

17 July 2015

TRAFALGAR NEW HOMES PLC
("Trafalgar" or the "Company")

FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2015

Trafalgar (AIM: TRAF), the residential property developer operating in southeast England, announces its audited results for the year ended 31 March 2015. A copy of the annual report and accounts will shortly be available from the Company's website, www.trafalgar-new-homes.co.uk.

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CHAIRMAN'S STATEMENT

The period under review has been disappointing, as much of our recent efforts have been devoted to our Staplehurst site where we have, unfortunately, been refused planning permission to date. However, we are confident that we will in due course be able to use this land for a major development.

We have also experienced significant delays and cost over-runs during this past year on the completion of our Oakhurst Park Gardens development in Kent. The Group incurred a substantial increase in construction cost (due to the liquidation of the building contractor and the requirement to replace it with others to complete the development) and an additional and substantial increase in the financing cost of the development due to the time delays. The banking finance cost of this development amounted to circa £1,300,000, a figure considerably greater than anticipated. During the period under review we sold a total of seven of the remaining eight units, leaving one unsold at the year-end.

Business Environment

The Group continues to specialise in small developments in Kent, Surrey, Sussex and the M25 ring south of London, a strategy that positions us in a niche market place, between local builders and larger house building companies in the high demand area of the South East. The Directors are confident that the demand for new housing in the areas in which we operate remains strong.

Now that the Election has passed, we are looking forward to a period of sustained stability for the residential property market. The Board believes we are well positioned to undertake some selected profitable developments over the next few years.

Financials

The year under review saw Group turnover at £3,898,250 (2014: £3,368,500), with a loss before tax of £619,106 (2014: Loss £305,049). The underlying loss for the year was £620,641 (2014: Loss £205,843). The cash in bank at the end of the period was £490,770 (31 March 2014: £1,216,471).

Outlook

Additional land has been acquired to enable our development programme, as the Group seeks to return to profitability in 2016 and 2017. We are currently building at Ticehurst and Borough Green and we have two further development sites about to start. Further details of our existing developments are set out in the Strategic Report below.

We look forward to the future with increasing confidence.

James Dubois
Chairman
16th July 2015

STRATEGIC REPORT

Business review, results and dividends

The Consolidated Results of the year's trading, presented on the basis of accounting, are shown below. The Consolidated loss for the year amounted to £ 619,106 (2014: Loss £305,049).

Principal risks & uncertainties

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

The principal risks and uncertainties facing the Group are:

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

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

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

The Group focuses on a niche market sector of new home developments in the range of 4 to 20 units. Within this unit size, competition to purchase

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

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

Operations review

The expected turnover of the Group during the year was based upon the completion of the construction and sale of all eight of the remaining houses at its site at Oakhurst Park Gardens, Bank Lane, Hildenborough, Kent. In the event, seven of the eight were sold, leaving one house unsold at the year end.

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

	2015	2014
	£	£
Revenue for the year	3,898,250	3,368,500
Gross (loss) /profit	(290,791)	293,466
Loss after taxation	(619,106)	(305,049)

The revenue from the sales during the year of £ 3,898,250, reflects a gross sales income on the Oakhurst Park Gardens site of £ 6,498,250 and since the year end the final unit has been transferred to Christopher Johnson for £ 525,000 for repayment on his outstanding loans. It is anticipated that the gross sales revenue from this development will be circa £ 7,023,250, which is in excess of that anticipated at the outset.

Unfortunately, and as previously reported, the profitability of the site was substantially reduced because of the factors outlined in my previous Strategic Report which accompanied our results for the year ended 31/3/2014. The Group incurred a substantial increase in construction cost (due to the liquidation of the building contractor and the requirement to replace it with others to complete the development) and an additional and substantial increase in the financing cost of the development due to the time delays. The banking finance cost of this development amounted to circa £ 1,300,000, a figure considerably greater than anticipated.

As a result of the above, the Company recorded a loss for the year of £619,106.

On a positive note, work is well under way on our sites at Ticehurst, East Sussex and Borough Green, Kent and will shortly commence on our site at Tunbridge Wells, Kent. We have secured funding for all three sites on sensible commercial terms with the development funders (Coutts/Commercial Acceptances/Ratesetter) and having funded the early build stages on the Ticehurst site out of our own resources, we now have arrangements in place giving us 100% build finance on all three of the ongoing development sites mentioned above.

On the Sheerness site we have secured bank funding (Lloyds) for the construction of the development, again on a 100% of the build cost basis, and work will commence when we have chosen a building contractor for this site.

As can be seen our development programme (which will result in a mix of houses and luxury apartments in this current financial year) is well under way and fully funded which is encouraging and should result in a successful year.

Looking ahead, on our flagship site situated in Staplehurst, Kent, we have experienced severe planning delays/refusals and non-determinations which has been very frustrating. We are currently working on a further

application for planning permission for residential development on this site and, provided we are successful, this site will contribute to the profitability of the Group over the two years ending 31/03/2017 and 31/03/2018.

For 2017 and beyond, in addition to the Staplehurst and Sheerness sites, we have agreed to purchase a site in Edenbridge, Kent which has a planning permission for residential development of three houses. We continue to make offers for other sites on a regular basis, as we have no shortness of opportunities presented to us.

As before, though, we are concerned to ensure that any site we are interested in, shows a sensible return on capital employed and our offers for such sites are pitched accordingly. All of the sites we consider fall within our chosen area of operation, i.e. Kent, Sussex, Surrey and the southern outer London M25 ring, our favoured area of operation.

Again, we are unable to pay a dividend this year but the Group remains committed to the declaration and payment of a dividend as soon as possible. As before, the losses carried forward from previous year will continue to be available to mitigate future tax charges.

Our bankers continue their financial support for the Group and that, coupled with the loans from our private investors and your Directors, means that we have sufficient funds to fulfil our development programme to generate profitability for the Group going forward.

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.

Christopher Johnson
Director

16th July 2015

Trafalgar New Homes Plc
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2015

		Year ended	Year ended
	Note	31 March 2015 £	31 March 2014 £
Revenue		3,898,250	3,368,500
Cost of sales		4,189,041	3,075,034
Gross (loss)/profit		(290,791)	293,466
Administrative expenses		329,850	248,656
Underlying operating (loss)/profit*		(620,641)	44,810
AIM transaction costs		-	250,653
Operating (loss)		(620,641)	(205,843)
(Loss) before interest		(620,641)	(205,843)
Other interest receivable and similar income	2	1,535	794
Interest payable and similar charges	5	-	100,000
(Loss) before taxation		(619,106)	(305,049)
Tax payable on (loss)/profit on ordinary activities	6	-	-
(Loss) after taxation for the year attributable to equity holders of the parent		(619,106)	(305,049)
Other comprehensive income attributable to equity holders of the parent		-	-
Total comprehensive income for the year		(619,106)	(305,049)
(Loss)/profit attributable to:			
Equity holders of the Parent		(619,106)	(305,049)
Total comprehensive (loss)/income for the year attributable to:			
Equity holders of the Parent		(619,106)	(305,049)
(LOSS)/PROFIT PER ORDINARY SHARE;			
Basic/diluted	7	(0.26p)	(0.14p)

*Operating profit before AIM transaction costs.

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

The notes in the annual report and accounts are an integral part of these consolidated financial statements.

Trafalgar New Homes Plc
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2015

	Note	31 March 2015	31 March 2014
		£	£
Non-current assets			
Property, plant and equipment	8	648 648	863 863
Current assets			
Inventory	11	1,884,250	5,070,454
Trade and other receivables	9	81,244	2,425,257
Cash at bank and in hand	10	490,770	1,216,471
		2,456,264	8,712,182
Total assets		2,456,912	8,713,045
Liabilities: amounts falling due within one year			
Trade and other payables	12	(70,777)	(741,090)
Borrowings	13	(381,450)	(574,503)
Net current assets		2,004,037	7,396,589
Non-current liabilities			
Borrowings	13	(3,331,961)	(8,295,572)
Net liabilities		(1,327,276)	(898,120)
Capital and reserves			
Called up share capital	14	2,383,752	2,283,752
Share premium account	15	1,165,463	1,075,513
Reverse acquisition reserve		(2,817,633)	(2,817,633)
Profit & loss account		(2,058,858)	(1,439,752)
Equity - attributable to the owners of the Parent		(1,327,276)	(898,120)

These financial statements were approved by the Board of Directors and authorised for issue on 16th July 2015 and are signed on its behalf by C C Johnson and J Dubois

Trafalgar New Homes Plc
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2015

	Share capital	Share premium	Reverse acquisition reserve	Retained profits/(losses)	Total equity
	£	£	£	£	£
At 1 April 2013	2,143,752	961,128	(2,817,633)	(1,134,703)	(847,456)
Loss for the year	-	-	-	(305,049)	(305,049)
Total comprehensive income for the year	-	-	-	305,049	305,049
Issue of shares	140,000	140,000	-	-	280,000
Share issue costs	-	(25,615)	-	-	(25,615)
At 31 March 2014	2,283,752	1,075,513	(2,817,633)	(1,439,752)	(898,120)
At 31 March 2014	2,283,752	1,075,513	(2,817,633)	(1,439,752)	(898,120)
Loss for year	-	-	-	(619,106)	(619,106)
Total comprehensive income for the year	-	-	-	(619,106)	(619,106)
Issue of shares	100,000	100,000	-	-	200,000
Share issue costs	-	(10,050)	-	-	(10,050)
At 31 March 2015	2,383,752	1,165,463	(2,817,633)	(2,058,858)	(1,327,276)

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

Trafalgar New Homes Plc
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2015

	Note	2015 £	2014 £
Cash flow from operating activities			
Operating (loss)/profit		(620,641)	(205,843)
Depreciation		215	287
Decrease in stocks		3,186,204	(1,190,930)
Decrease/(Increase) in debtors		2,344,241	(1,103,394)
(Decrease)/Increase in creditors		(670,542)	378,238
Interest received		174	794
Rental income received		1,361	-
Net cash (outflow) / inflow from operating activities		4,241,012	261,012
Investing activities			
Purchase of tangible fixed assets		-	-
Net cash used in investing activities		-	-
Taxation		-	(89,483)
Financing activities			
(Loan repayments)/New loans in year (net)		(4,092,216)	900,631
Issue of shares (net of direct costs)		189,950	254,370
Director loan repayments		(1,064,447)	(403,981)
Interest paid		-	100,000
Net cash inflow/(outflow) from financing		(4,966,713)	(651,020)
(Decrease)Increase in cash and cash equivalents in the year		(725,701)	822,549
Cash and cash equivalents at the beginning of the year		1,216,471	393,922
Cash and cash equivalents at the end of the year		490,770	1,216,471

Trafalgar New Homes Plc

ACCOUNTING POLICIES

For the year ended 31 March 2015

BASIS OF ACCOUNTING

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

The nature of the Company's operations and its principal activities are set out in the Directors Report in the annual report and accounts.

BASIS OF PREPARATION

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the European Union ("EU") and as applied in accordance with the provisions of the Companies Act 2006. These financial statements are for the year ended 31 March 2015 and are presented in pounds sterling ("GBP"). The comparative year is for the year to 31 March 2014.

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

GOING CONCERN

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

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

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

REVENUE RECOGNITION

Revenue represents the amounts receivable from the sale of properties during the year and other income directly associated with property development. Revenue from the sale of properties is recognised when the amounts of revenue and cost can be measured reliably, the significant risks and rewards of ownership have been transferred to the buyer, neither continuing managerial involvement nor effective control of the property is retained and it is probable that the economic benefits associated with the sale will flow to the group/company. In the majority of cases properties are treated as sold and profits are recognised when contracts are exchanged and the building work is physically complete.

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

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

STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are no standards not yet effective that would have a material impact on the financial statements.

BASIS OF CONSOLIDATION

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

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

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

On this basis, the Directors have developed an accounting policy for this transaction, applying the principles set out in IAS 8.10-12, in that the policy adopted is:

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

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

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

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

- the asset and liabilities of the legal subsidiary Combe Bank Homes Limited are recognised and measured in the Group financial statements at the pre-combination carrying amounts, without reinstatement to fair value;
- the retained earnings and other equity balances recognised in the Group financial statements reflect the retained earnings and other equity balances of Combe Bank Homes Limited immediately before the business combination, and the results of the year from 1 December 2010 to the date of the business combination are those of Combe Bank Homes Limited. However, the equity structure appearing in the Group financial statements reflects the equity structure of the legal parent, including the equity instruments issued under the share for share exchange to effect the business combination;
- the cost of the combination has been determined from the perspective of Combe Bank Homes Limited. The fair value of the shares in Combe Bank Homes Limited has been determined from the admission price of the Trafalgar New Homes plc shares on re-admission to trading on ISDX (formerly PLUS) for 1 pence per share.

The value of the consideration shares was £1,868,177. The fair value of the notional number of equity instruments that the legal subsidiary would have had to have issued to the legal parent to give the owners of the legal parent the same percentage ownership in the combined entity is 10 per cent of the market value of the shares after issues, being £207,575. The difference between the notional consideration paid by Trafalgar New Homes plc for Combe Bank Homes Limited and the Trafalgar New Homes plc net liabilities acquired of £54,000 has been charged to the Consolidated Statement of Comprehensive Income as a deemed cost of listing amounting to £261,575 with a corresponding entry to the reverse acquisition reserve.

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

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

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

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

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

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

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

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

FUNCTIONAL CURRENCY

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

OPERATING (LOSS)/PROFIT

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

FINANCIAL INSTRUMENTS

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

CASH AND CASH EQUIVALENTS

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

INVENTORIES

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

TANGIBLE FIXED ASSETS AND DEPRECIATION

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

Fixtures, fittings and equipment - 25% on reducing balance

TRADE AND OTHER RECEIVABLES

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

FINANCIAL LIABILITIES AND EQUITY

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

TRADE PAYABLES

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

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial year of time to get ready for their intended use of sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or

sale. All other borrowing costs are recognised in the statement of comprehensive income in the year in which they relate.

EQUITY INSTRUMENTS

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

CURRENT TAXATION

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

DEFERRED TAXATION

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

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

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

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

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

SHARE CAPITAL

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

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is

material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

COMMITMENTS AND CONTINGENCIES

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

SUBSEQUENT EVENTS

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

CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

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

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

VALUATION OF INVENTORY

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

Trafalgar New Homes Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2015

1 SEGMENTAL REPORTING

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

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

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

Geographical segments

The following tables present revenue regarding the Group's geographical segments for the year ended 31 March 2015.

<i>Year ended 31 March 2015</i>	United Kingdom £	Total £
Property development - sales	3,898,250	3,898,250
	3,898,250	3,898,250

<i>Year ended 31 March 2014</i>	United Kingdom £	Total £
Property development - sales	3,368,500	3,368,500
	3,368,500	3,368,500

2 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £	2014 £
Bank interest received	174	189
Rental income & ground rent	1,361	605
	1,535	794

3 LOSS FOR THE YEAR

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

	2015 £	2014 £
AIM Transaction costs	-	250,653
Depreciation of tangible fixed assets	215	287
Loan interest to Director	-	100,000
Auditor's remuneration:		
Audit of these financial statements	10,000	10,000
Amounts receivable by the auditor in respect of the audit of the financial statements of subsidiary undertakings pursuant to legislation	5,124	4,250
Non-audit services associated with AIM Listing	-	40,000

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

4 EMPLOYEES AND DIRECTORS' REMUNERATION

Staff costs during the year were as follows:

	2015 £	2014 £
Directors remuneration	36,250	30,000
Wages and salaries	66,000	71,000
Social security costs	8,454	11,489
Other pension costs	18,000	18,000
	128,704	130,489

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

	2015 Number	2014 Number
Directors and management	4	3

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

	2015 £	2014 £
Short-term employee benefits:		
- Emoluments for qualifying services C C Johnson	-	-
- Emoluments for qualifying services A Johnson	10,000	-
- Emoluments for qualifying services J Dubois	26,250	30,000
	36,250	30,000

There are retirement benefits accruing to Mr C C Johnson for whom a company contribution was paid during the year of £18,000 (2014: £18,000).

Consultancy fees of £8,748 (2014: £10,000) were paid to Mr N Lott during the year.

5 INTEREST PAYABLE AND SIMILAR CHARGES

During the year all interest paid on borrowings is normally capitalised with the exception of:-

	2015 £	2014 £
Director's loan interest paid	-	100,000
	-	100,000

6 TAXATION

	2015 £	2014 £
Current tax	-	-
Tax charge	-	-
	2015 £	2014 £
(Loss)/profit on ordinary activities before tax	(619,106)	(305,049)
Based on (loss)/profit for the year: Tax at 21% (2014: 23%)	-	(70,161)
Effect of:		
Losses utilised	-	-
Disallowable items	-	43,784
Capital allowances claimed	-	-
Losses c/f	-	26,377
Tax charge for the year	-	-

No deferred tax asset has been recognised in respect of historical losses due to the uncertainty in future profits against which to offset these losses. As at the 31 March 2015 the group had cumulative tax losses of £2,056,907 that are available to offset against future taxable profits.

7 (LOSS)/PROFIT PER ORDINARY SHARE

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

	2015 £	2014 £
(Loss)/profit for the year	(619,106)	(320,999)
Weighted average number of shares for basic (loss)/profit per share	236,708,533	224,347,803
Weighted average number of shares for diluted (loss)/profit per share	236,708,533	224,347,803

(LOSS)/PROFIT PER ORDINARY SHARE:

Basic	(0.26p)	(0.14p)
Diluted	(0.26p)	(0.14p)

8 PROPERTY, PLANT AND EQUIPMENT

Fixtures and fittings	2015	2014
	£	£
Cost	11-	11-
At 1 April	2,936	2,936
At 31 March	2,936	2,936
Depreciation		
At 1 April	2,073	1,786
Charge for the year	215	287
At 31 March	2,288	2,073
Net book value at 31 March	648	863
Net book value at 31 March	863	1,150

9 TRADE AND OTHER RECEIVABLES

	2015	2014
	£	£
Other receivables	59,268	2,395,257
Other taxes	18,532	25,451
Prepayment	3,444	4,548
	81,244	2,425,257

There are no receivables that are past due but not impaired at the year end, and receivables relate only to customers with no recent history of default. There are no provisions for irrecoverable debt included in the balances above.

10 CASH AND CASH EQUIVALENTS

All of the Group's cash and cash equivalents at 31 March 2015 are in sterling and held at floating interest rates.

	2015	2014
	£	£
Cash and cash equivalents	490,770	1,216,471

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

11 INVENTORY

	2015	2014
	£	£
Work in progress	1,884,250	5,070,454

12 TRADE AND OTHER PAYABLES

	2015	2014
	£	£
Trade payables	24,579	60,766
Accruals	20,848	54,848
Tax	2,015	5,478
Other payables	23,335	619,998
	70,777	741,090

13 BORROWINGS

	2015	2014
	£	£
Director's loans	2,566,961	3,631,410
Other loans	765,000	755,000
Bank and other loans	381,450	4,483,665
	3,713,411	8,870,075

Included in other loans, all bearing interest at 10% & 12% per annum, is the sum of £300,000 (2014: £300,000) advanced by the DFM Pension Scheme of which Mr J Dubois is the principal beneficiary.

C C Johnson is a named guarantor on the loan included within bank loans.

The bank borrowings are repayable as follows:

	2015	2014
	£	£
On demand or within one year	381,450	574,503
In the second year	-	3,909,162
In the third to fifth years inclusive	-	-
After five years	381,450	4,483,665
Less amount due for settlement within 12 months (included in current liabilities)	381,450	(574,503)
Amount due for settlement after 12 months	-	3,909,162

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

Bank Loans - 4.73% (2014: 8.41%)

All of the Directors' loans are repayable after more than 1 year. All loans are interest bearing and charged accordingly. However Mr C C Johnson has waived his right to interest in the year and as a result interest of nil (2014: £ 100,000) was paid to Mr C C Johnson. The rate of interest on the loan is 5 % pa (2014: 5% pa).

Interest of £ 36,000 (2014: £ 36,000) was paid to Mr J Dubois at the rate of 12% pa (2014: 12% pa)

14 SHARE CAPITAL

Authorised Share Capital

	2015	2014
	Number	Number
Ordinary shares of 1p each - as at 1 April 2014	228,375,200	214,375,200
Additional shares issued for cash in year	10,000,000	14,000,000
	238,375,200	228,375,200

Issued, allotted and fully paid

	2015	2014
	£	£
Ordinary shares of 1p each	2,383,752	2,283,752

On 10th June 2014 Trafalgar New Homes plc issued 10,000,000 ordinary shares for cash at £0.02 per share.

15 SHARE PREMIUM ACCOUNT

	2015	2014
	£	£
Balance brought forward	1,075,513	961,128
Premium on issue of new shares	100,000	140,000
Share issue costs	(10,050)	(25,615)
Balance carried forward	1,165,463	1,075,513

16 RELATED PARTY TRANSACTIONS

Mr C C Johnson holds 78.4% (2014: 81.8%) of the total issued share capital of the Group.

Mr C C Johnson is the ultimate controlling party.

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

	2015	2014
	£	£
C C Johnson		
Opening balance	3,631,410	4,035,391
Loan repayments	(1,000,000)	(404,000)
Personal drawings	(64,449)	(99,981)
Interest payable	-	100,000
Balance carried forward	2,566,961	3,631,410

J Dubois - no transactions in the year
£300,000

£300,000

Mr Johnson's Loan bore interest during the year at 5% (2014: 5% pa), however he has chosen to forego the interest in the year. Mr Dubois's Loan, which is from his Pension Fund of which he is the sole beneficiary, was at 12% pa interest (2014: 12% pa).

Mrs L C Howard (daughter of Mr C C Johnson) has provided a loan to the company at a rate of 10% per annum of £100,000 (2014: £ 90,000).

17 CATEGORIES OF FINANCIAL INSTRUMENTS

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

	Loans and receivables		Financial liabilities measured at amortised cost	
	2015 £	2014 £	2015 £	2014 £
Financial assets				
Cash and cash equivalents	490,770	1,216,471	-	-
Trade receivables	81,244	2,425,257		
Financial liabilities				
Trade payables			70,777	741,090
Borrowings - Directors' loans	-	-	2,566,961	3,631,410
Borrowings - Bank loan	-	-	381,450	4,483,665
Borrowings - Other loans	-	-	765,000	755,000
Total	490,770	1,216,471	3,713,411	8,870,075

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

Capital risk management

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

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the annual report and accounts.

Foreign currency risk

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

Interest rate risk

The Group is sensitive to changes in interest rates principally on the loans from banks. £ 2,000,000 of the loans from Mr Johnson bears interest at 5% pa (2014: 5% pa), although Mr Johnson has waived his right to receive interest in the year.. Mr Dubois' loan of £ 300,000 within other loans, from his Pension Fund attracts interest at 12% pa (2014: 12% pa). Additional loans of £ 365,000 included in other loans attract interest at 10% pa (2014: 10% pa).

The impact of a 100 basis point increase in interest rates would result in additional interest cost for the year of £ 24,325 (2014: £41,283).

Credit risk management

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

Liquidity risk management

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

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

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

Derivative financial instruments

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

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