

TRAFALGAR PROPERTY GROUP PLC

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2024

Company Registration No. 04340125

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

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

INDEPENDENT AUDITOR

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2 London Wall Place
Barbican
London EC2Y 5AU

NOMINATED ADVISER

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London EC1M 4BH

REGISTRARS

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Steelpark Road
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West Midlands B62 8HD

Company website

<http://www.trafalgarperty.group>

Trafalgar Property Group Plc

STRATEGIC REPORT

for the year ended 31 March 2024

CHAIRMAN'S STATEMENT

On behalf of the Board, I present Trafalgar Property Group Plc (the Group), results for the year ended 31 March 2024 which includes one investment property sale completed in the year. The overall result continues to be disappointing, as can be seen in the attached Accounts and Strategic Report. However, we continue to seek property opportunities with one construction project being undertaken during the year at Speldhurst, Kent with the property being available for sale at the year end and currently on the market for £800,000.

Orchard House in Hildenborough was sold in September 2023 for a consideration of £940,000.

During the year the company issued 377,250,000 new ordinary shares during the year with the issuance of 125,000,000 at a price of 0.1p per share, raising £125,000 before costs for the Group, the issuance of 226,250,000 at a price of 0.4p per share to satisfy the 2022 CLN with Mr C Johnson and the issuance of 26,000,000 at a price of 0.1p per share raising £26,000 to settle specific trading debts.

Financials

The year under review saw the Group turnover at £nil (2023: £18,183), with a loss after tax of £516,723 (2023: Loss £843,626).

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 of the construction of new developments and the potential sale of those properties, 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 £8,906 (2023: £17,148) and the Group continues to have sufficient bank facilities for all current day to day activities.

Business Environment and Outlook

No new directors were appointed to the Group in the year.

The effects of market forces and the property market in general together with the UK having been in a period of high inflation and high cost of living affecting the property sector and the business of the group. However, inflationary pressures are easing and slowly the Bank of England are reducing the cost of borrowing with a recent 0.25% reduction in base rate. It is hoped therefore that the market for property will start to improve as demonstrated by the increase in property prices albeit a challenge for many potential buyers still adjusting to recent higher mortgage costs. 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.

Paul Treadaway

Paul Treadaway

Chairman

24 September 2024

Trafalgar Property Group Plc

STRATEGIC REPORT

for the year ended 31 March 2024

CHIEF EXECUTIVE OFFICER 'S REPORT

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)

Life Hydroponic Assets Ltd

TNH continues to be the main trading subsidiary but given the lack of activity in Selmat, Life Hydroponic Assets Ltd and TR+ it was decided that an impairment provision be made against these inter company accounts with TPG together with provision against the associated management charges issued by TPG. The effects on the company balance sheet can be seen in note 9 to the company accounts.

Mortgages of £nil (2023: £675,698) exist on the properties held by Selmat and a mortgage of £450,100 (2023 – £nil) exist on the property held by TNH..

As notified in an RNS dated 29 May 2024, the company is in preliminary discussions regarding the possible acquisition of Ecap Esport Ltd, these discussions remain ongoing. Should such a transaction proceed on the currently envisaged terms, it would be classified as a reverse takeover in accordance with Rule 14 of the AIM Rules for Companies. Accordingly, the Company's shares were suspended from trading on AIM and will remain so until either the publication of an admission document setting out, inter alia, details of the proposed transaction or until confirmation is given that these discussions have ceased.

The principal activity of the Group continues to be that of a regional property developer focused upon Kent, Surrey, Sussex and the M25 ring south of London together with investment in residential property, which have a rental income of £nil (2023: £18,183). The consolidated results of the year's trading are shown below. The consolidated loss for the year was £516,723 (2023: Loss £843,626). Management believes 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 due to unexpected interest rate movements and high inflation rates putting pressure on material costs.
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.
7. The potential reverse takeover, announced by the Group on 29 May 2024, may not complete.

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

Trafalgar Property Group Plc

STRATEGIC REPORT

for the year ended 31 March 2024

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 for the initial purchase of potential development sites. 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 23.
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.

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.
7. The directors will consider alternative reverse takeover opportunities and have underpinned any cash flow implications of the current target by taking a loan from them to be used for any abort fees.

Operations review

	2024	2023
	£	£
Revenue for the year	-	18,183
Gross (loss)/profit	78	(12,717)
Administration expenses	(379,627)	(571,928)
Loss on disposal of property (including cost)	-	(12,382)
(Loss) Profit on revaluation	-	(122,751)
Other Income	17,158	-
Impairment of asset	(25,000)	-
Interest payable and similar charges	(129,333)	(123,848)
Loss after taxation	(516,723)	(843,626)

Group turnover for the year amounted to £nil (2023: £18,183), as there was no rental income received given the remaining investment property had been disposed of during the year and this had been written down to its sale value in the 2023 accounts. The group carried forward at 31 March 2024 the costs incurred relating to the Speldhurst construction amounting to £775,374 as shown in Note 11 to the accounts.

After taking into account the overheads of the Group, there was a loss recorded for the year of £516,723 (2023: £843,626).

Trafalgar Property Group Plc

STRATEGIC REPORT

for the year ended 31 March 2024

There will be no tax charge and the Company now has tax losses being carried forward of £6,704,650 (2023: losses £6,296,440).

The loss per share during the year was (0.15p), (2023: loss per share 0.34p).

Directors' duties under S172

The Directors believe that, individually and together, they have acted in a way that they have considered, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard, amongst other things, to:

- a. the likely consequences of any decision in the long term,
- b. the interests of the Company's employees,
- c. the need to foster the Company's business relationship with suppliers, customers and others,
- d. the impact of the Company's operations on the community and environment,
- e. the desirability of the Company maintaining a reputation for high standards of business conduct, and
- f. the need to act fairly between members of the Company.

The Board of Directors is collectively responsible for formulating the Company's strategy, which is to invest in property development but will also consider other opportunities where those prospects will better deliver growth to its shareholders as indicated by the RNS issued 29 May 2024 where the directors are in early stage discussions with Ecap Esport Ltd for a potential reverse takeover. Of course, the Board cannot predict the future but aims to make decisions that it considers are in the best interest of all shareholders at the time.

The Board engages with its stakeholders in a number of pre-planned ways, these include; review meetings with our brokers and advisors, shareholders have the ability to email the Company directly and the Board will reply to questions within the regulatory limits, the Company issues RNS communications on a regular basis and the Company's web site is continuously updated to inform our stakeholders. The Company's annual report is also an opportunity to update our stakeholders.

Our employees are one of the primary assets of our business and will be critical to the future success of the Company. First and foremost, the Directors strive to ensure a safe working environment for all its staff and contractors, and we are proud of our safety achievements in 2023/24. We also seek to reward employees with remuneration packages which align the interests of the Company and its shareholders with those of the employees. Employees are also provided with challenging work and external training opportunities to ensure their continual development.

The Directors believe they have acted in the way they consider most likely to promote the success of the Company for the benefit of its members as a whole, as required by Section 172 (1) of the Companies Act 2006.

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 together with the net liability position. These measures are disclosed above in the operations review.

Development Pipeline & outlook

Shortly after the year end we acquired a new site in Tunbridge Wells at Talbot Park for £490,000. We have submitted an application to demolish the existing bungalow and build a scheme of detached houses, which should achieve in the region of £950,000 each. We have no build costings as yet but expect to have a decision on the planning by the end of September. It is Officer recommended for approval. Once we have consent we will either be able to seek funding for the build or dispose of the consented development. The initial cost of the site was partly funded by CPF Limited with the balance through directors loans.

Paul Treadaway

Paul Treadaway
CEO

24 September 2024

Trafalgar Property Group Plc

DIRECTORS' REPORT

for the year ended 31 March 2024

DIRECTORS' REPORT

The Directors present their Report and Audited Financial Statements for the year ended 31 March 2024.

Results and dividends

The results for the year are set out on page 20.

The Directors do not recommend the payment of a final dividend for the year (2023: nil).

Directors

The following Directors have held office since 1 April 2023 and have all served for the entire accounting year:

N A C Lott
P A Treadaway
G Thorneycroft
Dr P Challinor

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 2024, the Directors have authorised no such conflicts or potential conflicts.

Directors' interests in the shares of the Company, including family interests, at 31 March 2024 were as follows: -

Directors' interests in shares	31.03.2024	31.03.2023
	Ordinary shares - 0.1p each	Ordinary shares - 0.1p each
N Lott	50,000	50,000
P Treadaway	133,409,829	19,733,466
G Thorneycroft	23,327,273	600,000

	31.03.2024	31.03.2023
	Deferred shares – 0.9p each	Deferred shares – 0.9p each
	No. held	No. held
N Lott	550,000	550,000
P Treadaway	10,648,466	10,648,466

Trafalgar Property Group Plc

DIRECTORS' REPORT

for the year ended 31 March 2024

Other substantial shareholdings

As at 23 September 2024, 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	Shareholdings %
Paul Arthur Treadaway	133,409,829	20.43
Forum Energy Services Limited	75,000,000	11.48
Peter Wylde	56,818,182	8.70
Gary Thorneycroft	23,327,273	3.57

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.

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

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

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

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

Trafalgar Property Group Plc

DIRECTORS' REPORT

for the year ended 31 March 2024

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 2024. 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 2023 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 (2023: four) of which three are executive and one non-executive, two executive and one non-executive directors 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:

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

Internal Controls

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

Financial Instruments

The Group's principal financial instruments comprise cash at bank, bank loans, other loans and various items within current assets and current liabilities that arise directly from its operations. The Directors consider that the key financial risk is liquidity. This risk is explained in the section headed 'Principal risks and uncertainties' in the Annual Report and Accounts on page 5 and also addressed in note 18.

Future Developments

Information relating to future developments is included in the Strategic Report on pages 4-7.

Trafalgar Property Group Plc

DIRECTORS' REPORT

for the year ended 31 March 2024

Post Balance Sheet Events

As stated in the announcement by the Group on 29 May 2024 we are in discussions with parties relating to a potential reverse takeover, non-binding heads of terms have been signed. These discussions continue and further announcements will be made in due course. A further announcement on 03 June 2024 stated that Ecap Esports Ltd had agreed to loan the Company the sum of £250,000, the proceeds of which will be ring fenced to cover costs associated with the proposed reverse takeover, should the transaction not occur. As announced in March 2024 Mr C Johnson introduced £99,550 into Trafalgar by way of a loan being the consideration he received for the 2022 Conversion Shares. In return, Trafalgar will issue Mr C Johnson with a new, nil coupon, unsecured convertible loan note (the "2024 CLN"). The 2024 CLN will be convertible in full into 226,250,000 Ordinary Shares at £0.00044 per ordinary share ("2024 CLN Exercise Price") and can be converted at any time by Mr C Johnson, subject inter alia to his entire holding being less than 29.99 per cent of the voting rights in issue in the Company. At the date of these financial statements this CLN has not yet been signed.

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, 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

Paul Treadaway
Director

24 September 2024

Trafalgar Property Group Plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR PROPERTY GROUP PLC
for the year ended 31 March 2024

To the Members of Trafalgar Property Group plc

For the purpose of this report, the terms “we” and “our” denote MHA 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. 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, as an individual entity. The relevant legislation governing the Company is the United Kingdom Companies Act 2006 (“Companies Act 2006”).

Opinion

We have audited the financial statements of Trafalgar Property Group plc for the year ended 31 March 2024.

The financial statements that we have audited 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
- Notes 1 to 20 to the consolidated financial statements, including significant accounting policies
- the Company Balance Sheet
- the Company Statement of Changes in Equity and
- Notes 1 to 15 to the Company financial statements, including significant accounting policies.

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

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 31 March 2024 and of the Group’s loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with 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 Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our 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 Note 3a Going Concern section in the financial statements which states that the Group incurred substantial losses during the year and there was 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.

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.

Trafalgar Property Group Plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR PROPERTY GROUP PLC for the year ended 31 March 2024

Our evaluation of the Directors' assessment of the Group's and the Parent Company'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 their business model.
- The evaluation of how those risks might impact on the Group's and Parent company's available financial resources.
- 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.

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

Scope	<p>Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.</p> <p>The Group consists of seven reporting components, of which two were considered to be significant components: Trafalgar Property Group plc and Trafalgar New Homes Limited. The significant components were subjected to full scope audits for the purposes of our audit report on the Group financial statements.</p> <p>Significant components 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. <p>We undertook specified audit procedures on the material balances and transactions in the year on a further 3 of the components: Trafalgar Retirement+ Limited, Selmat Limited and Combe House (Borough Green) Ltd. Analytical procedures were undertaken on the two remaining components: Life Hydroponics Limited and Combe Bank (Oakhurst) Ltd.</p> <p>Our audit scope results in all major operations of the Group being subject to audit work.</p>
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Overall Materiality	2024	2023	
Group	£28,000	£26,400	1% of net liabilities (2023: 2% of gross assets)
Parent Company	£4,900	£19,600	2% of gross liabilities (2023: 2% of gross liabilities)

Trafalgar Property Group Plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR PROPERTY GROUP PLC
for the year ended 31 March 2024

Key audit matters

Recurring • 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 matters which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. 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. In addition to the matter described in the Material Uncertainty related to going concern section, 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 The Group enters into a significant number of transactions with related parties, both intra-group transactions and with individuals related to the Group.

There is a risk that transactions (particularly any transactions which are not at arm's length) and balances with related parties are undisclosed or misclassified.

How the scope of our audit responded to the key audit matter Our audit work in this area included the following procedures:

- Identifying the susceptibility of the financial statements to material misstatements from related party transactions and relationships.
 - Obtaining management's record of related parties – who they are, the nature of these relationships, whether any related party transactions have been entered into in the year and the nature of those transactions.
 - We performed independent searches of the Board of Directors' other appointments and shareholdings and to identify any counterparties on the list which were not included in the related party disclosures.
 - We reviewed the movement on these balances during the year and vouched items to supporting evidence.
 - We reviewed the minutes of meetings of the board of directors to identify any undisclosed related party relationships.
 - We discussed with management the nature and purpose of these items and considered whether disclosure sufficiently addressed these matters.
 - In addition, we obtained written confirmation of the balances from all disclosed parties and confirmed key terms to agreements.
-

Key observations

Nothing has come to our attention which indicates that related party transactions and balances are incomplete.

Trafalgar Property Group Plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR PROPERTY GROUP PLC
for the year ended 31 March 2024

Our application of materiality

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

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

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

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	£28,000 (2023: £26,400)	£4,900 (2023: £19,600)
How we determined it	1% of net liabilities (2023: 2% of gross assets)	2% of gross liabilities (2023: 2% of gross liabilities)
Rationale for the benchmark applied	Given the Group have liquidated the majority of its cash generating assets and the Parent Company actively pursuing a potential future Reverse Takeover, we now deem the net liability position of the Group 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. As a result of historic losses and the impairment of investments, we have considered gross liabilities as the most appropriate benchmark for materiality.
Performance materiality	£16,800 (2023: £15,840) which represents 60% (2023: 60%) of overall materiality.	£2,940 (2023: £11,760) which represents 60% (2023: 60%) of overall materiality.

We agreed to report any corrected or uncorrected adjustments exceeding £1,400 (2023: £1,320) for the Group and £245 (2023: £980) for the Parent Company respectively to the Board of Directors as well as differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Overview of the scope of the Group and Parent Company audits

Our assessment of audit risk, evaluation of materiality and our determination of performance materiality sets our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. This assessment takes into account the size, risk profile, changes in the business environment and other factors when assessing the level of work to be performed at each component.

Trafalgar Property Group Plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR PROPERTY GROUP PLC
for the year ended 31 March 2024

The Group consists of 7 components, all of which are based in the UK and audited by the Group audit team.

	Number of components	Revenue	Total assets	Total liabilities	Loss before tax
Full scope audit	2	N/A	96%	79%	85%
Specified Procedures	3	N/A	4%	21%	15%
Analytical Review	2	N/A	0%	0%	0%
Total	7	N/A	100%	100%	100%

The control environment

We evaluated the design and implementation of those internal controls of the Group, including the Parent Company, which are relevant to our audit, such as those relating to the financial reporting cycle.

Reporting on other information

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

We have nothing to report in this regard.

Strategic report and directors' report

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.

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

Matters on which we are required to report by exception

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 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 directors

As explained more fully in the directors' responsibilities statement, as set out on page x, 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.

Trafalgar Property Group Plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR PROPERTY GROUP PLC
for the year ended 31 March 2024

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Identifying and assessing potential risks arising from irregularities, including fraud

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector, the control environment, business performance including remuneration policies and the Group's, including the Parent Company's, own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Group focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, UK tax legislation or those that had a fundamental effect on the operations of the Group.
- We enquired of the directors and management concerning the Group's and the Parent Company's policies and procedures relating to:
 - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We discussed among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs, creating fictitious transactions to hide losses or to improve financial performance, and management bias in any accounting estimates.

Trafalgar Property Group Plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR PROPERTY GROUP PLC
for the year ended 31 March 2024

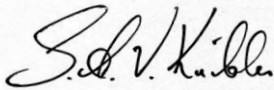
Audit response to risks identified

In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Group's and the Parent Company's board meetings and enquiries of management regarding any ongoing legal cases;
- audit procedures performed by the engagement team in connection with the risks identified included:
 - We have undertaken a review of minutes of meetings of those charged with governance.
 - 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.
 - Challenging assumptions and judgements made by management in their significant accounting estimates.
- the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities; and
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Knibbs MA FCA (Senior Statutory Auditor)
for and on behalf of MHA, Statutory Auditor
London, United Kingdom
24 September 2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Trafalgar Property Group Plc
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2024

		Year ended 31 March 2024	Year ended 31 March 2023
	Note	£	£
Revenue	1	-	18,183
Cost of sales	2	78	(30,900)
Gross profit/(loss)		78	(12,717)
Administrative expenses	2	(379,626)	(571,928)
Fair value movement on investment property	8	-	(122,751)
(Loss) on disposal of investment property	8	-	(12,382)
Impairment of assets	7	(25,000)	-
Operating loss before interest	2	(404,548)	(719,778)
Other income		17,158	-
Interest payable and similar charges	4	(129,333)	(123,848)
Loss before taxation		(516,723)	(843,626)
Income tax	5	-	-
Loss after taxation for the year attributable to equity holders of the parent		(516,723)	(843,626)
Other comprehensive income attributable to equity holders of the parent		-	-
Total comprehensive loss for the year		(516,723)	(843,626)
Loss attributable to:			
Equity holders of the Parent		(516,723)	(843,626)
Total comprehensive loss for the year attributable to:			
Equity holders of the Parent		(516,723)	(843,626)
(LOSS) PER ORDINARY SHARE:			
Basic/diluted	6	(0.15)p	(0.34) p

All results in the current and preceding financial year derive from continuing operations.
The notes on pages 31 to 42 are an integral part of these consolidated financial statements.

Trafalgar Property Group Plc
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2024

	Note	As at 31 March 2024 £	As at 31 March 2023 £
TOTAL ASSETS			
Non-current assets			
Plant and equipment	7	640	25,853
		<u>640</u>	<u>25,853</u>
Current assets			
Inventory	11	775,374	317,796
Investment Properties	8	-	927,249
Trade and other receivables	9	79,576	34,033
Cash and cash equivalents	10	8,906	17,148
		<u>863,856</u>	<u>1,296,226</u>
Total assets		<u>864,496</u>	<u>1,322,079</u>
EQUITIES & LIABILITIES			
Current liabilities			
Trade and other payables	12	285,614	222,863
Borrowings	13	-	874,697
		<u>285,614</u>	<u>1,097,560</u>
Non-current liabilities			
Deferred tax	5	-	-
Borrowings	13	3,415,728	3,573,217
		<u>3,415,728</u>	<u>3,573,217</u>
Total liabilities		<u>3,701,342</u>	<u>4,670,777</u>
Net liabilities		<u>(2,836,846)</u>	<u>(3,348,698)</u>
Called up share capital	14	3,237,400	2,860,150
Share premium		4,136,240	3,484,915
Reverse acquisition reserve		(2,817,633)	(2,817,633)
Loan note equity reserve	14 & 16	-	107,204
Capital contribution reserve	17	400,147	400,147
Profit & loss account		(7,793,000)	(7,383,481)
Total Equity		<u>(2,836,846)</u>	<u>(3,348,698)</u>
Total Equity & Liabilities		<u>864,496</u>	<u>1,322,079</u>

These financial statements were approved by the Board of Directors and authorised for issue on 24 September 2024 and are signed on its behalf by:

P Treadaway: ... *Paul Treadaway*..... G Thorneycroft: ... *Gary Thorneycroft*.....

Trafalgar Property Group Plc
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 March 2024

	Share Capital	Share Premium	Loan Note Equity Reserve	Reverse acquisition reserve	Profit & loss account	Capital Contribution Reserve	Total Equity
	£	£	£	£	£	£	£
At 1 April 2022	2,726,817	3,250,249	30,303	(2,817,633)	(6,620,120)	157,777	(3,272,607)
Loss for the year	-	-	-	-	(843,626)	-	(843,626)
Total comprehensive income for the year	-	-	-	-	(843,626)	-	(843,626)
Loan note equity reserve	-	-	76,901	-	80,165	-	157,066
Capital Contribution during the period	-	-	-	-	-	242,370	242,370
Shares issued during the year net of costs	133,333	234,666	-	-	100	-	368,099
At 31 March 2023	2,860,150	3,484,915	107,204	(2,817,633)	(7,383,481)	400,147	(3,348,698)
At 1 April 2023	2,860,150	3,484,915	107,204	(2,817,633)	(7,383,481)	400,147	(3,348,698)
Loss for the year	-	-	-	-	(516,723)	-	(516,723)
Total comprehensive income for the year	-	-	-	-	(516,723)	-	(516,723)
Loan Note Equity Reserve	-	-	(107,204)	-	107,204	-	-
Shares issued during the year on conversion of loan notes	226,250	678,750	-	-	-	-	905,000
Shares issued during the year net of costs	151,000	(27,425)	-	-	-	-	123,575
At 31 March 2024	3,237,400	4,136,240	-	(2,817,633)	(7,793,000)	400,147	(2,836,846)

The reverse acquisition reserve was created in accordance with IFRS3 'Business Combinations'. The reserve relates to a reverse acquisition between the Company and Combe Bank Homes Ltd (CBH) on 11/11/2011 via a share for share exchange. This reserve arises as a result of the elimination of the Plc's investment in CBH resulting in the shareholders of PLC becoming majority shareholders in the enlarged group.

Retained profit/(losses) are the cumulative net gains and losses less distributions made and items of other comprehensive income not accumulated in another separate reserve.

Loan note equity reserve relates to the equity portion of the convertible loan notes and 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. The remaining balance has been reversed following the conversion of the Loan Note during the year (2023: adjustment of £76,901)

Capital contribution reserve arises due to amounts waived in respect of previously accrued interest on shareholders or related party loan accounts. Capital contribution reserves are shown in note 17.

Further details of shares issues in the year are shown in note 14.

The notes on pages 31 to 42 are an integral part of these consolidated financial statements.

Trafalgar Property Group Plc
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2024

	2024	2023
	£	£
Cash flow from operating activities		
(Loss) after taxation	(516,723)	(843,626)
Depreciation	213	284
(Increase) in inventory	(457,578)	(321,889)
Decrease/(Increase) in receivables	(45,543)	6,467
Increase in payables	62,751	95,001
Loss on disposal	-	12,382
Inventory written-off	-	29,750
Property revaluation	-	122,751
Loan note equity movement	(107,204)	157,066
Impairment of plant and equipment	25,000	-
Interest payable and similar charges	129,333	123,848
Net cash outflow from operating activities	(909,751)	(617,966)
Investing activities:		
Disposal of investment property	927,249	649,618
Purchase of equipment	-	(25,000)
	927,249	624,618
Financing activities:		
Issue of shares (net of costs)	1,028,575	368,100
New loan borrowings	741,975	105,116
Repaid loan borrowings	(1,066,530)	(270,191)
Related party new loan borrowing	264,100	188,153
Related party loan repayment	(971,731)	(259,752)
Repayment of other borrowings	-	(90,000)
Interest paid	(22,129)	(43,683)
Net cash (outflow) from financing	(25,740)	(2,257)
(Decrease)/increase in cash and cash equivalents in the year	(8,242)	4,395
Cash and cash equivalents at the beginning of the year	17,148	12,753
Cash and cash equivalents at the end of the year	8,906	17,148

The notes on pages 31 to 42 are an integral part of these consolidated financial statements.

Trafalgar Property Group Plc

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2024

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 domiciled 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 4 - 7 .

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 2024 and are presented in pounds sterling (“GBP”) rounded to the nearest pound. The comparative year is for the year to 31 March 2023.

The financial statements have been prepared under the historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities which are measured at fair value as explained in the accounting policies 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
Life Hydroponic Assets Ltd	14437592

The outstanding liabilities at 31 March 2024 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.

During the year the Company raised £125,000 before costs for working capital purposes by way of an issue of 125,000,000 shares at 0.1p per share, issued 26,000,000 shares at 0.1p to settle outstanding creditor balances and crystallised the 2022 CLN with Mr C Johnson by way of an issue of 226,250,000 shares at 0.4p per share.

The total amount of loans remaining in the Group following the sale of the investment property during the year amounts to £3,415,728 (2023 - £4,447,914) as shown in note 13. Of the balance of the loans remaining outstanding of £3,415,728, a sum of £2,219,818 relates to loans owed to Mr C Johnson, plus connected parties, a director of subsidiary companies. The balance of amounts owed were to independent third parties.

The Group continues to utilise banking and other financial institution sources for the financing of its developments, together with significant loans from third party investors as stated in note 13, which is after the disposal of its investment properties, to ensure that there is sufficient money available for the Group to undertake and complete its various developments.

Trafalgar Property Group Plc

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2024

The Group does not operate an overdraft facility but borrow on a site specific basis from various bankers or financial institutions, 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. Mr C Johnson has confirmed that he will provide necessary funding to the subsidiary companies as and when required over the next twelve months, should it be required.

The Board is comfortable with the structure of its finances, which usually involves borrowing a modest sum towards the land purchase for the modest sized residential development schemes, with Mr C Johnson or 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 or financial institution to provide 100% of the build finance.

We have submitted an application to demolish the existing bungalow and build a scheme of detached houses at the Talbot Park site, acquired shortly after the year end, which should achieve in the region of £950,000 each. We have no build costings as yet but expect to have a decision on the planning by the end of September. It is Officer recommended for approval. Once we have consent we will either be able to seek funding for the build or dispose of the consented development. This project is expected to make additional funds available to the group.

The board are also continuing to consider a reverse takeover as stated in note 20 and have taken a loan from the target company to cover any abort fees should the deal not complete.

However, given that a degree of uncertainty exists in the timing of future sales, the Company's ability to raise further funds through share placements and the potential reliance on further funding been provided by the directors, there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

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

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.

New standards, interpretations and amendments:

Amendments to IAS 21 – Lack of Exchangeability

(issued August 2023)

The amendment is effective for financial years beginning on or after 1 January 2025.

Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

(issued May 2024)

The amendment is effective for financial years beginning on or after 1 January 2026.

Trafalgar Property Group Plc

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2024

IFRS 18 Presentation and Disclosure in Financial Statements

(issued April 2024)

This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The amendment is effective for financial years beginning on or after 1 January 2027.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

(issued May 2024)

The amendment is effective for financial years beginning on or after 1 January 2027.

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

Adoption of the following standards does not have an impact on the consolidated financial statement of the Group:

Amendment to IAS 7 and IFRS 7 – Supplier finance

(issued May 2023)

The amendment is effective for financial years beginning on or after 1 January 2024

The Group considers there will be no material impact on its consolidated financial statements from these amendments.

Amendments to IFRS 16, Lease liability in a Sale and Leaseback

The amendment is effective for financial years beginning on or after 1 January 2024

The Group considers there will be no impact on its consolidated financial statements from these amendments.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

(issued January 2020)

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.

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

Trafalgar Property Group Plc

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2024

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.

Business Combination

On the acquisition of a subsidiary, the business combination is accounted for using the acquisition method. The cost of an acquisition is measured as the aggregated amount of the fair value of the consideration transferred, measured at the date of acquisition. The consideration paid is allocated to the assets acquired and liabilities (including contingent liabilities) assumed on the basis of fair values at the date of acquisition. Acquisition costs are expensed when incurred and included in general and administrative expenses.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the company 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.

Trafalgar Property Group Plc

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2024

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 Company:

- 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.

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, including trade and other receivables, are initially recognized at the transaction price and subsequently measured at amortised cost using the effective interest rate method.

Trade payables

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

Convertible loan notes

Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity. Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity. The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.

Share capital

Ordinary share capital is classified as equity. Interim ordinary dividends are recognised when paid and final ordinary dividends are recognised when they are authorized and are no longer at the discretion of the entity and as a liability in the year in which they are approved.

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GROUP ACCOUNTING POLICIES

For the year ended 31 March 2024

Deferred shares were created as part of a subdivision of shares but carry no voting rights and no right to participate in the profits of the company.

Impairment of financial assets

IFRS 9 offers two approaches for measuring and recognizing the loss allowance: General and Simplified. The general approach should be applied for all financial assets subject to impairment, except for trade receivables or contract assets (IFRS 15) without significant financing component, for these assets simplified approach should be applied. The Group's financial instruments measured at amortised cost falling within the scope of the standard are (i) trade and other receivables and (ii) cash and cash equivalents. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Financial liabilities:

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 de-recognise financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

CASH AND CASH EQUIVALENTS

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

INVENTORIES

Inventories consist of the original acquisition of land for development, including costs associated with planning, and 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, less accumulated depreciation and accumulated 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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

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."

Trafalgar Property Group Plc

GROUP ACCOUNTING POLICIES

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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 inventory 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.

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.

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.

Trafalgar Property Group Plc

GROUP ACCOUNTING POLICIES

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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 written down amount 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 11 to the financial statements.

Recognition of deferred tax assets

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

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 assets recoverable amount is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of (a) fair value less costs to sell and (b) value in use.

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.

At the year end there were no intangible assets held by the company.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 that of a regional property developer focused upon Kent, Surrey, Sussex and the M25 ring south of London together with investment in residential property.

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:

	2024	2023
	£	£
The Group’s revenue, which is all attributable to their principal activity, can be shown as follows:		
Rental Income	-	18,183
		18,183

	2024	2023
	£	£
Timing of Revenue are as follows:		
Rental income transferred over time	-	18,183
		18,183

	2024	2023
	£	£
Revenues analysed by geographic location are as follows:		
United Kingdom	-	18,183

2. LOSS FOR THE YEAR

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

	£	£
Subcontractor costs and cost of inventories recognised as an expense	(78)	1,150
Write-off of Inventory	-	29,750
	(78)	30,900
Impairment of assets	25,000	-
Depreciation of property, plant and equipment	213	284
Auditor’s remuneration – audit services – Group	50,000	31,750
Auditor’s remuneration – other assurance services – Group	-	4,750

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	50,000	36,500
Operating expenses by nature:		
Employee expenses	104,433	228,184
Depreciation	213	284
Legal and professional fees	205,635	217,886
Management Fees	-	78,591
Office rent and associated costs	19,705	19,740
Insurance	11,299	9,835
Mortgage redemption costs	20,511	10,187
Other expenses	17,830	7,221
	379,626	571,928

The Group incurred direct operating expenses totalling £3,637 (2023: £8,033) which did not generate any rental income in the year

3. EMPLOYEES AND DIRECTORS' REMUNERATION

Staff costs during the year were as follows:

	2024	2023
	£	£
Wages and salaries	78,000	185,567
Social security costs	8,943	20,627
Other pension costs	17,490	21,990
	104,433	228,184

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

	2024	2023
	Number	Number
Directors	4	6
Mr C Johnson and Mr A Johnson are directors of subsidiary entities		
Management	1	1

Directors Remuneration was as follows:

	2024	2023
	£	£
- Emoluments for qualifying services J Dubois	-	8,333
- Emoluments for qualifying services A Johnson (director of subsidiary entity)	60,000	60,000
- Emoluments for qualifying services P Treadaway	-	50,000
- Emoluments for qualifying services P Challinor	-	6,731
- Emoluments for qualifying services N Lott	-	3,333
- Emoluments for qualifying services G Thorneycroft	-	39,169
	60,000	167,566

Highest paid director – gross salary including company pension contributions was £60,000 (2023 - £61,800)

There are retirement benefits accruing to Mr C Johnson (director of subsidiary entities) for whom a Company contribution was paid during the year of £16,800 (2023: £18,000), Mr A Johnson (director of subsidiary entities) £1,800(2023: £1,800) and Mr G Thorneycroft £Nil (2023: £1,500).

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For the year ended 31 March 2024

4. 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 (2023: £920) has been accounted for in the profit & loss within cost of sales. Total interest in the year of £129,333 (2023: £86,451) has been paid and accrued on general funding loans, loan notes and on rental property mortgage loan plus an adjustment for the loan note equity reserve due to the CLN being converted at the year end. Further details are provided in notes 13 and 15.

	2024	2023
	£	£
Mr C Johnson		-
DFM Pension Scheme (pension scheme for J Dubois (former director))	-	1,559
G Howard	10,000	10,000
C Rowe	-	584
Mrs S Johnson	-	198
Loan notes - Mr C Johnson	107,204	80,165
Paragon mortgage	11,424	30,422
Bank loan	705	920
	<u>129,333</u>	<u>123,848</u>

5. TAXATION

	2024	2023
	£	£
Current tax	-	-
Tax charge	<u>-</u>	<u>-</u>

UK corporation tax rate has been reviewed upward to 25% effective April

	2024	2023
	£	£
Loss on ordinary activities before tax	(516,723)	(843,626)
Based on (loss) for the year:		
Tax at 19% (2022: 19%)	(98,177)	(160,289)
Unrelieved tax losses		-
Impairment		-
Tax losses carried forward	98,177	160,289
Tax charge for the year	<u>-</u>	<u>-</u>

Deferred tax

No deferred tax assets have been provided in respect of property revaluation as there are historical losses upon which to offset. As at the 31 March 2024, the Group had cumulative tax losses of £6,704,650 (2022: £6,296,440) that are available to offset against future taxable profits of the same trade.

	2024	2023
	£	£
Fair value movement on property revaluation	-	(122,751)
Tax at 19%	-	(23,323)
Tax losses available	-	23,323
Deferred tax for the year	<u>-</u>	<u>-</u>

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The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits. UK corporation tax rate has been reviewed by the Group as a result of this changes.

6. (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:

	2024	2023
	£	£
(Loss) for the year	(516,723)	(843,626)
Weighted average number of shares for basic (loss) per share	354,915,789	249,525,835
Weighted average number of shares for diluted (loss) per share	354,915,789	249,525,835
(Loss) per Ordinary Share:		
Basic	<u>(0.15)p</u>	(0.34)p
Diluted	<u>(0.15)p</u>	(0.34)p

7. PROPERTY, PLANT AND EQUIPMENT

Plant and equipment	2024	2023
	£	£
Cost		
At 1 April	32,790	7,790
Additions	-	25,000
Impairment	(25,000)	-
At 31 March	<u>7,790</u>	<u>32,790</u>
Depreciation		
At 1 April	6,937	6,653
Charge for the year	213	284
At 31 March	<u>7,150</u>	<u>6,937</u>
Net book value at 31 March	<u>640</u>	<u>25,853</u>

The impaired asset related to the hydroponic equipment held in Life Hydroponic Assets Ltd. The directors considered that as the company had not commenced to trade and the technology in the hydroponic space was forever changing that the asset would now unlikely be able to attract any proceeds should it be necessary for it to be sold. The corresponding creditor balance of £18,333 that remained outstanding was also written off from trade creditors.

8. CURRENT ASSET: INVESTMENT PROPERTIES

	2024	2023
	£	£
FAIR VALUE		
As at 01 April	927,249	1,712,000
Additions	-	-
Disposals	(927,249)	(662,000)
Fair Valuation Adjustment	-	(122,751)
31 March	<u>-</u>	<u>927,249</u>

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NET BOOK VALUE

As at 31 March	-	927,249
Fair Value at 31 March is represented by:		
Revaluation in 2024 (2023: at revalued amount)	-	927,249
Loss on Disposal:		
Fair value	927,249	662,000
Disposal proceeds (net of costs)	927,249	649,618
Loss on Disposal	-	12,382

In 2023, fair value has been assessed by using level 3 fair value hierarchy and using the selling price achieved following the sale of the remaining asset in September 2023.

9. TRADE AND OTHER RECEIVABLES

	2024	2023
	£	£
Other receivables	39,269	2,300
Other taxes	13,467	9,457
Prepayments	26,840	22,276
	79,576	34,033

No IFRS9 provision has been recognized on the above financial instruments on the basis that this provision has been deemed to be immaterial.

10. 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.

	2024	2023
	£	£
Cash and cash equivalents	8,906	17,148

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

11. INVENTORY

	2024	2023
	£	£
Work in progress	775,374	317,796

Inventories recognised as an expense during the period totalled £nil (2023: £nil). Borrowing costs capitalized in the year total £38,208 (2023: – £6,393).

Write-down of inventories recognised as an expense in the period totalled £nil (2023: £29,750). For 2023, it was due to the owners of the Leatherhead site taking an alternative offer for their project from an independent third party.

Inventories pledged as security for liabilities as at the year end totalled £275,000 (2023: £275,000).

A 10% fall in the estimated future value of the property would result in an impairment totalling £80,000.

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12. TRADE AND OTHER PAYABLES

	2024	2023
	£	£
Trade payables	152,745	122,697
Taxation & social security	12,130	14,211
Accruals	120,739	85,955
	<u>285,614</u>	<u>222,863</u>

13. BORROWINGS

	2024	2023
	£	£
Directors' loans	2,219,819	3,086,949
Other loans	719,500	560,000
Bank loans - see under	476,410	800,965
	<u>3,415,729</u>	<u>4,447,914</u>
Being:		
Less than one year	-	874,697
More than one year	3,415,729	3,573,217
	<u>3,415,729</u>	<u>4,447,914</u>

Historic loan notes with a nominal value of £600,000 and £200,000 respectively were rolled up in to a new convertible loan note agreement in the year 2022 along with related party loans of £105,000 to create a new convertible loan note with a nominal value of £905,000. The liability in respect of this transaction is disclosed within directors loans above with a present value as at 31st March 2024 of £nil due to the conversion of the loan notes during the period (2023: £797,796). As a financial instrument with both debt and equity components, an amount had been recognised directly into a Loan Note Equity Reserve on issue, , with the debt element being unwound at an implied interest rate of 10% and the interest recognized through profit and loss. During the year, the Loan Note Equity Reserve was reversed following the conversion of the Loan Note. Refer to note 14 for further details.

The remaining directors loan balance is disclosed in note 15.

Included in other loans is £560,000 (2023: £560,000) advanced by Mr G Howard (son-in-law to Mr C Johnson) to the Company at rates of 10% & 5% per annum (2023: 10% & 5% pa) and loans provided during the year by Period Homes at £134,500 and Forum Energy Services Ltd at £25,000. Details of the negotiated loan interest reduction with Mr G Howard for accrued interest are given in note 17.

Selmat had also granted to Paragon Mortgages a legal charge over the freehold property at Hildenborough. The mortgage was interest only, for a term of seven years with a fixed interest rate for the first five years. The property had been rented out but was sold during the year.

The bank borrowings are repayable as follows:

	2024	2023
	£	£
On demand or within one year		-
In the second year		-
In the third to fifth years inclusive		-
After five years	476,410	800,965
	<u>476,410</u>	<u>800,965</u>
Less amount due for settlement within twelve months (included in current liabilities)		<u>-</u>
Amount due for settlement after twelve months	<u>476,410</u>	<u>800,965</u>

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

Bank loans: 3.4 % (2023: 3.4%)

All of the Directors' loans are repayable after more than 1 year . All loans are interest bearing and charged accordingly. However, Mr C Johnson has waived his right to interest in the current year and the previous year. Interest of £nil (2023: £1,559) was paid to Mr J Dubois at the rate of 12% pa (2022: 12% pa).

14. SHARE CAPITAL

Issued allotted & paid share capital	2024 Number	2023 Number
Ordinary shares		
Ordinary shares of 0.1p in issue	275,852,371	142,519,038
Ordinary shares of 0.1p issued in year	377,250,000	133,333,333
Total ordinary shares of 0.1p in issue	<u>653,102,371</u>	<u>275,852,371</u>
Deferred shares		
Deferred shares of 0.9p in issue	287,144,228	287,144,228
Deferred shares of 0.9p arising in year	-	-
Total Deferred shares of 0.9p in issue	<u>287,144,228</u>	<u>287,144,228</u>

Background and current year position - Ordinary shares, warrants and loan notes

Ordinary Shares:

On 18 August 2023, the company issued 125,000,000 new ordinary shares at 0.1p as a result of placing of shares that raised gross proceeds of £125,000. The funds raised provide the Company with additional working capital.

On 27 March 2024, 26,000,000 ordinary shares at 0.1p per ordinary share were issued in order to settle certain liabilities amounting to £26,000.

On 27 March 2024, a convertible loan note with an aggregate amount of £905,000 was fully converted into 226,250,000 ordinary shares at 0.4p per ordinary shares. Previously, in year 2022, the Company agreed with Mr C Johnson a consolidation and variation of terms of the two unsecured convertible loan notes and direct debt held by him. As a result of the consolidation and variation agreement, the total amount owed to Mr C. Johnson was converted into an unsecured convertible loan note with an aggregate amount of £905,000, which was set to expire on 31 July 2024 but was fully converted into equity during the year. Further to the conversion, Mr C Johnson has instructed the Company's Broker, Peterhouse Capital Limited ("Peterhouse") to immediately place the entirety of the 2022 Conversion Shares, at a price of £0.00044 per share (a 12% discount to the mid-market closing price of £0.0005 on 20 March 2024, the last practical date prior to this announcement), raising £99,550. Of the £99,550 total cash consideration received by Mr C Johnson for the 2022 Conversion Shares, £50,000 is to be subscribed for by Paul Treadaway, Trafalgar's Chief Executive Officer, and £10,000 by Gary Thorneycroft, the Company's Group Financial Director.

Deferred Shares:

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.

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

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rights of participation in the assets of the Company. The Company has the right to purchase the deferred shares in issue at any time for no consideration.

Issued, allotted and fully paid	2024	2023
	£	£
Ordinary shares b/fwd	275,852	142,519
Deferred shares b/fwd	2,584,298	2,584,298
Issued in year - ordinary shares	377,250	133,333
Issued in year – deferred shares	-	-
	<u>3,237,400</u>	<u>2,860,150</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 (2023: 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.

15. RELATED PARTY TRANSACTIONS

Mr C Johnson, a subsidiary Director who served during the year, held 18,681,580 ordinary 0.1p shares in the Group as at 31 March 2024 (2023 18,681,580 ordinary 0.1p).

Mr N Lott, who served as a Director during the year, held 50,000 ordinary 0.1p shares in the Group as at 31 March 2024 (2023: 50,000 ordinary 0.1p).

Mr P Treadaway who served as a Director during the year, held 133,409,829 ordinary 0.1p shares in the Group as at 31 March 2024 (2023: 19,733,466 ordinary 0.1p).

Mr G Thorneycroft who served as a Director during the year, held 23,327,273 ordinary 0.1p shares in the Group as at 31 March 2024 (2023: 600,000 ordinary 0.1p).

Further details relating to warrants can be found under note 16.

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

	2024	2023
	£	£
Mr C Johnson		
Opening balances	3,123,798	2,938,382
Loan repayments	(993,297)	(63,255)
Personal drawings	(15,283)	(19,587)
Capital injected	104,600	268,258
Balance carried forward	<u>2,219,818</u>	<u>3,123,798</u>
J Dubois		
Opening balances	-	100,000
Loan repayments	-	(100,000)
Balance carried forward	<u>-</u>	<u>-</u>
P Treadaway		
Opening balance	(36,849)	-
Drawn in year	(120)	(36,849)
Closing balance	<u>(36,969)</u>	<u>(36,849)</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

Mr C Johnson's Loan bore interest during the year at 5% (2023: 5% pa), but he has chosen to forego the interest as he did in 2023. Mr C Johnson was due interest of £nil in the year (2023: £nil). Mr C 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 £nil (2023: £1,559) at 12% pa interest (2022: 12% pa). This loan was fully repaid on 16th May 2022.

Mr. G. Howard (son-in-law to Mr. C Johnson) had previously advanced loans of £560,000 (2023: £560,000) to the Company at rates of 10% & 5% per annum (2023: 10% & 5% pa)

During the year rents were paid of £9,142 (2023: £10,000) to the Combe Bank Homes Pension Scheme which owns the freehold offices at Chequers Barn. Mr C Johnson is a Trustee and Beneficiary of that Pension Scheme.

During the year payments amounting to £1,938 (2023: £15,900) were made to Real Time Accounting Ltd for bookkeeping services. Gary Thorneycroft is a majority shareholder and director of Real Time Accounting Ltd.

During the year payments amounting to £nil (2023: £12,000) were made to May Barn Horticultural Consultancy Ltd, for hydroponic consultancy services, a company that Dr P Challinor was a director and major shareholder During the year it was agreed to write-off the balance due to May Barn of £18,333 for the hydroponic assets owned by Dr P Challinor on the basis that both parties have agreed to waive the amount payable.

16. SHARE WARRANTS

Following the conversion of the 2022 CLN with Mr C Johnson the warrants attaching to that CLN have now expired and there are no warrants remaining.

17. CAPITAL CONTRIBUTION RESERVE

The capital contribution reserve of £400,147 (2023: £400,147) related to the renegotiation of interest accruing on loans from Mr G Howard to below market rate terms. Interest was reduced from 10% pa to 5% pa for the entire term of the loans and is now non compound.

As Mr. G Howard is related to Mr. C Johnson, a related party, a Capital Reserve was created. In the current year, a further provision of £nil (2023:242,370) was recognized as a result of Mr. Howard waiving all interest due on the loan outstanding.

18. CATEGORIES OF FINANCIAL INSTRUMENTS

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

Financial Risk Management

The Group and Company's financial instruments comprise investments designated at fair value through profit or loss, cash and various items such as trade and other receivables, and trade and other payables, all of which arise directly from its normal operations. The carrying values of all of the Group and Company's financial instruments approximate their fair values at 31 March 2024 and 31 March 2023. The Accounting Policies described on pages 29 - 30 outlines how the financial instruments are measured.

Through its normal operations the Group is exposed to a number of financial risks. The Board reviews and agrees policies for managing each of these risks as summarised below:

Trafalgar Property Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

Capital risk management

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

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and convertible debt are disclosed on pages 23 to 31 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 original bank loan with Lloyds Bank has been replaced by a loan with CPF One Ltd after the year end, following completion of the construction work, changing from a variable rate basis on to a fixed rate facility.,
- renegotiation of interest rates on some of the other loans from 10% to 5% (all fixed rates) all then being forgone by the lender,
- partial repayments made in the year on other loans and,

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. There is limited exposure due to no trade receivables and that the primary exposure relates to cash and cash equivalents, which are all deposited with reputable banks.

Liquidity risk management

This is the risk of the Group not being able to continue to operate as a going concern. The sale of the completed Speldhurst property, that is on the balance sheet at cost, will provide cash flow to the business. The new project at Talbot Park, once planning permission is granted, is expected to provide a good profit as it will allow two properties to be built and sold. Current financing is provided by external financial institutions supported by Mr C Johnson.

The Directors have, after careful consideration of the risks 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.

Trafalgar Property Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

Financial liabilities	31 March 2024			
	Total	Due within One year	Due within one to five years	Due over Five years
	£	£	£	£
Trade payables	273,484	273,484	-	
Borrowings – Directors’ loan	2,219,819	-	2,219,819	
Borrowings – Bank loan	476,410	-	-	476,410
Borrowings – Other loans	719,500	159,500	560,000	-
Total	3,689,213	432,984	2,779,819	476,410

Financial liabilities	31 March 2023			
	Total	Due within One year	Due within one to five years	Due over Five years
	£	£	£	£
Trade payables	208,652	208,652		
Borrowings – Directors’ loan	3,086,949	874,697	2,212,252	
Borrowings – Bank loan	800,965			800,965
Borrowings – Other loans	560,000		560,000	
Total	4,656,566	1,083,349	2,772,252	800,965

19. NET DEBT RECONCILIATION

	2024	2023
	£	£
Cash at bank	8,906	17,148
Cash and cash equivalents	8,906	17,148
Borrowing repayable (including overdrafts)	(3,415,728)	(4,447,914)
Net Debt	(3,406,822)	(4,430,766)

	Cash and liquid investment	Gross borrowings with a fixed interest rate	Total cash and liquid investments
	£	£	£
Net debt as at 31 March 2022	12,753	(3,924,724)	(3,911,971)
Cash flows	4,395	(523,190)	(518,795)
Net debt as at 31 March 2023	17,148	(4,447,914)	(4,430,766)
Cash flows	(8,242)	1,032,186	1,023,944
Net debt as at 31 March 2024	8,906	(3,415,728)	(3,406,822)

20. 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.

As stated in the announcement by the Group on 29 May 2024 we are in discussions with parties relating to a potential reverse takeover, non-binding heads of terms have been signed. These discussions continue and further announcements will be made in due course. A further announcement on 03 June 2024 stated that Ecap Esports Ltd had agreed to loan the Company the sum of £250,000, the proceeds of which will be ring fenced to cover costs associated with the proposed reverse takeover, should the transaction not occur. As announced in March 2024 Mr C Johnson introduced £99,550 into Trafalgar by way of a loan being the consideration he received for the 2022 Conversion Shares. In return, Trafalgar will issue Mr C Johnson with a new, nil coupon, unsecured convertible loan note (the "2024 CLN"). The 2024 CLN will be convertible in full into 226,250,000 Ordinary Shares at £0.00044 per ordinary share ("2024 CLN Exercise Price") and can be converted at any time by Mr C Johnson, subject inter alia to his entire holding being less than 29.99 per cent of the voting rights in issue in the Company. At the date of these financial statements this CLN has not yet been signed.

2024 CLN Issue

Further to the conversion of 2022 CLN, in order to provide additional funds to the Company, Mr C Johnson has agreed to reinvest the entirety of the £99,550 consideration he will receive for the 2022 Conversion Shares back into the Company. In return, Trafalgar will issue Mr C Johnson with a new, nil coupon, unsecured convertible loan note (the "2024 CLN"). The 2024 CLN will be convertible in full into 226,250,000 Ordinary Shares at £0.00044 per ordinary share ("2024 CLN Exercise Price") and can be converted at any time by Mr C Johnson, subject inter alia to his entire holding being less than 29.99 per cent of the voting rights in issue in the Company.

As per Company Act 2006, the Company is required to convene a general meeting in order to undertake a share reorganisation (the "Reorganisation"). A circular ("Circular") containing further details of the Reorganisation and notice of the general meeting to approve the resolutions is required to implement the Reorganisation, and was expected to be published and dispatched to Trafalgar's shareholders last 31 May 2024, but a postponement was announced on 30 May 2024 following a disclosure dated 29 May 2024 regarding a discussion on a potential reverse takeover and that its shares is being suspended from trading on AIM, thereby postponing the posting of the said Circular for the required general meeting.

New Loan Agreement with Ecap Esports Ltd.

On 3 June 2024, the Group announced that it has entered into a loan agreement with Ecap Esports Ltd ("Ecap Esports"). Ecap Esports has agreed to loan the Company the sum of £250,000, the proceeds of which will be ringfenced to cover costs associated with the recently announced proposed reverse takeover, should the transaction not occur. In the event the proposed transaction does not complete, any funds remaining following payment of all accrued transaction fees shall be returned to the lender. The loan bears no interest.

Trafalgar Property Group Plc

COMPANY BALANCE SHEET

For the year ended 31 March 2024

	Note	2024 £	2023 £
Fixed Assets			
Investments	7	-	-
Current assets			
Debtors	8	32,140	54,220
Cash at bank and in hand		3,406	3,842
		<u>35,546</u>	<u>58,062</u>
TOTAL ASSET		<u>35,546</u>	<u>58,062</u>
EQUITIES & LIABILITIES			
Current liabilities			
Trade & other payables	9	224,856	961,756
Non-current liabilities			
Borrowings	10	25,000	-
		<u>249,856</u>	<u>961,756</u>
TOTAL LIABILITIES		<u>249,856</u>	<u>961,756</u>
NET (LIABILITIES)		<u>(214,310)</u>	<u>(903,694)</u>
Equity – attributable to the owners of the Parent			
Called up share capital	12	3,237,400	2,860,150
Share premium account		4,136,240	3,484,915
Loan note equity reserve		-	107,204
Profit and loss account		(7,587,950)	(7,355,963)
		<u>(214,310)</u>	<u>(903,694)</u>
TOTAL EQUITY AND LIABILITIES		<u>35,546</u>	<u>58,062</u>

The loss for the financial year dealt with in the financial statements of the Parent Company was loss of £339,191 (2023: loss £408,699).

The financial statements were approved by the Board of Directors on 24 September 2024 and authorised for issue and are signed on its behalf by:

P Treadaway: ... *Paul Treadaway* G Thorneycroft: ... *Gary Thorneycroft*

Company Registration Number: 04340125

The notes on pages 45 to 52 form an integral part of these financial statements

Trafalgar Property Group Plc
COMPANY STATEMENT OF CHANGES IN EQUITY
31 March 2024

	Share Capital	Share Premium	Loan Note Equity Reserve	Profit & loss account	Total Equity
	£	£	£	£	£
At 1 April 2022	2,726,817	3,250,249	30,303	(6,947,264)	(939,895)
Loss for the year	-	-	-	(488,864)	(488,864)
Total comprehensive loss for the year	-	-	-	(488,864)	(488,864)
Movement in Loan note equity reserve			76,901	80,165	157,066
Shares issued during the year net of costs	133,333	234,666	-	-	367,999
At 31 March 2023	2,860,150	3,484,915	107,204	(7,355,963)	(903,694)
At 1 April 2023	2,860,150	3,484,915	107,204	(7,355,963)	(903,694)
Loss for the year	-	-	-	(339,191)	(231,987)
Total comprehensive loss for the year	-	-	-	(339,191)	(231,987)
Loan Note Equity Reserve			(107,204)	107,204	-
Shares issued during the year on conversion of loan notes	226,250	678,750		-	905,000
Shares issued during the year net of costs	151,000	(27,425)		-	123,575
At 31 March 2024	3,237,400	4,136,240	-	(7,587,950)	(214,310)

Further details of share capital are shown in Note 12.

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. The remaining balance has been reversed following the conversion of the loan note during the year (2023: adjustment of £76,901)

The notes on pages 45 to 52 form an integral part of these financial statements.

Trafalgar Property Group Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS

31 March 2024

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 residential property development and charges an appropriate management fee for general costs incurred 2024 - £43,344 (2023 - £78,591). The Company is a private company limited by shares and 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102, ‘The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (‘FRS 102’)

 and the Companies Act 2006. The principal accounting policies are described below. They have all been applied consistently throughout the year and preceding year.

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) GOING CONCERN

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

The board are also continuing to consider a reverse takeover and have taken a loan from the target company to cover any abort fees should the deal not complete, as stated in note 14 to the Company financial statements.

During the year the Company raised £125,000 before costs for working capital purposes by way of an issue of 125,000,000 shares at 0.1p per share, issued 26,000,000 shares at 0.1p to settle outstanding creditor balances and crystallised the 2022 CLN with Mr C Johnson by way of an issue of 226,250,000 shares at 0.4p per share.

As indicated in note 14, subsequent to the balance sheet date, the Company has raised £99,550 from a contribution by Mr C Johnson following the conversion of his 2022 CLN at the year end. This is to be used for working capital purposes. A new CLN is to be issued to Mr C Johnson as stated in note 14. 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.

However, given that a degree of uncertainty exists in the timing of future sales, the Company’s ability to raise further funds through share placements and the potential reliance on further funding been provided by the directors and management’s ability to refinance all loans due in the next twelve months, there exists a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern.

(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, 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) 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, 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 totaling £nil (2023: £905,000) in full, into 226,250,000 ordinary shares at 0.4p per ordinary share and can be convertible at any time by Mr C Johnson for two years from July 2022, further details are provided within note 12.

As stated in note 12, the convertible debt was converted during the year.

The accounting policies adopted for specific financial liabilities and convertible debts are set out below.

Trafalgar Property Group Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS

31 March 2024

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.

All balances with subsidiaries have been fully impaired during the year

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 £339,191 (2023: Loss £408,699).

6. EMPLOYEES AND DIRECTORS' REMUNERATION

	2024	2023
	£	£
Directors' fees	-	107,567
Social security costs	-	11,211
Directors' pension contribution	-	1,500
Management fees	-	-
	-	120,278

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

	2024	2023
	Number	Number
Directors and management	4	5

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

Additional directors remuneration of £60,000 (2023: £60,000) was paid to a director through subsidiary entities.

Trafalgar Property Group Plc
NOTES TO THE COMPANY FINANCIAL STATEMENTS
31 March 2024

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.

Valuation	2024	2023
Cost:		
At 1 April	3,855,438	3,855,338
Additions	-	100
At 31 March	<u>3,855,438</u>	<u>3,855,438</u>
Impairment:		
At 1 April	(3,855,438)	(3,855,338)
Additions	-	(100)
At 31 March	<u>(3,855,438)</u>	<u>(3,855,438)</u>
Net Value at 31 March	<u>-</u>	<u>-</u>

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
Life Hydroponic Assets Ltd	Ordinary shares	100%	Holding of hydroponic assets
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 2024

8. DEBTORS

	2024	2023
	£	£
Amounts owed by Group undertakings	-	36,298
Other debtors	32,140	17,922
	<u>32,140</u>	<u>54,220</u>

All amounts owed by Group undertakings £36,298 (2023 – nil) have been impaired during the year.

9. TRADE AND OTHER PAYABLES

	2024	2023
	£	£
Trade creditors	143,457	95,754
Taxation and social security	637	20,191
Accruals / Other creditors	62,004	27,545
Directors' loan	-	789,947
Amounts owed to Group undertakings	18,758	28,319
	<u>224,856</u>	<u>961,756</u>

The loan with its subsidiary is interest free and repayable on demand.

10. BORROWINGS

	2024	2023
	£	£
Other loans	25,000	-
	<u>25,000</u>	<u>-</u>

Other loans are related to loans provided by Forum Energy Services Ltd at £25,000 (2023: £nil), a shareholder of the Company. This loan is interest free and repayable on demand.

11. FINANCIAL INSTRUMENTS

Financial assets	2024	2023
	£	£
Financial assets:		
Financial assets measured at amortised cost:		
Amounts owed by group undertakings and other debtors	32,140	54,220
Financial liabilities:		
Financial liabilities measured at amortised cost	170,369	914,020

Financial liabilities includes Trade creditors, Other creditors and Amount due to group undertakings.

12. SHARE CAPITAL

Issued, allotted and paid share capital

	2024	2023
	Number	Number
Ordinary shares:		
Ordinary shares of 0.1p in issue	275,852,371	142,519,038
Ordinary shares of 0.1p issued in year	377,250,000	133,333,333
Total Ordinary Shares of 0.1p in issue	653,102,371	275,852,371
Deferred shares:		
Deferred shares of 0.9p in issue	287,144,228	287,144,228
Deferred shares of 0.9p arising in year	-	-
Total Deferred Shares of 0.9p in issue	287,144,228	287,144,228

Issued, allotted and paid share capital

	2024	2023
	£	£
Ordinary shares:		
Ordinary shares of 0.1p in issue	275,852	142,519
Ordinary shares of 0.1p issued in year	377,250	133,333
Total Ordinary Shares of 0.1p in issue	653,102	275,852
Deferred shares:		
Deferred shares of 0.9p in issue	2,584,298	2,584,298
Deferred shares of 0.9p arising in year	-	-
Total Deferred Shares of 0.9p in issue	2,584,298	2,584,298
Total Ordinary and Deferred Shares issued	3,237,400	2,860,150

Background – ordinary shares, warrants and loan notes

Ordinary Shares:

On 18 August 2023, the company issued 125,000,000 new ordinary shares at 0.1p as a result of placing of shares that raised gross proceeds of £125,000. The funds raised provide the Company with additional working capital.

On 27 March 2024, 26,000,000 ordinary shares at 0.1p per ordinary share were issued in order to settle certain liabilities amounting to £26,000.

On 27 March 2024, a convertible loan note with an aggregate amount of £905,000 was fully converted into 226,250,000 ordinary shares at 0.4p per ordinary shares. Previously, in year 2022, the Company agreed with Mr C Johnson a consolidation and variation of terms of the two unsecured convertible loan notes and direct debt held by him. As a result of the consolidation and variation agreement, the total amount owed to Mr C Johnson was converted into an unsecured convertible loan note with an aggregate amount of £905,000, which was set to expire on 31 July 2024 but was fully converted into equity during the year. The conversion of the total amount owed to him by the Company has resulted in the issue to Mr C Johnson of an unsecured convertible loan note for an aggregate amount of £905,000, expiring 31 July 2024, which was converted during the year. Further to the conversion, Mr C Johnson has instructed the Company's Broker, Peterhouse Capital Limited ("Peterhouse") to immediately place the entirety of the 2022 Conversion Shares, at a price of £0.00044 per share (a 12% discount to the mid-market closing price of £0.0005 on 20 March 2024, the last practical date prior to this announcement), raising £99,550. Of the £99,550 total cash consideration received by Mr C Johnson for the 2022 Conversion Shares, £50,000 is to be subscribed for by Paul Treadaway, Trafalgar's Chief Executive Officer, and £10,000 by Gary Thomeycroft, the Company's Group Financial Director.

Deferred Shares:

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.

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.

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. In addition, there were no transactions with Forum Energy Services Ltd, the provider of a shareholders loan, as per note 10.

14. SUBSEQUENT EVENTS

2024 CLN Issue

Further to the conversion of 2022 CLN, in order to provide additional funds to the Company, Mr C Johnson has agreed to reinvest the entirety of the £99,550 consideration he will receive for the 2022 Conversion Shares back into the Company. In return, Trafalgar will issue Mr C Johnson with a new, nil coupon, unsecured convertible loan note (the "2024 CLN"). The 2024 CLN will be convertible in full into 226,250,000 Ordinary Shares at £0.00044 per ordinary share ("2024 CLN Exercise Price") and can be converted at any time by Mr C Johnson, subject inter alia to his entire holding being less than 29.99 per cent of the voting rights in issue in the Company.

As per Company Act 2006, the Company is required to convene a general meeting in order to undertake a share reorganisation (the "Reorganisation"). A circular ("Circular") containing further details of the Reorganisation and notice of the general meeting to approve the resolutions is required to implement the Reorganisation, and was expected to be published and dispatched to Trafalgar's shareholders last 31 May 2024, but a postponement was announced on 30 May 2024 following a disclosure dated 29 May 2024 regarding a discussion on a potential reverse takeover and that its shares is being suspended from trading on AIM, thereby postponing the posting of the said Circular for the required general meeting.

Trafalgar Property Group Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS

31 March 2024

New Loan Agreement with Ecap Esports Ltd.

On 3 June 2024, the Group announces that it has entered into a loan agreement with Ecap Esports Ltd ("Ecap Esports"). Ecap Esports has agreed to loan the Company the sum of £250,000, the proceeds of which will be ringfenced to cover costs associated with the recently announced proposed reverse takeover, should the transaction not occur. In the event the proposed transaction does not complete, any funds remaining following payment of all accrued transaction fees shall be returned to the lender. The loan bears no interest.

15. CONTROLLING PARTY

The company has no controlling party.

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 54.

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 2024, 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 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 Paul Treadaway as a Director; Paul is retiring by rotation and submitting himself for re-election.

Special business at the AGM

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

- (a) Resolutions 5 and 6: 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 38% 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 38% 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 2025 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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2024 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 2024, for the following purposes:

RESOLUTIONS

Ordinary business

To consider and, if thought fit, to pass resolutions 1 to 4 as ordinary resolutions:

1. To receive and adopt the directors' report, the auditor's report and the Company's accounts for the year ended 31 March 2024.
2. To re-appoint MHA 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 2025.
3. To authorise the Directors to determine the remuneration of the auditor.
4. To re-appoint Paul Treadaway as an executive director of the Company.

Special business

To consider and, if thought fit, to pass resolution 5 as an ordinary resolution and resolutions 6 as special resolution:

5. 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 2025 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.
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 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 5 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 2025 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.

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

Dated: 24 September 2024

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 17 October 2024.

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 17 October 2024.

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 17 October 2024 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.