with the current accounting standard IAS 18 – Revenue.

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

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following IFRS Standards and Amendments issued by IASB but not yet EU approved could have an impact on the financial statements of the Group.

- IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014) – Effective date 1 January 2018

Under IFRS 15 the criteria for recognising income depends upon the contractual terms and management do not believe that it will result in changes to the timing of recognition of income from current practice.

Currently the group recognise revenue on the completion of the sale. It is felt that under IFRS 15 the completion of the sale will still mark the point at which the group has fulfilled its performance obligations under the contract and hence there will be no impact on the revenue recognised going forward under the new standard.

In addition management have considered the potential impact of IFRS 16 and IFRS 9 and do not believe that these would have a significant impact on the financial statements.

There are a number of other new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the EU. The Directors do not expect that the adoption of these standards will have a material impact on the financial statements of the Group in future periods.

BASIS OF CONSOLIDATION

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

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

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

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.

The excess of consideration over the fair value of the assets and liabilities acquired is recorded as goodwill. If the consideration is less than the fair value of the assets and liabilities acquired, the difference is recognised directly in the Statement of Comprehensive Income.

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

FUNCTIONAL CURRENCY

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

OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated before interest and tax.

FINANCIAL INSTRUMENTS

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

CASH AND CASH EQUIVALENTS

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

INVENTORIES

Inventories consist of properties under construction and are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in 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.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets 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

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially measured at fair value and are subsequently reassessed at the end of each accounting year. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. Impairment is estimated by management based on prior experience and the current economic environment.

FINANCIAL LIABILITIES AND EQUITY

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

TRADE PAYABLES

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

BORROWING COSTS

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

EQUITY INSTRUMENTS

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

CURRENT 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 balance sheet 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 balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

SHARE CAPITAL

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

PROVISIONS

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

COMMITMENTS AND CONTINGENCIES

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

SUBSEQUENT EVENTS

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

CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

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

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

Valuation of Inventory

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

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.

1 SEGMENTAL REPORTING

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

The principal activity of the Group was property development. All the Group's non-current assets are located in the UK.

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

Geographical segments

The following tables present revenue regarding the Group's geographical segments for the year ended 31 March 2018.

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

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

2 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

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

3 LOSS FOR THE YEAR

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

	2018	2017
	£	£
Depreciation of tangible fixed assets	**447**	596
Auditor's remuneration:		
Audit of these financial statements	**10,000**	10,000
Amounts receivable by the auditor in respect of the audit of the financial statements of subsidiary undertakings pursuant to legislation	**7,000**	7,000

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

4 EMPLOYEES AND DIRECTORS' REMUNERATION

Staff costs during the year were as follows:

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

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

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

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

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

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

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

5 INTEREST PAYABLE AND SIMILAR CHARGES

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

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

6 TAXATION

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

	2018	2017
	£	£
(Loss)/profit on ordinary activities before tax	**(424,903)**	(287,532)
Based on (loss) for the year:		
Tax at 19% (2017: 20%)	**(80,732)**	(57,506)
Unrelieved tax losses	**80,732**	57,506
Prior year tax adjustment	**-**	17,555
Tax refund - carry back losses to prior year	**-**	(6,920)
Tax charge for the year	**-**	10,635

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

No deferred tax asset has been recognised in respect of historical losses due to the uncertainty in future profits against which to offset these losses. As at the 31 March 2018 the group had cumulative tax losses of £2,642,077 (2017: £2,223,878) that are available to offset against future taxable profits..

7 (LOSS) PER ORDINARY SHARE

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

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

8 PROPERTY, PLANT AND EQUIPMENT

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

9 TRADE AND OTHER RECEIVABLES

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

There are no receivables that are past due but not impaired at the year-end. There are no provisions for irrecoverable debt included in the balances above.

10 CASH AND CASH EQUIVALENTS

All of the Group's cash and cash equivalents at 31 March 2018 are in sterling and held at floating interest rates.

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

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

11 INVENTORY

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

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

12 TRADE AND OTHER PAYABLES

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

13 BORROWINGS

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

Included in Directors' loans is the sum of £ 300,000 (2017: £300,000) advanced by the DFM Pension Scheme of which Mr J Dubois is the principal beneficiary. This loan bears interest at 12% per annum (2017: 12% per annum).

Included in Directors' loans is the sum of £ 697,161 (2017: £521,455) drawn down from a £835,000 loan facility advanced by Lloyds Bank and which is linked to the Speldhurst development. The loan was made in the name of A Johnson as the Speldhurst property is held in his name, and bears interest at 5.2% above base rate per annum.

The remaining balance is due to C Johnson (see note 16).

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

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

The bank borrowings are repayable as follows:

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

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

Bank loans: - 4.23% (2017: 4.39%)

All of the Directors' loans are repayable after more than 1 year. All loans are interest bearing and charged accordingly. However Mr C C Johnson has waived his right to interest in the year and as a result interest of £ Nil (2017: £ Nil) was paid to Mr C C Johnson. The rate of interest on the loan is 5% pa (2017: 5% pa). Interest of £ 36,000 (2017: £36,000) was paid to Mr J Dubois at the rate of 12% pa (2017: 12% pa).

14 SHARE CAPITAL

Authorised Share Capital

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

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

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

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

Issued, allotted and fully paid

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

15 SHARE PREMIUM ACCOUNT

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

16 RELATED PARTY TRANSACTIONS

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

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

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

Mr Johnson's Loan bore interest during the year at 5% (2017: 5% pa), but he has chosen to forego the interest in the year. Mr Dubois's Loan, which is from his Pension Fund of which he is the sole beneficiary, was at 12% pa interest (2017: 12% pa). Mr Stocks' loan bore no interest.

The development at Speldhurst was acquired in the name of A Johnson (Director) and is held in trust by him on behalf of the Group, together with a Lloyds Bank loan facility for up to £835,000 connected to this development which has been drawn down through A Johnson as to £ 697,161 (2017: £521,455), the details of which are disclosed in Note 13.

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

17 SHARE OPTIONS AND WARRANTS

There are no share options or warrants.

18 CASHFLOW – FINANCING ACTIVITIES

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

19 NEW ACQUISITION

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

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

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

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

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

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

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

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

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

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

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

20 CATEGORIES OF FINANCIAL INSTRUMENTS

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

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

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

Capital risk management

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

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria 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 20 to 24 to these financial statements.

Foreign currency risk

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

Interest rate risk

The Group is sensitive to changes in interest rates principally on the loans from Lloyds Bank, Rate Setter and Interbay where interest is charged on a variable rate basis.

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

Credit risk management

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

Liquidity risk management

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

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

Mr Johnson confirms that if necessary he will continue to support the Group for its anticipated needs for at least 12 months from the date of signing the accounts. As with all business forecasts, the Directors' statement cannot guarantee that the going concern basis will remain appropriate given the inherent uncertainty about the future events.

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

Financial liabilities

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

Derivative financial instruments

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

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

Trafalgar Property Group Plc (formerly Trafalgar New Homes Plc)

COMPANY BALANCE SHEET
For the year ended 31 March 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Investments	7	**2,354,732**	2,323,524
		2,354,732	2,323,524
Current assets			
Stocks		**5,292**	-
Debtors	9	**275,996**	256,736
Cash at bank and in hand		**68,723**	9,003
		350,011	265,739
Creditors: amounts falling due within one year	10	**875,726**	558,351
Net current liabilities		**(525,715)**	(292,612)
Net assets		**1,829,017**	2,030,912
Capital and reserves			
Called up share capital	12	**2,570,567**	2,383,752
Share premium account	13	**2,510,462**	1,165,463
Profit and loss account	14	**(3,252,012)**	(1,518,303)
Equity – attributable to the owners of the Parent	15	**1,829,017**	2,030,912

The loss for the financial year dealt with in the financial statements of the Parent Company was £ 1,733,709 (2017: Loss £104,889).

The financial statements were approved by the Board of Directors on 4th September, 2018 and authorised for issue and are signed on its behalf by:

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

Company Registration Number: 04340125

The notes on pages 38 to 44 form an integral part of these financial statements

	Share capital	Share premium	Reverse acquisition reserve	Retained profits /(losses)	Total equity
	£	£	£	£	£
At 1 April 2016	2,383,752	1,165,463	-	(1,413,415)	2,135,800
Loss for the year	-	-	-	(104,888)	(104,888)
Total comprehensive income for the year	-	-	-	(104,888)	(104,888)
Issue of shares	-	-	-	-	-
Share issue costs	-	-	-	-	-
At 31 March 2017	2,383,752	1,165,463	-	(1,518,303)	2,030,912
At 1 April 2017	2,383,752	1,165,463	-	(1,518,303)	2,030,912
Loss for year	-	-	-	(1,733,709)	(1,733,709)
Total comprehensive income for the year	-	-	-	(1,733,709)	(1,733,709)
Issue of shares	186,815	1,344,999	-	-	1,531,814
Share issue costs	-	-	-	-	-
At 31 March 2018	2,570,567	2,510,462	-	(3,252,012)	1,829,017

For the purpose of preparing the consolidated financial statement of the Group, the share capital represents the nominal value of the issued share capital of 0.1p per share and 0.9p per share deferred (2017: 1p per share). Share premium represents the excess over nominal value of the fair value consideration received for equity shares net of expenses of the share issue. Retained earnings represent the cumulative value of the profits not distributed to shareholders, but retained to finance the future capital requirements of the Company.

The notes on pages 38 to 44 form an integral part of these financial statements.

	2018 **£**	2017 £
Cash flow from operating activities		
Operating loss	**(1,733,709)**	(104,889)
Operating loss before working capital changes	**(1,733,709)**	(104,889)
Impairment of investment	**1,500,606**	**-**
(Increase)/decrease in stocks	**(5,292)**	-
(Increase)/decrease in debtors	**(19,260)**	115,152
Increase/(decrease) in creditors	**317,375**	(1,067)
Net cash inflow from operating activities	**59,720**	9,196
Income tax paid	**-**	-
Net cash (outflow)/inflow from operating activities	**59,720**	9,196
Cashflow from investing activities		
(Increase)/decrease in investments	**-**	-
Net cash inflow/ (outflow) from investing activities	**-**	-
Cashflow from financing activities		
(Repayments)/loans from Group undertakings	**-**	(8,200)
Issue of shares (net of direct costs)	**-**	-
Net cash (outflow)/inflow from financing	**-**	(8,200)
Net increase/(decrease) in cash and cash equivalents	**59,720**	996
Cash and cash equivalent at beginning of the year	**9,003**	8,007
Cash and cash equivalent at end of the year	**68,723**	9,003

The notes on pages 38 to 44 form an integral part of these financial statements.

1. GENERAL INFORMATION

Nature of operations
Trafalgar Property Group Plc ("the Company") - formerly Trafalgar New Homes Plc - 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. The company changed its name on 16th March, 2018.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) GOING CONCERN

As set out in the going concern accounting policy of the group financial statements, there exists a material uncertainty in relation to the group's going concern basis. Given the inter-company indebtedness, if the trading subsidiaries were unable to continue as a going concern, this would have the same effect in the parent company. Therefore there is a material uncertainty of the going concern status in respect of the parent company's financial statements.

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

(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.

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.

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

(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.

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured at amortised cost using the effective interest method.

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.

. 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:

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 £1,733,709 (2017: Loss £104,889). The Company's loss for the financial year has been arrived at after charging auditor's remuneration payable to Crowe U.K. LLP for audit services to the Company of £10,000 (2017: £10,000).

6. EMPLOYEES AND DIRECTORS' REMUNERATION

	2018	2017
	£	£
Directors' fees	**15,000**	15,000
Wages and salaries	**-**	-
Social security costs	**943**	950
Management fees	**4,994**	4,994
	20,937	20,944

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

	2018	2017
	Number	Number
Directors and management	**1**	1

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

£4,994 (2017: £4,994) was paid to Mr Norman Lott for his professional services.

Additional directors remuneration of £60,000 (2017: £35,000) was paid to a director through subsidiary entities.

7. INVESTMENTS

	Subsidiary undertakings £
At 1 April 2017	2,323,524
Additions – purchase of acquisition	1,531,814
Impairments	(1,500,606)
At 31 March 2018	**2,354,732**

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

	Class of share held	% shareholding	Principal activity
Held directly			
Trafalgar New Homes Limited (formerly Combe Bank Homes Limited)	Ordinary shares	100%	Residential property developers
Trafalgar Retirement+ Ltd (formerly Beaufort Homes Limited)	Ordinary shares	100%	Residential property and assisted living scheme
Held indirectly through Trafalgar New Homes Limited (formerly Combe Bank Homes Limited)			
Combe Bank Homes (Oakhurst) Ltd	Ordinary shares	100%	Residential property developers

	Class of share held	% shareholding	Principal activity
Controlled via Deed of Trust			
Combe Homes (Borough Green) Ltd	Ordinary shares	100%	Residential property developers

8. IMPAIRMENT

The investment carried in the Plc entity financial statements reflects the entity's control over Trafalgar New Homes Limited, Combe Bank Homes (Oakhurst) and Combe Bank (Borough Green) Limited. During the year the entity also acquired Trafalgar Retirement + Ltd and the additions to the investment value reflect the consideration paid for that acquisition.

There has been minimal trading in Combe Bank Homes (Oakhurst) and Combe Bank (Borough Green) Limited and both entities now hold very little inventory.

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

Management have performed a review of the assets and liabilities of the underlying subsidiaries which form the value of the investment (Excluding Trafalgar Retirement +).

In performing this assessment the value of inventory has been uplifted from its value in the financial statements to reflect the anticipated margins on the developments, in order to provide a view on the 'real' net assets of the group and the potential future cash flows.

The anticipated selling prices are based on the values that properties are currently being marketed at, or the prices that would be achieved based on prices per square foot for similar properties in that area. The margins are calculated based on the anticipated further costs to completion on the developments.

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

The analysis performed indicates that the 'real' net asset value of the underlying investments does not support the Trafalgar Property Group's carrying value of investments in Trafalgar New Homes Limited, Combe Bank Homes (Oakhurst) and Combe Bank (Borough Green).

Management have concluded that an impairment reflecting the short fall in the estimated future cashflows below the investment value in the Plc entity books is appropriate, and have impaired the investments by £1.5m.

9. DEBTORS

	2018	2017
	£	£
Amounts owed by group undertakings	**253,304**	253,304
Other debtors	**6,137**	1,136
Other taxes and social security	**16,555**	2,296
	275,996	**256,736**

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	**73,159**	136
Taxation and social security	**1,325**	580
Other creditors	**26,078**	10,000
Amounts owed to group undertakings	**775,164**	547,635
	875,726	558,351

11. FINANCIAL INSTRUMENTS

	2018	2017
	£	£
Financial assets		
Financial assets measured at amortised cost:		
Amounts owed by group undertakings and other debtors	**259,441**	254,440
Financial liabilities		
Financial liabilities measured at amortised cost	**874,401**	557,770

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

12. SHARE CAPITAL

Authorised Share Capital

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

On 19th March, 2018 all issued Ordinary shares of 1p each were sub divided into Ordinary 0.1p each and deferred Ordinary shares of 0.9p each.

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

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

Issued, allotted and fully paid

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

13. SHARE PREMIUM ACCOUNT

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

14. PROFIT AND LOSS ACCOUNT

	2018 £	2017 £
Balance brought forward	**(1,518,304)**	(1,413,416)
Loss for financial year	**(1,733,709)**	(104,888)
Balance carried forward	**(3,252,013)**	(1,518,304)

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS'

	2018	2017
	£	£
Loss for the financial year	**(1,733,709)**	(104,888)
Net decrease in shareholders' funds	**(1,733,709)**	(104,888)
Issue of new shares	**1,531,814**	-
Share premium – shares issued in year	**-**	-
Share premium – issue costs	**-**	-
Opening Shareholders' funds	**2,030,912**	2,135,800
Closing Shareholders' funds	**1,829,017**	2,030,912

16. INTERCOMPANY

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.

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 46.

Ordinary business at the AGM

In addition to the re-election of Directors retiring by rotation (resolutions 4, 5 and 6) and renewal of authorities to allot shares (resolutions 8 and 9), the following ordinary business resolutions will be proposed at the AGM:

(a) Resolution 1: to approve the annual report and accounts. The Directors are required to lay before the Company at the AGM the accounts of the Company for the financial year ended 31 March 2018, the report of the Directors and the report of the Company's auditors on those accounts.

(b) Resolution 2: to approve the re-appointment of Crowe U.K. LLP as auditors of the Company. The Company is required to appoint auditors at each general meeting at which accounts are laid, to hold office until the next such meeting.

(c) Resolution 3: to approve the remuneration of the auditors for the next year.

Re-election of Directors

Under the Articles of Association, Directors must retire and submit themselves for re-election at the annual general meeting if they have not done so at either of the two previous annual general meetings. By resolutions 4, 5 and 6, James Dubois, Christopher Johnson and Norman Lott are retiring by rotation, and submitting themselves for re-election.

Directors appointed since the previous annual general meeting are required to be re-appointed at the next annual general meeting. By resolution 7, Daniel Stocks is submitted for re-appointment.

Grant of authorities to allot shares

The Company currently has an issued ordinary share capital of £425,190.38 divided into 425,190,380 Ordinary Shares of 0.1p. The Company has outstanding warrants to subscribe for 4,567,504 Ordinary Shares at 2p per share. Following the share reorganisation in March 2018, the Company also has 238,375,190 deferred shares of 0.9p in issue (£2,145,376.71 in nominal amount).

The Board proposes to renew the current authorities to allot shares, which expire at the next AGM. Accordingly, resolutions 8 and 9 are being proposed at the AGM for the purpose of (i) granting the Directors general authority to allot up to £214,000 in nominal amount (equivalent to 214,000,000 ordinary shares) and (ii) disapplying pre-emption rights in connection with the allotment of up to £85,000 in nominal amount (equivalent to 85,000,000 ordinary shares). Both authorities will provide residual authorities equivalent to approximately 50% of the current issued ordinary share capital generally and 20% of the current issued ordinary share capital for issues for cash.

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2018 Annual General Meeting of the Company will be held at the Company's offices at Chequers Barn, Bough Beech, Edenbridge, Kent TN8 7PD at 11.30 a.m. on 28 September 2018, for the following purposes:

RESOLUTIONS
To consider and, if thought fit, to pass resolutions 1 to 7 (inclusive) as ordinary resolutions:

1 To receive and adopt the directors' report, the auditor's report and the Company's accounts for the year ended 31 March 2018.

2 To re-appoint Crowe U.K.Whitehill LLP as auditor in accordance with section 489 of the Companies Act 2006, to hold office until the conclusion of the Annual General Meeting of the Company in 2019.

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

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

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

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

7 To re-appoint Daniel Stocks as a Director of the Company.

As special business, to consider and, if thought fit, to pass resolution 8 as an ordinary resolution and resolution 9 as a special resolution:

8 THAT the directors be authorised generally and unconditionally pursuant to Section 551 of the Companies Act 2006 as amended ("**2006 Act**") (in substitution for all other existing authorities to allot securities generally to the extent not utilised at the date this resolution is passed) 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 £214,000 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 2019 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.

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

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

(ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal value of £85,000,

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 2019, 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: 4th September 2018

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

By order of the Board
Nicholas Narraway
Secretary

Notes:

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.

3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the enclosed proxy form.

4. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

   To appoint a proxy using the proxy form, the form must be:

   (a) completed and signed;

   (b) sent or delivered to the Company's Registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD; and

   (b) received by no later than 11.30 a.m. on 26 September 2018.

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

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

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

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

7. In order to revoke a proxy appointment you will need to inform the Company by sending a signed hard copy notice clearly stating that you revoke your proxy appointment to Neville Registrars Limited, Neville House, 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 11.30 a.m. on 26 September 2018.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person.

8. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered in the register of members of the Company as at 6.00 p.m. on 26 September 2018 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.