

TRAFALGAR PROPERTY GROUP PLC

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2022

Company Registration No. 04340125

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J Dubois
N A C Lott
P A Treadaway
G Thorneycroft
P F Challinor

SECRETARY

N W Narraway

REGISTERED OFFICE

Chequers Barn
Chequers Hill
Bough Beech
Edenbridge
Kent TN8 7PD

REGISTERED NUMBER:

04340125

AUDITOR

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

NOMINATED ADVISER

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

REGISTRARS

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

Trafalgar Property Group Plc

CHAIRMAN'S STATEMENT

for the year ended 31 March 2022

On behalf of the Board, I present Trafalgar Property Group Plc (the Group), results for the year ended 31 March 2022 which includes one property sale completed in the year. The overall result was disappointing, as can be seen in the attached Accounts and Strategic Report. We are continuing to progress an existing land option that we hold in Leatherhead Surrey for a scheme to build seven properties. The Appeals Inspector has recently visited and we are awaiting his decision.

Financials

The year under review saw the Group turnover at £64,839 (2021: £2,285,800), with a loss after tax of £486,336 (2021: Loss £329,194).

Management have performed a review of the assets and liabilities of the underlying subsidiaries which form the value of the anticipated profits on ongoing developments.

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

The cash on the balance sheet at the end of the year was £12,753 (2021: £246,193) and the Group continues to have sufficient bank facilities for all planned activities.

Business Environment and Outlook

No new directors were appointed to the Group this year but we are pleased to announce that Dr Paul Challinor joined our Board on 11 May 2022. Dr Challinor is an acknowledged expert in the field of hydroponics and the crop nutrition sector and he is progressing the opportunities open to us in this area.

The effects of the Covid-19 pandemic have affected our business since March 2020 as sales of completed units have been delayed with the planning process being negatively impacted. Like most businesses, we are aware of our need to conduct ourselves carefully to preserve the health of our staff and customers and to conserve our cash reserves.

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

James Dubois

Chairman

27 September 2022

Trafalgar Property Group Plc

STRATEGIC REPORT

for the year ended 31 March 2022

Business review, results and dividends

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

Trafalgar New Homes Limited (TNH)

Trafalgar Retirement+ Limited (TR+)

Selmat Limited (Selmat)

Combe Bank Homes (Oakhurst) Limited (Oakhurst)

Combe Homes (Borough Green) Limited (Borough Green)

Mortgages of £924,373 (2021: £924,373) exist on the three properties held by Selmat. The shares of the Group are quoted on the London Stock Exchange AIM market.

The principal activity of the Group continues to be that of investment in residential property, which includes rental income £64,839 (2021: £73,300) and sales from property development £nil (2021:£2,212,500) and the consolidated results of the year's trading, are shown below. The consolidated loss for the year was £486,336 (2021: Loss £329,194). Management believe the key indicators of performance for the Group are the revenue and profitability achieved during the year.

Principal risks & uncertainties

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

The principal risks and uncertainties facing the Group are:

1. Direct costs may escalate and eat into gross profit margins.
2. There may be uncertainty in obtaining adequate finance thus putting pressure on the going concern of the Group.
3. Heavy overheads may be incurred especially when projects have been completed and before others have been commenced.
4. The Group could commit too much to future capital projects.
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. The Plc also has access to shareholder funding via placing of shares in the market. A full statement regarding going concern is shown in the accounting policies on page 22.
2. Direct costs are outsourced on a fixed price contract basis, thereby passing on to the contractor all risk of cost overspend, including from increased material, labour or other costs.
3. Most other professional services are also outsourced, thus providing a known fixed cost before any project is taken forward and avoiding the risk that can arise in employing in-house professionals at a high unproductive overhead at times when activity is slack.
4. Buying decisions for capital projects are taken at Board level, after careful research by the Directors personally, who have substantial experience in various business sectors and markets.

Trafalgar Property Group Plc

STRATEGIC REPORT

for the year ended 31 March 2022

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

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

Operations review

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

	2022 £	2021 £
Revenue for the year	64,839	2,285,800
Gross profit	61,680	322,006
Administration expenses	(459,665)	463,963
Loss on disposal of property (including cost)	(28,646)	-
Other income	-	27,023
Profit on revaluation	112,000	-
Interest payable and similar charges	(171,714)	(214,260)
Loss after taxation	(486,336)	(329,194)

Group turnover for the year amounted to £64,839 (2021: £2,285,800), representing no sales but rental income received (2021: six residential properties sold plus two land options). Investment properties have been transferred into current assets this year as a result of the impending sales of the remaining properties since the year end. The administration costs include costs written off following the unsuccessful planning appeal on the Send site amounting to £ 73,517. In addition one investment property was sold for £ 352,500 and there was a loss on disposal on this of £ 28,646 included in administration costs. The property portfolio was revalued at year end and this showed an increase in value of £ 112,000.

After taking into account the overheads of the Group, there was a loss recorded for the year of £486,336 (2021: £329,194).

There will be no tax charge and the Company now has tax losses being carried forward of £5,453,582 (2021: losses £5,049,125).

The loss per share during the year was (0.34p), (2021: loss per share 0.34p).

Directors' duties under S172

The Directors believe that, individually and together, they have acted in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006 in the decisions taken during the year ended 31 March 2022.

Trafalgar Property Group Plc

STRATEGIC REPORT

for the year ended 31 March 2022

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

- **Purpose, vision and strategy:** this is set out on pages 5-7 on this Strategic Report and we recognise our role in identifying opportunities to develop homes and apartments to the best quality standards.
- **Group policies:** these are reviewed annually and staff and Directors are encouraged to improve their skillset as appropriate.
- **Culture and people:** we fully support a culture where all customers, staff and suppliers are treated in an open and honest fashion, irrespective of race, gender, ethnic, disabilities or other scenarios.
- **Board structure:** the role of the Board is reviewed annually with a clear focus on the specific roles assigned to each individual to enable the Board to properly support each member of staff.
- **Freedom within a framework:** we are developing a new framework for communicating this freedom in a straight-forward methodology.
- **Risk and internal control framework:** risks and controls are subject to discussion at quarterly Board meetings. Every project undertaken by the Group is analysed with a view to limiting the risks to the Group and its Stakeholders before proceeding with implementation.

Key performance indicators (KPIs)

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

Development Pipeline & outlook

We still hold a land option on a site in Leatherhead for a scheme to build seven apartments. We have incurred costs to date of £25,659 on this site as shown in inventory note 13 within the accounts. Recently the Appeals Inspector visited the site and we are awaiting his decision.

Financial Instruments

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

Paul Treadaway

Director

27 September 2022

Trafalgar Property Group Plc

DIRECTORS' REPORT

for the year ended 31 March 2022

DIRECTORS' REPORT

The Directors present their Report and Audited Financial Statements for the year ended 31 March 2022.

Results and dividends

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

The Directors do not recommend the payment of a final dividend for the year (2021: nil).

Directors

The following Directors have held office since 1 April 2021 and have all served for the entire accounting year:-

N A C Lott
J Dubois
P A Treadaway
G Thorneycroft

Director's appointments since year end

Dr P Challinor – 11 May 2022

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

Conflicts of interest

Under the articles of association of the Company and in accordance with the provisions of the Companies Act 2006, a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. However, the Directors may authorise conflicts and potential conflicts, as they deem appropriate. As a safeguard, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and the Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate. During the financial year ended 31 March 2022, the Directors have authorised no such conflicts or potential conflicts.

Directors' interests in the shares of the Company, including family interests, at 31 March 2022 were as follows:

-

Directors' interests in shares

	31.03.2022	31.03.2021
	Ordinary shares - 0.1p each	Ordinary shares - 0.1p each
J Dubois	400,000	400,000
N Lott	50,000	50,000
P Treadaway	19,733,466	19,733,466
G Thorneycroft	600,000	600,000

Trafalgar Property Group Plc

DIRECTORS' REPORT

for the year ended 31 March 2022

	31.03.2022 Deferred shares – 0.9p each No. held	31.03.2021 Deferred shares – 0.9p each No. held
J Dubois	1,900,000	1,900,000
N Lott	550,000	550,000
G Thorneycroft	-	-
P Treadaway	10,648,466	10,648,466

Other substantial shareholdings

As at 26 September 2022, being the latest practicable date before the issue of these financial statements, the Company had been notified of the following shareholdings which constitute 3% or more of the total issued shares of the Company at that date.

	Ordinary shares No 0.1p	Shareholding %
C.C. Johnson	18,681,580	6.77
P Treadaway	19,773,466	7.17
R & C Edwards	20,789,060	7.54

Statement of directors' responsibilities

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

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

Trafalgar Property Group Plc

DIRECTORS' REPORT

for the year ended 31 March 2022

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

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

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

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

Corporate Governance Statement

The Board of the Group recognise the value of good corporate governance and implemented corporate governance procedures during the previous year and continued to use these during the financial year to 31 March 2022. These procedures are appropriate for the present size of the entity having given due regard to the Corporate Governance Code for Small and Mid-Size Quoted Companies issued by the Quoted Companies Alliance ("QCA"). The Company has decided to apply the QCA Corporate Governance Code ("QCA Code") issued by the QCA in May 2018 and has published on its website details of the QCA Code, how the Company has complied with the QCA Code and, where it departs from the QCA Code, an explanation of the reasons for doing so. The Board has considered the Streamlined Energy and Carbon Reporting requirements and conclude that the Group has not consumed more than 40,000 kWh of energy and therefore qualifies as a low energy user and is exempt from reporting under these regulations.

Board Structure

The Board consists of four Directors (2021: four) of which two are executive and two non-executive, all of whom hold shares in the Group.

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

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

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

Trafalgar Property Group Plc

DIRECTORS' REPORT

for the year ended 31 March 2022

- 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 misstatement or loss. Given the size of the Group, the Board has assessed that there is currently no need for an internal audit function.

Financial Instruments

The Group's principal financial instruments comprise cash at bank, bank loans, other loans and various items within current assets and current liabilities that arise directly from its operations. The Directors consider that the key financial risk is liquidity. This risk is explained in the section headed 'Principal risks and uncertainties' in the Annual Report and Accounts on page 5.

Information relating to the financial instruments is now included in the Strategic Report on pages 5-7.

Future Developments

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

Provision of information to auditor

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

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

Auditor

The auditor, MHA MacIntyre Hudson, will be proposed for re-appointment in accordance with Section 489 of the Companies Act 2006.

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

Paul Treadaway Director

27 September 2022

Trafalgar Property Group Plc

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

for the year ended 31 March 2022

For the purpose of this report, the terms “we” and “our” denote MHA MacIntyre Hudson in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Trafalgar Property Group plc. For the purposes of the table on pages 13 to 15 that sets out the key audit matters and how our audit addressed the key audit matters, the terms

“we” and “our” refer to MHA MacIntyre Hudson. The Group financial statements, as defined below, consolidate the accounts of Trafalgar Property Group plc and its subsidiaries (the “Group”). The “Parent Company” is defined as Trafalgar Property Group plc. The relevant legislation governing the Parent Company is the United Kingdom Companies Act 2006 (“Companies Act 2006”).

Opinion

We have audited the financial statements, for the year ended 31 March 2022, which comprise:

- the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows;
- the notes to the consolidated financial statements 1 to 23;
- the Company statement of financial position;
- the Company statement of changes in equity; and
- the notes to the Company statements 1 to 15

The financial reporting framework that has been applied in the preparation of the Group’s financial statements is applicable law and [International Financial Reporting Standards and Interpretations (“collectively IFRSs”) as adopted in the United Kingdom (“UK-adopted IFRS”)]. The financial reporting framework that has been applied in the preparation of the Parent Company’s 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 the Parent Company’s affairs as at 31 March 2022 and of the Group’s loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with applicable law and United Kingdom adopted International Financial Reporting Standards (UK Adopted IFRS);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our 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.

Material uncertainty related to going concern

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

Our evaluation of the Directors’ assessment of the entity’s ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to the Group’s and parent company’s operations and specifically its business model.
- The evaluation of how those risks might impact on the Group’s and parent company’s available financial resources.

Trafalgar Property Group Plc

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

for the year ended 31 March 2022

- Review of the mathematical accuracy of the cashflow forecast model prepared by management and corroboration of key data inputs to supporting documentation for consistency of assumptions used with our knowledge obtained during the audit.
- Challenging management for reasonableness of assumptions in respect of the timing and quantum of cash receipts and payments included in the cash flow model.
- Where additional resources may be required the reasonableness and practicality of the assumptions made by the Directors when assessing the probability and likelihood of those resources becoming available.
- Holding discussions with management regarding future financing plans, corroborating these where necessary and assessing the impact on the cash flow forecast.
- Evaluating the accuracy of historical forecasts against actual results to ascertain the accuracy of management's forecasts.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Overview of our audit approach

Materiality	<p>The overall materiality that we used for the Group financial statements was £35,800 (2021: £58,500), which was determined as 2% of gross assets (2021: 2% of gross assets).</p> <p>The overall materiality for the Parent Company financial statements was £19,500 (2021: £22,000), which was determined as 2% of gross liabilities (2021: 2% of gross liabilities).</p> <p>Performance materiality was set at 60% (2021: 60%) of materiality for both the Group and Parent.</p>
Scope	<p>Our audit was scoped by obtaining an understanding of the Group, including the Parent Company, and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.</p> <p>The Group consists of six reporting components, of which two were considered to be significant components: Trafalgar Property Group plc and Selmat Limited. The significant components were subjected to full scope audits for the purposes of our audit report on the Group financial statements.</p> <p>Material subsidiaries were determined based on:</p> <ol style="list-style-type: none">1) financial significance of the component to the Group as a whole, and2) assessment of the risk of material misstatements applicable to each component.
Key audit matters	<p>Recurring:</p> <ul style="list-style-type: none">• Undisclosed related party transactions

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.

Trafalgar Property Group Plc

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

for the year ended 31 March 2022

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. We have determined the matters described below to be the Key Audit Matters to be communicated in our report.

Undisclosed related party transactions	
Key audit matter description	<p>The Group enters into a significant number of transactions with related parties, both intra-group transactions and with individuals related to the Group.</p> <p>There is a risk that transactions (particularly any transactions which are not at arm's length) and balances with related parties are undisclosed or misclassified.</p>
How the scope of our audit responded to the key audit matter	<p>Our procedures included an assessment of the presentation of related party transactions within the financial statements, this focused primarily on the Directors loan accounts.</p> <p>We reviewed movement on these balances in the year and vouched items to supporting evidence.</p> <p>We discussed with management the nature and purpose of these items and considered whether disclosure sufficiently addressed these matters.</p> <p>In addition, we obtained written confirmation of the balances from all disclosed parties and confirmed key terms to agreements.</p>
Key observations	<p>We concluded that the classification and disclosure of related party transactions is complete and appropriate.</p>

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results

Trafalgar Property Group Plc

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

for the year ended 31 March 2022

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Overall materiality	£35,800 (2021: £58,500)	£19,500 (2021: £22,000)
How we determined it	2% of gross assets (2021: 2% of gross assets)	2% of gross liabilities (2021: 2% of gross liabilities)
Rationale for the benchmark applied	We consider gross assets to be the main measure by which the users of the financial statements assess the prospects and success of the Group. Therefore, we consider this to be the most appropriate benchmark for Group materiality.	The Parent Company is largely a holding company incurring limited costs and financing the group. Therefore gross liabilities has been considered the most appropriate benchmark for materiality.

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group and the Parent Company performance materiality was set at 60% (2021: 60%) of Group and Parent Company overall materiality respectively for the 2022 audit. In determining performance materiality, we considered our understanding of the entity, including the quality of the control environment and whether we were able to rely on controls, and the nature, volume and size of uncorrected misstatements in the previous period.

We agreed with management that we would report to them all audit differences in excess of £1,790 (2021: £2,925) for the Group and £975 (2021: £1,100) for the Company as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to management on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Overview of the scope of our audit

The Group consists of 6 components, all of which are based in the UK and audited by the Group audit team.

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Loss before tax
Full scope audit	2	100%	98%	84%
Analytical Review	4	0%	2%	16%
Total	6	100%	100%	100%

Other Information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Trafalgar Property Group Plc

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

for the year ended 31 March 2022

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received 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

As explained more fully in the Directors' responsibilities statement, as 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 the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

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

Trafalgar Property Group Plc

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

for the year ended 31 March 2022

- Enquiry of management to identify any instances of non-compliance with laws and regulations.
- Enquiry of management around actual and potential litigation and claims.
- Enquiry of management to identify any instances of known or suspected instances of fraud.
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Reviewing minutes of meetings of those charged with governance.
- Holding discussions with the Group's legal advisors to ascertain any ongoing claims or issues during the year.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Reviewing internal audit reports.
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular with respect to provisions for claims incurred but not reported.

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.

Andrew Moyser FCA FCCA (Senior Statutory Auditor)

For and on behalf of MHA MacIntyre Hudson, Statutory Auditor

London

27 September 2022

Trafalgar Property Group Plc
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2022

		Year ended	Year ended
		31 March 2022	31 March 2021
	Note	£	£
Revenue	1	64,839	2,285,800
Cost of sales		<u>(3,159)</u>	<u>(1,963,794)</u>
Gross profit		61,680	322,006
Administrative expenses		(459,655)	(463,963)
(Loss) on disposal of investment property		(28,646)	-
Operating (loss)	3	<u>(426,622)</u>	<u>(141,957)</u>
(Loss) before interest and exceptional items		(426,622)	(141,957)
Other income	2	-	27,023
Fair value movement on investment property revaluation	10	112,000	-
Interest payable and similar charges	5	(171,714)	(214,260)
(Loss) before taxation		<u>(486,336)</u>	<u>(329,194)</u>
Tax payable on (loss) on ordinary activities	6	-	-
(Loss) after taxation for the year attributable to equity holders of the parent		<u>(486,336)</u>	<u>(329,194)</u>
Other comprehensive income attributable to equity holders of the parent		-	-
Total comprehensive (loss) for the year		(486,336)	(329,194)
(Loss) attributable to:			
Equity holders of the Parent		(486,336)	(329,194)
Total comprehensive (loss) for the year attributable to:			
Equity holders of the Parent		(486,336)	(329,194)
(LOSS) PER ORDINARY SHARE:			
Basic/diluted	7	<u>(0.34)p</u>	<u>(0.34)p</u>

All results in the current and preceding financial year derive from continuing operations.
The notes on pages 22 to 43 are an integral part of these consolidated financial statements

Trafalgar Property Group Plc
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 March 2022

	Note	Year ended 31 March 2022 £	Year ended 31 March 2021 Restated £
TOTAL ASSETS			
Non-current assets			
Plant and equipment	8	1,137	1,516
Investment properties	9	<u>0</u>	<u>1,975,000</u>
		1,137	1,976,516
Current assets			
Inventory	13	25,657	78,608
Investment Properties	10	1,712,000	-
Trade and other receivables	11	40,500	33,455
Cash and cash equivalents	12	<u>12,753</u>	<u>246,193</u>
		1,790,910	358,256
Total assets		<u>1,792,047</u>	<u>2,334,772</u>
EQUITIES & LIABILITIES			
Current liabilities			
Trade and other payables	14	370,233	478,514
Borrowings	15	869,697	-
		<u>1,239,930</u>	<u>478,514</u>
Non-current liabilities			
Deferred tax	6	-	-
Borrowings	15	3,824,724	4,818,488
Total liabilities		<u>5,064,654</u>	<u>5,297,002</u>
Net (liabilities)/assets		<u>(3,272,607)</u>	<u>(2,962,230)</u>
Called up share capital	16	2,726,817	2,726,817
Share premium account		3,250,249	3,250,249
Reverse acquisition reserve		(2,817,633)	(2,817,633)
Loan note equity reserve	16 & 18	30,303	71,074
Capital contribution reserve	19	157,777	-
Profit & loss account		<u>(6,620,120)</u>	<u>(6,192,737)</u>
Total Equity		<u>(3,272,607)</u>	<u>(2,962,230)</u>
Total Equity & Liabilities		<u>1,792,047</u>	<u>2,334,772</u>

The restated details are shown within prior year adjustment note 20, to the accounts and on the consolidated statement of changes in equity on page 20.

These financial statements were approved by the Board of Directors and authorised for issue on 27 September, 2022 and are signed on its behalf by:

P Treadaway: G Thorneycroft:

The notes on pages 22 to 43 are an integral part of these consolidated financial statements.

Trafalgar Property Group Plc
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 31 March 2022

	Share Capital	Share Premium	Loan Note Equity Reserve	Reverse acquisition reserve	Retained profits/ (losses)	Capital Contribution Reserve	Total Equity
	£	£	£	£	£	£	£
At 1 April 2020	2,633,067	2,660,862	-	(2,817,633)	(5,896,601)		(3,420,305)
Loss for the year					(329,194)		(329,194)
Total comprehensive Income for the year					(329,194)		(329,194)
Issue of shares	93,750	656,250					750,000
Share issue costs		(66,863)					(66,863)
Loan note equity			104,132				104,132
At 31 March 2021	2,726,817	3,250,249	104,132	(2,817,633)	(6,225,795)		(2,962,230)
Prior year adjustment			(33,058)		33,058		-
At 1 April 2021 & 31 March 2021	2,726,817	3,250,249	71,074	(2,817,633)	(6,192,737)		(2,962,230)
Loss for the year					(486,336)		(486,336)
Total comprehensive Income for the year					(486,336)		(486,336)
Loan note equity reserve			18,182				18,182
Movement in loan note equity reserve			(58,953)		58,953		-
Capital contribution during the period						157,777	157,777
At 31 March 2022	2,726,817	3,250,249	30,303	(2,817,633)	(6,620,120)	157,777	(3,272,607)

The reverse acquisition reserve was created in accordance with IFRS3 ‘Business Combinations’. The reserve arises due to the elimination of the Company’s investment in TNH (formerly Combe Bank Homes Limited). Since the shareholders of TNH became the majority shareholders of the enlarged Group, the acquisition is accounted for as though there is a continuation of the legal subsidiary’s financial statements. In reverse acquisition accounting, the business combination’s costs are deemed to have been incurred by the legal subsidiary. Retained profit/(losses) relate to the profits/losses earned by the business that have not been distributed and have built up over the years of trading.

Loan note equity reserve is the amount that has been provided for in respect of the difference between the cash value and the liability element of the loan notes. An adjustment has been made of £18,182 as this amount relates to the period from year end to the expiry of the loan notes being 31 July 2022. A further adjustment has been made of 58,954 which is the amount provided for to 31 March 2022.

Further details of shares issues in the year are shown in note 16, capital contribution reserve are shown in note 19 and the prior year adjustment are shown in note 20 to the accounts

The notes on pages 22 to 43 are an integral part of these consolidated financial statements.

Trafalgar Property Group Plc
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2022

	2022	2021
	£	£
Cash flow from operating activities		
(Loss) after taxation	(486,336)	(329,194)
Depreciation	379	506
Decrease in inventory	52,954	1,134,084
(Increase) in receivables	(7,045)	(8,844)
(Decrease) in payables	(53,958)	(70,290)
Loss on disposal	22,500	-
Property revaluation	(112,000)	-
Loan note equity movement	58,953	-
Interest payable and similar charges	171,714	214,260
Net cash outflow from operating activities	<u>(352,839)</u>	<u>940,522</u>
Investing activities		
Disposal/(Purchase) of tangible fixed assets	<u>352,500</u>	<u>(599)</u>
	<u>352,500</u>	<u>(599)</u>
Financing activities		
Issue of shares	-	683,137
New loan borrowings	-	51,250
Repaid loan borrowings	-	(555,000)
Related party new loan borrowing	297,500	430,338
Related party loan repayment	(452,758)	(771,431)
Repayment of other borrowings	(9,583)	(490,000)
Interest paid	(68,260)	(69,993)
Net cash/(outflow) from financing	<u>(233,101)</u>	<u>(721,699)</u>
(Decrease)/Increase in cash and cash equivalents in the year	<u>(233,440)</u>	<u>218,224</u>
Cash and cash equivalents at the beginning of the year	246,193	27,969
Cash and cash equivalents at the end of the year	<u>12,753</u>	<u>246,193</u>

The notes on pages 22 to 43 are an integral part of these consolidated financial statements.

Trafalgar Property Group Plc

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

BASIS OF ACCOUNTING

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

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

BASIS OF PREPARATION

The Group financial statements have been prepared in accordance with International Financial Reporting Standards as adopted in the United Kingdom (“UK adopted IFRS”) and those parts of the Companies Act 2006 that are relevant to companies which report in accordance with IFRS. These financial statements are for the year ended 31 March 2022 and are presented in pounds sterling (“GBP”). The comparative year is for the year to 31 March 2021.

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

AUDIT EXEMPTION OF SUBSIDIARIES

The following subsidiaries are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act.

Company name	Registered number
Trafalgar New Homes Ltd	06003791
Trafalgar Retirement+ Ltd	10431083
Selmat Ltd	09428992
Combe Homes (Borough Green) Ltd	08965850
Combe Bank Homes (Oakhurst) Ltd	07532693

The outstanding liabilities at 31 March 2022 of the above named subsidiaries have been guaranteed by the Company pursuant to s479AC of the Act. In the opinion of the directors, the possibility of the guarantees being called upon is remote.

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.

As indicated in note 23 subsequent to the balance sheet date, the Company has raised £400,000 for working capital purposes by way of an issue of 133,333,333 shares at 0.3p per share and agreed a re-organisation of the loans with C C Johnson for a further two years.

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

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

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

Trafalgar Property Group Plc

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

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 investment in residential property during the year and other income directly associated with property development. This will take the form of rental income and sales of investment property.

Rental income is recognized at the point of receipt being the contractual date in accordance with the tenancy agreements.

Revenue from customers arising from the sales of development property are recognized at the transaction price which reflects the amount of consideration that is expected to be received, and is recognized at a point in time when ownership passes to the customer, which in the majority of cases is the point of legal completion of the property sale and are shown in the accounts by way of a profit/(loss) on disposal.

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 new standards or amendments to existing standards were applicable for the first time and have not had an impact on the financial statements.

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

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

The amendments complement those issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. The Phase 2 amendments relate to:

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

The amendment was effective for financial years beginning on or after 1 January 2021

New standards, interpretations and amendments not yet adopted

The Group adopt early the following amendments to standards which are not yet mandatory.

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

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

The amendment is effective for financial years beginning on or after 1 January 2024 and has not yet been adopted for use in the United Kingdom.

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

Trafalgar Property Group Plc

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

Amendments to IFRS 3 – References to the conceptual framework *(issued in May 2020)*

The amendments change references and cross-references from IFRS 3 to the Framework for the Preparation and Presentation of Financial Statements.

The amendment is effective for financial years beginning on or after 1 January 2022.

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

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

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

The amendment is effective for financial years beginning on or after 1 January 2022.

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

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

The amendments clarify that the cost of fulfilling a contract are costs that relate directly to

that contract. Such costs can be the incremental costs of fulfilling that contract or an allocation of other costs directly related to fulfilling that contract.

The amendment is effective for financial years beginning on or after 1 January 2022.

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

Amendments to IAS 1 and IFRS Practice Statement - Disclosure of Accounting policies *(issued in February 2021)*

The amendments enhance the disclosure requirements relating to an entity's accounting policies and clarify that the notes to a complete set of financial statements are required to include material accounting policy information. Material accounting policy information, when considered with other information included in the financial statements, can reasonably be expected to influence decisions that the primary users of financial statements make on the basis of the financial statements. The amendments help preparers determine what constitutes material accounting policy information and notes that accounting policy information which focuses on how IFRS has been applied to its own circumstances is more useful for users of financial statements than standardised information or information duplicating the requirements of IFRS.

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

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

The amendment is effective for financial years beginning on or after 1 January 2023 and has not yet been adopted for use in the United Kingdom.

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

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

The amendments introduce a new definition of accounting estimates and also clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors.

The amendment is effective for financial years beginning on or after 1 January 2023 and has not yet been adopted for use in the United Kingdom.

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

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction
(issued 7 May 2021)

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

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

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

The amendments are effective for financial years beginning on or after 1 January 2023 and have not yet been adopted for use in the United Kingdom.

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

Annual Improvements to IFRS Standards 2018–2020 (Issued May 2020)

The improvements to IFRS address the following:

- **Amendments to IFRS 1** – a subsidiary which adopts IFRS for the first time may elect, in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent’s consolidated financial statements, based on the parent’s date of transition to IFRSs if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture.
- **Amendments to IFRS 9** – in regard to the derecognition of financial liabilities, the amendment to IFRS 9 clarifies that when undertaking the 10% derecognition test that in the determination of fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.
- **Amendments to IAS 41** – the amendment clarifies that when determining fair value of a biological asset an entity does not include any cash flows for financing the assets, taxation, or re-establishing biological assets after harvest (for example, the cost of replanting trees in a plantation forest after harvest).
- **Amendments to IFRS 16** – the amendments make one of the worked examples in the application guidance clearer to follow.

The amendment is effective for financial years beginning on or after 1 January 2022.

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

Trafalgar Property Group Plc

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

BASIS OF CONSOLIDATION

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

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

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

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

Control is achieved when the Group:

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

FUNCTIONAL CURRENCY

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

DEFINED CONTRIBUTION PENSION PLAN

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

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

FINANCIAL INSTRUMENTS

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

Financial assets:

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

Fair value through profit or loss

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

Trafalgar Property Group Plc

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

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

Debt instruments at amortised cost

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

Trade payables

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

Convertible debts

Convertible debts issued by the Company are recorded at the proceeds received, net of direct issue costs. Shares issued are held at their fair value.

Share capital

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

Impairment of financial assets

The Company recognises any expected credit loss (ECL) on financial assets measured at amortised cost. The Company measures loss allowance as an amount equal to the lifetime ECL, except for bank balances for which credit risk (ie risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Financial liabilities:

Fair value through profit or loss

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

At amortised cost

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

Derecognition of financial liabilities

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

Trafalgar Property Group Plc

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

CASH AND CASH EQUIVALENTS

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

INVENTORIES

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

PROPERTY PLANT AND EQUIPMENT

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

Fixtures, fittings and equipment - 25% on reducing balance

INVESTMENT PROPERTY

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

FINANCIAL LIABILITIES & CONVERTIBLE DEBT

Financial liabilities and convertible debt issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and convertible debt instrument. Convertible debt consists of new unsecured loan notes convertible totalling £905,000 (2021: £600,000) in full, into 226,250,000 ordinary shares at 0.4p per ordinary share and can be convertible at any time by Mr C C Johnson for two years from July 2022, further details are provided within note 15. The accounting policies adopted for specific financial liabilities and convertible debts are set out below.

BORROWING COSTS

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

CURRENT AND DEFERRED TAXATION

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

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

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

Trafalgar Property Group Plc

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

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

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

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

PROVISIONS

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

COMMITMENTS AND CONTINGENCIES

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

CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The preparation of financial statements in conformity with law & United Kingdom adopted International Financial Reporting Standards (UK adopted IFRS) and IFRS in conformity with the requirements of the Companies Act 2006 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Group financial statements are disclosed below.

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

Valuation of Inventory

The Group assesses the net realisable value of inventories under development and completed properties held for sale according to their recoverable amounts based on the realisability of these properties, taking into account estimated costs to completion based on past experience and committed contracts and estimated net sales based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The carrying value is reduced by its selling price less costs to complete and sell. This impairment loss is recognised immediately in profit or loss. The assessment requires the use of judgment and estimates. The carrying amount of inventory is disclosed in note 13 to the financial statements.

Recognition of deferred tax assets

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

Impairment of non financial assets

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

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

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

Trafalgar Property Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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 is investment in residential property. All the Group’s non-current assets and current property assets are located in the UK.

Based on the above considerations, the Directors’ consider there to be one reportable geographical segment which is in the UK. 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. Therefore no segmental reporting is required.

Revenue

An analysis of revenue is as follows:

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

	2022	2021
	£	£
Development sales	-	2,212,500
Rental income	<u>64,839</u>	<u>73,300</u>
	<u>64,839</u>	<u>2,285,800</u>

Timing of revenues are as follows:

	2022	2021
	£	£
Property transferred at a point in time	-	2,212,500
Rental income transferred over time	<u>64,839</u>	<u>73,300</u>
	<u>64,839</u>	<u>2,285,800</u>

Revenues analysed by geographic location are as follows:

	2022	2021
	£	£
United Kingdom	<u>64,839</u>	<u>2,285,800</u>

2 OTHER INCOME

No other income was received in the year, (2021: £27,023 being furlough sums claimed for one employee and local government grant received).

Trafalgar Property Group Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2022

3 LOSS FOR THE YEAR

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

	2022	2021
	£	£
Subcontractor costs and cost of inventories recognised as an expense	3,159	1,945,107
Interest charges	<u>-</u>	<u>18,687</u>
	3,159	1,963,794
Depreciation of property, plant and equipment	<u>379</u>	<u>506</u>
Auditor's remuneration – audit services – Group	10,000	10,000
Auditor's remuneration – audit services – Group entities	15,650	15,650
Auditor's remuneration – other assurance services – Group	<u>5,000</u>	<u>5,000</u>
	30,650	30,650
Operating expenses by nature:		
Subcontractors costs, interest and consumables	3,159	1,963,794
Employee expenses	142,056	199,219
Depreciation	379	506
Other expenses	<u>317,220</u>	<u>264,238</u>
	462,815	2,427,757

4 EMPLOYEES AND DIRECTORS' REMUNERATION

Staff costs during the year were as follows:

	2022	2021
	£	£
Wages and salaries	114,500	165,000
Social security costs	6,796	14,179
Other pension costs	<u>20,760</u>	<u>20,040</u>
	142,056	199,219

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

	2022	2021
	Number	Number
Directors	4	4
Management	<u>1</u>	<u>1</u>

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

	2022	2021
	£	£
Short-term employee benefits:		
- Emoluments for qualifying services J Dubois	7,500	30,000
- Emoluments for qualifying services A Johnson	60,000	45,000
- Emoluments for qualifying services P Treadaway	15,000	60,000
- Emoluments for qualifying services G Thorneycroft	9,000	7,000
	<u>91,500</u>	<u>142,000</u>

There are retirement benefits accruing to Mr C C Johnson for whom a Company contribution was paid during the year of £18,000 (2021: £18,000), Mr A Johnson £1,800 (2021: £1,350) and Mr G Thorneycroft £270 (2021:nil).

Consultancy fees of £2,500 (2021: £9,998) were paid to Mr N Lott during the year.

Trafalgar Property Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

5 INTEREST PAYABLE AND SIMILAR CHARGES

For sites where the construction had been completed, the bank loan interest paid during the year on these sites of £nil (2021: £18,687) has been accounted for in the profit & loss within cost of sales. Total interest in the year of £171,714 (2021: £214,260) has been paid and accrued on general funding loans, loan notes and on rental property mortgage loan. Further details are provided in notes 15 and 17.

	2022	2021
	£	£
C C Johnson	25,000	25,000
DFM Pension Scheme	12,000	32,761
G Howard	29,500	46,822
C Rowe	4,500	26,191
S Johnson	10,331	19,000
Loan notes - C C Johnson	58,954	33,057
Paragon mortgage	31,429	31,429
	171,714	214,260

6 TAXATION

	2022	2021
	£	£
Current tax	-	-
Tax charge	-	-
	2022	2021
	£	£
(Loss)/profit on ordinary activities before tax	(486,336)	(329,194)
Based on (loss) for the year:		
Tax at 19% (2021: 19%)	(92,403)	(62,546)
Unrelieved tax losses	-	(4,206)
Impairment	-	-
Tax losses carried forward	92,403	66,752
Tax charge for the year	-	-

Deferred tax

No deferred tax asset has been provided in respect of property revaluations as there are historical losses upon which to offset. As at the 31 March 2022, the Group had cumulative tax losses of £5,453,582 (2021: £5,049,125) that are available to offset against future taxable profits of the same trade.

	2022	2021
	£	£
Fair value movement on property revaluation	112,000	-
Tax at 19%	21,280	-
Tax losses available	(21,280)	-
Deferred tax charge for the year	-	-

Trafalgar Property Group Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2022

7 (LOSS) PER ORDINARY SHARE

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

	2022	2021
	£	£
(Loss) for the year	<u>(486,336)</u>	<u>(329,194)</u>
Weighted average number of shares for basic (loss) per share	<u>142,519,038</u>	<u>95,644,038</u>
Weighted average number of shares for diluted (loss) per share	<u>142,519,038</u>	<u>95,644,038</u>
(LOSS) PER ORDINARY SHARE:		
Basic	<u>(0.34)p</u>	<u>(0.34)p</u>
Diluted	<u>(0.34)p</u>	<u>(0.34)p</u>

8 PROPERTY, PLANT AND EQUIPMENT

	2022	2021
	£	£
Plant and equipment		
Cost		
At 1 April	7,790	7,191
Additions	-	599
At 31 March	<u>7,790</u>	<u>7,790</u>
Depreciation		
At 1 April	6,274	5,768
Charge for the year	379	506
At 31 March	<u>6,653</u>	<u>6,274</u>
Net book value at 31 March	<u>1,137</u>	<u>1,516</u>

9 INVESTMENT PROPERTY

	2022	2021
	£	£
FAIR VALUE		
1 April 2021	1,975,000	1,975,000
Transferred to current assets	<u>(1,975,000)</u>	--
31 March 2022	<u>-</u>	<u>1,975,000</u>
NET BOOK VALUE		
As 31 March 2022	<u>-</u>	<u>1,975,000</u>
As 31 March 2021	<u>1,975,000</u>	<u>1,975,000</u>

All investment property has been transferred at year end to current assets – see note 10. All the remaining properties are being actively marketed at the year end with one property selling in May 2022 and another property under offer and proceeding as at the date of signing these accounts. The one remaining property is to be marketed following the tenants vacating the flat.

Trafalgar Property Group Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2022

10 CURRENT ASSET: PROPERTIES

	2022	2021
	£	£
FAIR VALUE		
Additions	1,975,000	-
Disposals	(375,000)	--
Revaluation	112,000	-
31 March 2022	<u>1,712,000</u>	<u>-</u>
NET BOOK VALUE		
As 31 March 2022	<u>1,712,000</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Fair Value at 31 March 2022 is represented by: revaluation in 2022 (2021: cost)	<u>1,712,000</u>	<u>-</u>
LOSS ON DISPOSAL		
Fair value	375,000	-
Disposal proceeds	<u>352,500</u>	<u>-</u>
Loss on disposal	<u>22,500</u>	<u>-</u>

Following the sale of one of the leasehold properties in September 2021 for £ 352,500 and subsequent loss on disposal of £ 22,500 plus selling costs, the remaining two leasehold properties and one freehold property were reassessed on a fair value basis as at 31 March 2022

Fair value has been assessed by using level 3 fair value hierarchy and using the selling price achieved following the sale of one leasehold property in May 2022 post year end of £337,000. In addition an offer and sale pending as at the date of signing these accounts has been made on the freehold property at £1,050,000. The remaining property is currently being marketed following the recent vacation of the tenant. The prices attained were assessed by independent estate agents based on current prices in an active market for similar properties in similar locations and condition.

11 TRADE AND OTHER RECEIVABLES

	2022	2021
	£	£
Other receivables	2,300	700
Other taxes	12,530	11,071
Prepayments	25,670	21,684
	<u>40,500</u>	<u>33,455</u>

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

12 CASH AND CASH EQUIVALENTS

All of the Group's cash and cash equivalents at year end are in sterling and held at floating interest rates.

	2022	2021
	£	£
Cash and cash equivalents	<u>12,753</u>	<u>246,193</u>

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

Trafalgar Property Group Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2022

13 INVENTORY

	2022 £	2021 £
Work in progress	<u>25,657</u>	<u>78,608</u>

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

14 TRADE AND OTHER PAYABLES

	2022 £	2021 £
Trade payables	23,715	23,438
Taxation & social security	5,378	22,575
Accruals	341,140	432,501
	<u>370,233</u>	<u>478,514</u>

15 BORROWINGS

	2022 £	2021 £
Directors' loans	3,038,382	3,152,865
Other loans	731,666	741,250
Bank loans - see under	924,373	924,373
	<u>4,694,421</u>	<u>4,818,488</u>
Being		
Less than one year	869,697	-
More than one year	3,824,724	4,818,488
	<u>4,694,421</u>	<u>4,818,488</u>

Directors' loans include a sum of £100,000 (2021: £150,000) advanced by the DFM Pension Scheme of which Mr J Dubois is the principal beneficiary which has been repaid following the year end and as such has been shown within current liabilities. This loan bears interest at 12% per annum (2021: 12% per annum).

Within Directors' loans is the sum of £240,000 (2021: £ 240,000) provided by Mr C C Johnson for a deposit on an option which was not taken up together with the sum of £581,818 (2021: £528,925) in relation to convertible loan notes issued to Mr C C Johnson on 14 July 2020. These have a nominal value of £600,000 and are repayable on 31 July 2022. In addition, further convertible loan notes were issued to Mr C C Johnson on 30 November 2021. These have a nominal value of £200,000 are repayable on 30 November, 2022. The equity component on these loan notes at year end amounted to £187,879. These are treated as being due for repayment within one year within borrowings. These loan notes have subsequently been reorganised into new convertible loan notes during July 2022 for a term of two years to July 2024, details of which are given in note 23. As a financial instrument with both debt and equity components, an amount was recognised directly into a Loan Note Equity Reserve on issue, as explained further in note 16, with the debt element being unwound at an implied interest rate of 10% and the interest recognized through profit and loss.

The remaining balance is disclosed in note 17.

Included in other loans is £600,000 (2021: £600,000) advanced by Mr G Howard (son-in-law to Mr C C Johnson to the Company at rates of 10% & 5% per annum (2021: 10% & 5% pa) together with £90,000 (2021: £90,000) has been advanced by C Rowe, a former employee of the Group, at a rate of 5% per annum. The balance relates to the Covid Loan. Details of the negotiated loan interest reduction with Mr G Howard for accrued interest are given in note 19.

Trafalgar Property Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

Mrs S Johnson, wife of Mr C C Johnson has a legal charge on flats 3 & 5 Burnside Court Sandhurst Road, Tunbridge Wells Kent of £33,255 (2021: £380,000) in connection with her loan to Selmat. During the year the sum of £346,745 was repaid..

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

The bank borrowings are repayable as follows:

	2022	2021
	£	£
On demand or within one year	-	-
In the second year	-	-
In the third to fifth years inclusive	-	-
After five years	924,373	924,373
	924,373	924,373
Less amount due for settlement within twelve months (included in current liabilities)	-	-
Amount due for settlement after twelve months	924,373	924,373

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

Bank loans: 3.4 % (2021: 3.4%)

All of the Directors' loans are repayable after more than 1 year with the exception of loan notes amounting to £769,697 relating to Mr C C Johnson and the loan of £ 100,000 from Mr J Dubois's Pension Scheme. All loans are interest bearing and charged accordingly. However Mr C C Johnson has waived his right to interest in the year with the exception of the first £ 500,000 (2021: first £500,0000). Interest of £25,000 (2021: £25,000) has been accrued in the year. Interest of £12,000 (2021: £32,761) was paid to Mr J Dubois at the rate of 12% pa (2021: 12% pa).

16 SHARE CAPITAL

	2022	2021
	Number	Number
Issued allotted & paid share capital		
Ordinary shares		
Ordinary shares of 0.1p in issue	142,519,038	48,769,038
Ordinary shares of 0.1p issued in year	<u>-</u>	<u>93,750,000</u>
Total ordinary shares of 0.1p in issue	<u>142,519,038</u>	<u>142,519,038</u>
Deferred shares		
Deferred shares of 0.9p in issue	287,144,228	238,375,190
Deferred shares of 0.9p arising in year	<u>-</u>	<u>48,769,038</u>
Total Deferred shares of 0.9p in issue	<u>287,144,228</u>	<u>287,144,228</u>

Background - Ordinary shares, warrants and loan notes

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

Trafalgar Property Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

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

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

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

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

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

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

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

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

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

Current year position – ordinary shares, warrants and loan notes

During the financial year to 31 March 2022, no changes have taken place with regards to the shares and warrants issued. Further shares were issued post year end details of which are found under note 23.

However on 18th November, 2021, a loan facility for up to £200,000 was entered into with Mr C C Johnson comprising B convertible loan notes repayable on 30 November 2022 and convertible at any time at an exercise

Trafalgar Property Group Plc

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For the year ended 31 March 2022

price of 0.7p per share. £80,000 was drawn down initially; as at 31 March 2022 this loan facility was fully drawn down. The loan facility is convertible into up to 28,571,429 new ordinary shares of 0.1p at 0.7p per share.

Since the year end, the Company has agreed with Mr C C Johnson a consolidation and variation of terms of the two unsecured convertible loans notes and director debt held by Mr C C Johnson. Details of this arrangement are given in post year end events - note 23 to these accounts.

Loan note equity reserve is the amount that has been provided for in respect of the difference between the cash value and the liability element of the loan notes. An adjustment has been made of £18,182 as this amount relates to the period from year end to the expiry of the loan notes being 31 July 2022. A further adjustment has been made of £ 58,954 which is the amount provided for to 31 March 2022.

Issued, allotted and fully paid

	2022	2021
	£	£
Ordinary shares b/fwd	142,519	48,769
Deferred shares b/fwd	2,584,298	2,145,377
Issued in year - ordinary shares	-	93,750
Issued in year – deferred shares	-	438,921
	<u>2,726,817</u>	<u>2,726,817</u>

For the purpose of preparing the consolidated financial statement of the Group, share capital represents the nominal value of the issued share capital of 0.1p per share (2021: 0.1p per share). Share premium represents the excess over nominal value of the fair value consideration received for equity shares net of expenses plus deferred shares of 0.9p after issued share capital of 1p.

17 RELATED PARTY TRANSACTIONS

Mr C C Johnson held 18,681,580 ordinary 0.1p shares in the Group as at 31 March 2022 (2021 18,681,580 ordinary 0.1p).

Mr J Dubois held 400,000 ordinary 0.1p shares in the Group as at 31 March 2022 (2021: 400,000 ordinary 0.1p).

Mr N Lott held 50,000 ordinary 0.1p shares in the Group as at 31 March 2022 (2021: 50,000 ordinary 0.1p).

Mr P Treadaway held 19,733,466 ordinary 0.1p shares in the Group as at 31 March 2022 (2021: 19,733,466 ordinary 0.1p).

Mr G Thorneycroft held 600,000 ordinary 0.1p shares in the Group as at 31 March 2022 (2021: 600,000 ordinary 0.1p).

Further details relating to share option and warrants can be found under note 18.

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

	2022	2021
	£	£
C C Johnson		
Opening balances	3,002,865	3,171,511
Loan repayments	(325,568)	(526,000)
Personal drawings	(36,415)	(95,431)
Capital injected	297,500	427,785
Interest paid	-	25,000
Balance carried forward	<u>2,938,382</u>	<u>3,002,865</u>
J Dubois		
Opening balances	150,000	300,000
Loan repayments	(50,000)	(150,000)
Balance carried forward	<u>100,000</u>	<u>150,000</u>
Directors balances carried forward	<u>3,038,382</u>	<u>3,152,865</u>

Trafalgar Property Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

Mr Johnson's Loan bore interest during the year at 5% (2021: 5% pa), but he has chosen to forego the interest except on the first £500,000 (2021: exception first £ 500,000 of capital upon which interest is paid at 5%). Mr Johnson was due interest of £25,000 in the year (whilst this has not been paid, this has been provided for under accruals) (2021:£25,000). Mr Johnson is no longer a Director of Trafalgar Property Group Plc, but remains a director of other entities to the Group and remains a shareholder. Mr Dubois's Loan, which is from his Pension Fund of which he is the sole beneficiary, was paid interest of £12,000 (2021:£32,761) at 12% pa interest (2021: 12% pa). This loan was fully repaid on 16th May 2022.

Mrs S Johnson, wife of Mr C C Johnson had originally provided a loan of £380,000 (2021: £ 380,000) to Selmat, a subsidiary of the Group, which was reduced in the year to £33,255, (2021: £380,000) which bore interest of 5% pa, (2021: 5% pa). This has been included within Mr C C Johnson's loan balance above. This loan has been repaid in full post year end – see note 23.

During the year rents were paid of £10,000 (2021: £7,692) to the Combe Bank Homes Pension Scheme which owns the freehold offices at Chequers Barn. Mr C C Johnson is a Trustee and Beneficiary of that Pension Scheme.

During the year payments were made to Mr N Lott of £2,500 (2021: £9,998) for consultancy services.

During the year payments amounting to £4,250 (2021: nil) were made to Real Time Accounting Ltd for bookkeeping services. Gary Thorneycroft is a majority shareholder and director of Real Time Accounting Ltd.

18 SHARE OPTIONS AND WARRANTS

During the financial year to 31 March 2022, no changes have taken place with regards to the shares and warrants issued.

However on 18 November, 2021, a loan facility for up to £200,000 was entered into with Mr C C Johnson comprising B convertible loan notes repayable on 30 November 2022 and convertible at any time at an exercise price of 0.7p per share. £80,000 was drawn down initially, as at 31 March 2022 this loan facility was fully drawn down. The loan facility is convertible into up to 28,571,429 new ordinary shares of 0.1p at 0.7p per share.

Since the year end, the Company has agreed with Mr C C Johnson a consolidation and variation of terms of the two unsecured convertible loans notes and director debt held by Mr C C Johnson. Details of this arrangement are given in post year end Note 23 to these accounts.

19 CAPITAL CONTRIBUTION RESERVE

The capital contribution reserve of £ 157,777 related to the renegotiation of interest accruing on loans to Mr G Howard – a related party. Interest has reduced from 10% pa to 5% pa for the entire term of the loans and is now non compound. However interest has been paid on one loan of £ 100,000 at the rate of 10% pa and this has not been affected and continues to be paid monthly.

20 PRIOR YEAR ADJUSTMENT

There has been a prior year adjustment between the loan note equity reserve account and the retained losses brought forward of £ 33,058 (2021:nil). This has no effect on the overall equity of the Company.

21 CATEGORIES OF FINANCIAL INSTRUMENTS

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

Capital risk management

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

Trafalgar Property Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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 convertible debt are disclosed on pages 22 to 30 to these financial statements.

Foreign currency risk

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

Interest rate risk

The Group is sensitive to changes in interest rates where interest is charged on a variable rate basis. This risk has been minimized by:

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

The impact of a 100 basis point increase in interest rates on these loans would result in additional interest cost for the year of £nil (2021: £nil).

Credit risk management

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group.

Liquidity risk management

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

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

Derivative financial instruments

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

Financial liabilities

31 March 2022

	Total £	Due within one year £	Due within one to five years £	Due over five years £
Trade payables	364,855	364,855		
Borrowings – Directors’ loan	3,038,382	869,697	2,168,685	
Borrowings – Bank loan	924,373			924,373
Borrowings – Other loans	<u>731,667</u>		<u>731,667</u>	
Total	<u>5,059,277</u>	<u>1,234,552</u>	<u>2,900,352</u>	<u>924,373</u>

Trafalgar Property Group Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2022

Financial liabilities	31 March 2021	Due within one year £	Due within one to five years £	Due over five years £
	Total £			
Trade payables	455,939	455,939		
Borrowings – Directors’ loan	3,152,365		3,152,865	
Borrowings – Bank loan	924,373	-	-	924,373
Borrowings – Other loans	741,250		741,250	
Total	5,274,427	445,939	3,894,115	924,373

22 NET DEBT RECONCILIATION

	2022 £	2021 £
Cash at bank	<u>12,753</u>	246,193
Cash and cash equivalents	<u>12,753</u>	246,193
Borrowing repayable (including overdrafts)	<u>(3,924,724)</u>	(4,818,488)
Net Debt	<u>(3,911,971)</u>	(4,572,295)

	Cash and liquid investments £	Gross borrowings with a fixed interest rate £	Total cash and liquid investments £
Net debt as at 1 April 2020	27,969	(6,130,884)	(6,102,915)
Cash flows	<u>218,224</u>	<u>1,312,396</u>	<u>1,530,620</u>
Net debt as at 31 March 2021	246,193	(4,818,488)	(4,572,295)
Cash flows	<u>(233,440)</u>	<u>893,764</u>	<u>660,324</u>
Net debt as at 31 March 2022	<u>12,753</u>	<u>(3,924,724)</u>	<u>(3,911,971)</u>

23 SUBSEQUENT EVENTS

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

Following the year end, one of the leasehold properties at Burnside within Selmat has been sold in May 22 for £ 337,000 less costs of sale, with the proceeds being used to clear the outstanding loan owed to Mrs S Johnson of £ 33,255, a partial loan repayment of £40,000 being made to Mr G Howard, payment of creditors and clearance of the intercompany loan with TNH of £ 234,264.

Trafalgar Property Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

The funds from Selmatt within TNH enabled repayment in full of £ 100,000 of the DFM Pension Scheme loan on 16th May, 2022 in which Mr J Dubois is the principal beneficiary and clearance in full of another loan of £ 90,000 to Mrs C Rowe.

In May 2022 TNH secured funding arrangements with Lloyds Bank amounting to £ 387,600 for an eighteen month period with interest running at 6.94% above base. Security has been given by way of a debenture and charge over the assets of the Company. This funding was used to purchase the development site on 21 July 2022, in Speldhurst Kent for the development of a detached house.

On 10 June 2022, the Company issued 133,333,333 new ordinary shares of 0.1p fully paid up in cash at 0.3p per share under a placing which was announced on 1 June 2022, raising £400,000 before expenses.

As mentioned in note 16, an additional loan facility for up to £200,000 was entered into with Mr C C Johnson within TPG Plc on 19 November 2021 comprising B convertible loan notes repayable on 30 November 2022 and convertible at any time at an exercise price of 0.7p per share. £80,000 was drawn down initially as at 31 March 2022 this loan facility was fully drawn down. The loan facility is convertible into up to 28,571,429 new ordinary shares of 0.1p at 0.7p per share.

Since the year end, the Company has agreed with Mr C C Johnson a consolidation and variation of terms of the two unsecured convertible loans notes and director debt held by Mr C C Johnson. The conversion of the total amount owed to him by the Company (£905,000) has resulted in the issue to Mr C C Johnson of a new unsecured convertible loan note for an aggregate amount of £905,000 payable July 2024. This has replaced:

- The £600,000 unsecured convertible loan notes issued in July 2020, which would have been redeemable on 31 July 2022, and which were convertible at 2p per share (following the share consolidation in December 2020) and carried the right upon a conversion of the loan notes, to the grant of warrants to subscribe for ordinary shares on a one for one basis, exercisable at the conversion price of 2p for a period of two years from the date of grant;
- The £200,000 unsecured convertible loan notes comprised in the loan facility entered into in November 2021, which would have been redeemable on 30 November 2022, and which were convertible at 0.7p per share.
- £105,000 owed to him by the Company on directors loan account.

The new unsecured convertible loan note is convertible in full into 226,250,000 ordinary shares at 0.4p per ordinary share and can be converted at any time by Mr Johnson, subject inter alia to his entire holding being less than 29.99 per cent of the voting rights in issue in the Company.

The new unsecured convertible loan note carries the right upon a conversion, to the grant of warrants to subscribe for ordinary shares on a one for one basis, exercisable at the conversion price for a period of two years from the date of grant.

From 1 April, 2022 Director's remuneration has been reinstated with payments being made under PAYE to the following Directors:

Mr P Treadaway – executive director
Mr G Thorneycroft – executive director
Mr J Dubois – non executive director
Mr N Lott – non executive director

On 11 May 2022, Dr P Challinor was appointed a Director of Trafalgar Property Group Plc

Trafalgar Property Group Plc

COMPANY BALANCE SHEET

For the year ended 31 March 2022

	Note	2022 £	restated 2021 £
FIXED ASSETS			
Investments	7	-	-
		-	-
Current assets			
Stocks		-	-
Debtors	8	34,339	22,159
Cash at bank and in hand		3,657	84,219
		<u>37,996</u>	<u>106,378</u>
EQUITIES & LIABILITIES			
Current liabilities			
Trade & other payables	9	997,891	652,662
		<u>997,891</u>	<u>652,662</u>
Non-current liabilities			
Borrowings	10	-	33,926
Total liabilities		<u>977,891</u>	<u>686,588</u>
		<u>(939,895)</u>	<u>(580,210)</u>
Net (liabilities)/assets			
Called up share capital	12	2,726,817	2,726,817
Share premium account		3,250,249	3,250,249
Loan note equity reserve		30,303	71,074
Profit and loss account		(6,947,264)	(6,628,350)
Equity – attributable to the owners of the Parent		<u>(939,895)</u>	<u>(580,210)</u>
Total Equity & Liabilities		<u>37,996</u>	<u>106,378</u>

The loss for the financial year dealt with in the financial statements of the Parent Company was loss £285,856 (2021: loss £742,887).

The restated details are shown within prior year adjustment note 14, to the accounts and on the statement of change of equity on page 45.

The financial statements were approved by the Board of Directors on 27 September 2022 and authorised for issue and are signed on its behalf by:

P Treadaway: J Dubois:

Company Registration Number: 04340125

The notes on pages 46 to 53 form an integral part of these financial statements

Trafalgar Property Group Plc
COMPANY STATEMENT OF CHANGES IN EQUITY
31 March 2022

	Share Capital	Share Premium	Loan Note Equity Reserve	Retained profits/(losses)	Total Equity
	£	£	£	£	£
At 1 April 2020	2,633,067	2,660,862	-	(5,918,521)	(624,592)
Loss for the year				(742,887)	(742,887)
Total comprehensive income for the year				(742,887)	(742,887)
Loan note equity reserve			104,132		104,132
Issue of shares	93,750	656,250			750,000
Share issue costs		(66,863)			(66,863)
At 31 March 2021	2,726,817	3,250,249	104,132	(6,661,408)	(580,210)
Prior year adjustment		-	(33,058)	33,058	-
Restated 31 3 2021	2,726,817	3,250,249	71,074	6,628,350	580,210
At 1 April 2021	2,726,817	3,250,249	71,074	(6,628,350)	(580,210)
Loss for the year				(285,856)	(285,856)
Total comprehensive income for the year				(285,856)	(285,856)
Loan note equity reserve			18,182		18,182
Movement in loan note equity reserve			(58,953)		(58,953)
At 31 March 2022	2,726,817	3,250,249	30,303	(6,947,264)	(906,837)

Further details of share capital are shown in note 12 and prior year adjustment are shown in note 14 to the Company accounts.

Loan note equity reserve is the amount that has been provided for in respect of the difference between the cash value and the liability element of the loan notes. An adjustment has been made of £18,182 as this amount relates to the period from year end to the expiry of the loan notes being 31 July 2022. A further adjustment has been made of £58,954 which is the amount provided for to 31 March 2022.

The notes on pages 46 to 53 form an integral part of these financial statements.

1 GENERAL INFORMATION

Nature of operations

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

2 BASIS OF PREPARATION

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income to these financial statements. The Company has taken advantage of the disclosure exemption from the requirements of section 7 Statement of Cashflow, as permitted by the FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) GOING CONCERN

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

As indicated in note 15, subsequent to the balance sheet date, the Company has raised £400,000 for working capital purposes by way of an issue of 133,333,333 shares at 0.3p per share and agreed a reorganization of the loans with C C Johnson for a further two years. The existing operations have been generating funds to meet short-term operating cash requirements. As a result of these considerations, at the time of approving the financial statements, the Directors consider that the Company and the Group have sufficient resources to continue in operational existence for the foreseeable future. It is appropriate to adopt the going concern basis in the preparation of the financial statements. As with all business forecasts, the Directors’ statement cannot guarantee that the going concern basis will remain appropriate given the material uncertainty about the future events.

(b) INVESTMENTS

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

(c) TAXATION

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

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

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

(d) FINANCIAL INSTRUMENTS

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

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

(i) Financial assets

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

Trade and other receivables

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

(ii) Financial liabilities and convertible debt

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.

Convertible debt

Convertible debt issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and convertible debt instrument. Convertible debt consists of new unsecured loan notes convertible totalling £905,000 (2021: £600,000) in full, into 226,250,000 ordinary shares at 0.4p per ordinary share and can be convertible at any time by Mr C C Johnson for two years from July 2022, further details are provided within note 15. The accounting policies adopted for specific financial liabilities and convertible debts are set out below.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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 £285,856 (2021: Loss £742,887). The Company's loss for the financial year has been arrived at after charging auditor's remuneration payable to MHA MacIntyre Hudson for audit services to the Company of £10,000 (2021: £10,000).

6 EMPLOYEES AND DIRECTORS' REMUNERATION

	2022	2021
	£	£
Directors' fees	31,500	97,000
Social security costs	1,788	10,938
Directors' pension contribution	270	-
Management fees	2,500	9,998
	<u>36,058</u>	<u>117,936</u>

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

	2022	2021
	Number	Number
Directors and management	<u>3</u>	<u>3</u>

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

£2,500 (2021: £9,998) was paid to Mr Norman Lott for his professional services.

Additional directors remuneration of £60,000 (2021: £45,000) was paid to a director through subsidiary entities.

Trafalgar Property Group Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS

31 March 2022

7 INVESTMENTS

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

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

Trafalgar Property Group Plc
 NOTES TO THE COMPANY FINANCIAL STATEMENTS
 31 March 2022

8 DEBTORS

	2022	2021
	£	£
Amounts owed by Group undertakings	4,930	-
Other debtors	17,515	16,637
Other taxes and social security	11,894	5,522
	<u>34,339</u>	<u>22,159</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade creditors	22,233	21,713
Taxation and social security	-	5,313
Other creditors	46,600	25,636
Director's loans	769,697	-
Amounts owed to Group undertakings	139,361	600,000
	<u>977,891</u>	<u>652,662</u>

10 BORROWINGS

The Borrowings balance of £ nil (2021: £33,926) relates to Director's loans. The balance in 2022 has been transferred to sums owing in less than one year of £225,870.

11 FINANCIAL INSTRUMENTS

	2022	2021
	£	£
Financial assets measured at amortised cost:		
Amounts owed by group undertakings and other debtors	17,515	16,637
Financial liabilities		
Financial liabilities measured at amortised cost	977,891	681,275

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

12 SHARE CAPITAL

Issued, allotted and paid share capital

	2022	2021
	Number	Number
Ordinary shares		
Ordinary shares of 0.1p in issue	142,519,038	48,769,038
Ordinary shares of 0.1p issued in year	-	93,750,000
Total ordinary shares of 0.1p in issue	<u>142,519,038</u>	<u>142,519,038</u>
Total ordinary shares of 0.1p in issue	<u>142,519,038</u>	<u>142,519,038</u>
Deferred shares		
Deferred shares of 0.9p in issue	287,144,228	238,375,190
Deferred shares of 0.9p arising in year	-	48,769,038
Total Deferred shares of 0.9p in issue	<u>287,144,228</u>	<u>287,144,228</u>

Trafalgar Property Group Plc
NOTES TO THE COMPANY FINANCIAL STATEMENTS
31 March 2022

Issued allotted and paid	2022	2021
	£	£
Ordinary shares of 0.1p in issue	142,519	48,769
Ordinary shares of 0.1p issued in year	-	93,750
Total Ordinary shares of 0.1p in issue	<u>142,519</u>	<u>142,519</u>
Deferred shares of 0.9p in issue	2,584,298	2,145,377
Deferred shares of 0.9p issued in year	-	438,921
	<u>2,584,298</u>	<u>2,584,298</u>
	<u>2,726,817</u>	<u>2,726,817</u>

Background – ordinary shares, warrants and loan notes

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

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

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

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

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

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

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

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

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

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

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

Current year position – ordinary shares, warrants and loan notes

During the financial year to 31 March 2022, no changes have taken place with regards to the shares and warrants issued.

However on 18th November, 2021, a loan facility for up to £200,000 was entered into with Mr C C Johnson comprising B convertible loan notes repayable on 30 November 2022 and convertible at any time at an exercise price of 0.7p per share. £80,000 was drawn down initially; as at 31 March 2022 this loan facility was fully drawn down. The loan facility is convertible into up to 28,571,429 new ordinary shares of 0.1p at 0.7p per share.

Since the year end, the Company has agreed with Mr C C Johnson a consolidation and variation of terms of the two unsecured convertible loans notes and director debt held by Mr C C Johnson. Details of this arrangement are given in post year end note 15 to these accounts.

13 INTERCOMPANY TRANSACTIONS

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

14 PRIOR YEAR ADJUSTMENT

There has been a prior year adjustment between the loan note equity reserve account and the retained losses brought forward of £ 33,058 (2021:nil). This has no effect on the overall equity of the Company.

15 SUBSEQUENT EVENTS

On 10 June 2022, the Company issued 133,333,333 new ordinary shares of 0.1p fully paid up in cash at 0.3p per share under a placing which was announced on 1 June 2022, raising £400,000 before expenses.

As mentioned in note 12, an additional loan facility for up to £200,000 was entered into with Mr C C Johnson within TPG Plc on 19 November 2021 comprising B convertible loan notes repayable on 30 November 2022 and convertible at any time at an exercise price of 0.7p per share. £80,000 was drawn down initially as at 31 March 2022 this loan facility was fully drawn down. The loan facility is convertible into up to 28,571,429 new ordinary shares of 0.1p at 0.7p per share.

Since the year end, the Company has agreed with Mr C C Johnson a consolidation and variation of terms of the two unsecured convertible loans notes and director debt held by Mr C C Johnson. The conversion of the total amount owed to him by the Company (£905,000) has resulted in the issue to Mr C C Johnson of a new unsecured convertible loan note for an aggregate amount of £905,000 payable July 2024. This has replaced:

- The £600,000 unsecured convertible loan notes issued in July 2020, which would have been redeemable on 31 July 2022, and which were convertible at 2p per share (following the share consolidation in December 2020) and carried the right upon a conversion of the loan notes, to the grant of warrants to subscribe for ordinary shares on a one for one basis, exercisable at the conversion price of 2p for a period of two years from the date of grant;

Trafalgar Property Group Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS

31 March 2022

- The £200,000 unsecured convertible loan notes comprised in the loan facility entered into in November 2021, which would have been redeemable on 30 November 2022, and which were convertible at 0.7p per share.
- £105,000 owed to him by the Company on directors loan account.

The new unsecured convertible loan note is convertible in full into 226,250,000 ordinary shares at 0.4p per ordinary share and can be converted at any time by Mr Johnson, subject inter alia to his entire holding being less than 29.99 per cent of the voting rights in issue in the Company.

The new unsecured convertible loan note carries the right upon a conversion, to the grant of warrants to subscribe for ordinary shares on a one for one basis, exercisable at the conversion price for a period of two years from the date of grant.

From 1 April, 2022 Director's remuneration has been reinstated with payments being made under PAYE to the following Directors:

Mr P Treadaway – executive director
Mr G Thorneycroft – executive director
Mr J Dubois – non executive director
Mr N Lott – non executive director

On 11 May 2022 Dr P. Challinor was appointed a Director of Trafalgar Property Group Plc.

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

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 55.

Ordinary business at the AGM

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

- (a) Resolution 1: to approve the annual report and accounts. The Directors are required to lay before the Company at the AGM the accounts of the Company for the financial year ended 31 March 2022, the report of the Directors and the report of the Company's auditors on those accounts.
- (b) Resolution 2: to approve the re-appointment of MHA MacIntyre Hudson as auditors of the Company. The Company is required to appoint auditors at each general meeting at which accounts are laid, to hold office until the next such meeting.
- (c) Resolution 3: to approve the remuneration of the auditors for the next year.
- (d) Resolution 4: to re-appoint James Dubois as a Director; James is retiring by rotation and submitting himself for re-election.
- (e) Resolution 5: to re-appoint Paul Challinor as a Director; under the Articles of Association, Directors must be re-appointed at the first annual general meeting following their appointment.

Special business at the AGM

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

- (a) Resolutions 6 and 7: to renew residual authorities (i) to allot securities under section 551 of the Companies Act 2006, in the amount of up to £250,000 (250,000,000 ordinary shares of 0.1p), representing approximately 91% of the existing issued ordinary share capital; and (ii) to disapply pre-emption rights on the allotment of securities for cash for the purposes of section 561 of the Companies Act 2006, in the amount of up to £250,000 (250,000,000 ordinary shares of 0.1p), representing approximately 91% of the existing issued ordinary share capital.

The authorities under these resolutions would subsist until the conclusion of the Annual General Meeting of the Company to be held in 2023 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.

- (b) Resolutions 8 and 9: to grant authority (i) to allot securities under section 551 of the Companies Act 2006; and (ii) to disapply pre-emption rights on the allotment of securities for cash for the purposes of section 561 of the Companies Act 2006, in both cases in the amount of up to £452,500 (452,500,000 ordinary shares of 0.1p) in connection with the conversion of £905,000 unsecured convertible loan notes held by Christopher Johnson into up to 226,250,000 ordinary shares of 0.1p, and the exercise of warrants to subscribe for up to 226,250,000 ordinary shares of 0.1p, that would be granted on conversion of the loan notes.

The authorities under these resolutions would subsist for a period of five years from the date on which these resolutions are 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.

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2022 Annual General Meeting of the Company will be held at the Company's offices at Chequers Barn, Bough Beech, Edenbridge, Kent TN8 7PD at 11am on 21 October 2022, for the following purposes:

RESOLUTIONS

Ordinary business

To consider and, if thought fit, to pass resolutions 1 to 5 as ordinary resolutions:

- 1 To receive and adopt the directors' report, the auditor's report and the Company's accounts for the year ended 31 March 2022.
- 2 To re-appoint MHA MacIntyre Hudson as auditor in accordance with section 489 of the Companies Act 2006, to hold office until the conclusion of the Annual General Meeting of the Company in 2023.
- 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 Paul Challinor as a Director of the Company.

Special business

To consider and, if thought fit, to pass resolutions 6 and 8 as ordinary resolutions, and resolutions 7 and 9 as special resolutions:

- 6 THAT, in addition to all existing authorities conferred on the directors to allot shares or to grant rights to subscribe for or to convert any securities into shares, the directors be authorised generally and unconditionally pursuant to Section 551 of the Companies Act 2006 as amended to exercise all the powers of the Company to allot shares and/or rights to subscribe for or to convert any security into shares, provided that the authority conferred by this resolution shall be limited to the allotment of equity securities and/or rights to subscribe or convert any security into shares of the Company up to an aggregate nominal value of £250,000 (250,000,000 ordinary shares of 0.1p), 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 2023 or, if earlier, 15 months after the date on which this resolution has been passed, provided that the Company may, before such expiry, make an offer, agreement or other arrangement which would or might require shares and/or rights to subscribe for or to convert any security into shares to be allotted after such expiry and the directors may allot such shares and/or rights to subscribe for or to convert any security into shares in pursuance of such offer, agreement or other arrangement as if the authority conferred hereby had not expired.
- 7 THAT, in addition to all existing authorities conferred on the directors to allot shares or to grant rights to subscribe for or to convert any securities into shares, the directors be and are hereby generally empowered to allot equity securities (within the meaning of Section 560 of the Companies Act 2006) pursuant to the general authority conferred by resolution 6 above for cash or by way of sale of treasury shares as if Section 561 of the Companies Act 2006 or any pre-emption provisions contained in the Company's articles of association did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to:
 - (a) 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;
 - (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £250,000 (250,000,000 ordinary shares of 0.1p),

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 2023 or, if earlier, 15 months after the date on

which this resolution has been passed, provided that the Company may, before such expiry, make an offer, agreement or other arrangement which would or might require shares and/or rights to subscribe for or to convert any security into shares to be allotted after such expiry and the directors may allot such shares and/or rights to subscribe for or to convert any security into shares in pursuance of such offer, agreement or other arrangement as if the authority conferred hereby had not expired.

- 8 THAT, in addition to all existing authorities conferred on the directors to allot shares or to grant rights to subscribe for or to convert any securities into shares, the directors be authorised generally and unconditionally pursuant to Section 551 of the Companies Act 2006 as amended to exercise all the powers of the Company to allot shares and/or rights to subscribe for or to convert any security into shares, provided that the authority conferred by this resolution shall be limited to the allotment of equity securities and/or rights to subscribe or convert any security into shares of the Company in the aggregate nominal value of up to £452,500 (452,500,000 ordinary shares of 0.1p) in connection with the conversion of £905,000 unsecured convertible loan notes 2024 held by Christopher Johnson into up to 226,250,000 ordinary shares of 0.1p, and the exercise of warrants to subscribe for up to 226,250,000 ordinary shares of 0.1p, that would be granted on conversion of the loan notes, such authority (unless previously revoked, varied or renewed) to expire five years 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, in addition to all existing authorities conferred on the directors to allot shares or to grant rights to subscribe for or to convert any securities into shares, the directors be and are hereby generally empowered to allot equity securities (within the meaning of Section 560 of the Companies Act 2006) pursuant to the general authority conferred by resolution 8 above for cash or by way of sale of treasury shares as if Section 561 of the Companies Act 2006 or any pre-emption provisions contained in the Company's articles of association did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to the allotment of up to an aggregate nominal value of £452,500 (452,500,000 ordinary shares of 0.1p) in connection with the conversion of £905,000 unsecured convertible loan notes 2024 held by Christopher Johnson into up to 226,250,000 ordinary shares of 0.1p, and the exercise of warrants to subscribe for up to 226,250,000 ordinary shares of 0.1p, that would be granted on conversion of the loan notes, such authority (unless previously revoked, varied or renewed) to expire five years 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.

Dated: 27 September 2022

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

By order of the Board
Nicholas Narraway
Secretary

Notes:

1. Shareholders are strongly encouraged to participate in the meeting by returning forms of proxy ahead of the meeting.
2. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the enclosed proxy form.
5. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

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

- (a) completed and signed;
- (b) sent or delivered to the Company's Registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD; and
- (c) received by no later than 11 a.m. on 19 October 2022.

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

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

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

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

8. In order to revoke a proxy appointment you will need to inform the Company by sending a signed hard copy notice clearly stating that you revoke your proxy appointment to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by no later than 11 a.m. on 19 October 2022.

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

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

9. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered in the register of members of the Company as at 6.00 p.m. on 19 October 2022 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.