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TRAFALGAR NEW HOMES PLC
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

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TRAFALGAR NEW HOMES PLC

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For The Year Ended 31 March 2008**

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TRAFALGAR NEW HOMES PLC

COMPANY INFORMATION
For The Year Ended 31 March 2008

DIRECTORS.

R J McKendrick
A Moore
J E Upchurch

SECRETARY.

Miss A Madhas

REGISTERED OFFICE.

4 Sovereign Court
Graham Street
Birmingham
B1 3JR

REGISTERED NUMBER:

4340125 (England and Wales)

AUDITORS

Rochesters LLP
Registered Auditors
No 3 Caroline Court
13 Caroline Street
St Paul's Square
Birmingham
B3 1TR

TRAFALGAR NEW HOMES PLC

**CHAIRMAN'S STATEMENT
For The Year Ended 31 March 2008**

The results for the year ended 31 March 2008 reflect the fact that the Company had no activity during the period in terms of trading or development

Despite this, I am pleased to report that following the successful refinancing with Bank of Ireland, construction work has started on our development site of 9 town houses in Heyford Road, Mitcham, Surrey. The Bank of Ireland provided funding of up to £2.05m for the development. In addition, I loaned the Company £335,000, entered into personal guarantees amounting to £150,000 and extended an additional cost overrun personal guarantee of a further £150,000. This is a testament to my belief in the value of our primary project.

Notwithstanding the difficult market conditions, we remain optimistic about the future of the Company and are actively seeking further opportunities to enhance shareholder value.

I would like to take this opportunity to thank the founding Directors, Ashley Sheldrick and Kulvir Virk for their efforts and time with the Company. Ashley and Kulvir resigned as Directors in March 2008 but remain key shareholders in the Company and we look forward to their continued support.

We will continue to update shareholders with our progress on the Mitcham development and with regards to any further opportunities that arise during the course of this year.



Robert McKendrick
Chairman

TRAFALGAR NEW HOMES PLC

REPORT OF THE DIRECTORS For The Year Ended 31 March 2008

The directors present their report with the financial statements of the company for the year ended 31 March 2008

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property development

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements

A full review of the business and performance in the year is set out in the Chairman's Statement. There are no key financial performance indicators considered to be relevant at present.

The directors consider that the principal risks affecting the company are

- Property values may fall due to market conditions,
- Current economic climate and the 'credit crunch' may affect the company's ability to obtain funding from its Bankers or other Banks,
- The company currently has exposure to loans from Bank of Ireland, Barclays and the Chairman. If any were to withdraw or cancel those loans the company would be unable to trade,
- The company cannot sell its current 'stock' of houses under development due to the current market conditions and lack of mortgage availability

The company is exploring further development opportunities for the future

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2008

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements

DIRECTORS

The directors during the year under review were

K Virk	- resigned 25 3 08
A Sheldrick	- resigned 25 3 08
R J McKendrick	- appointed 26 9 07
A Moore	- appointed 26 9 07
J E Upchurch	

The beneficial interests of the directors holding office on 31 March 2008 in the issued share capital of the company were as follows

	31 3 08	1 4 07 or date of appointment if later
Ordinary £0.01 shares		
R J McKendrick	-	-
A Moore	-	-
J E Upchurch	750,000	750,000

COMPANY'S POLICY ON PAYMENT OF CREDITORS

The company's current policy concerning the payment of trade creditors is to

- settle the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that suppliers are made aware of the terms of payment by inclusion where possible of the relevant terms in contracts, and
- to pay in accordance with the company's contractual and other legal obligations

On average, trade creditors at the year end represented 144 days (2007 20 days) of purchases

TRAFALGAR NEW HOMES PLC

REPORT OF THE DIRECTORS For The Year Ended 31 March 2008

FINANCIAL INSTRUMENTS

The company had loans of £725,000 outstanding at the year end which were subsequent to the risk of movement in interest rates. At the year end the loan was subject to interest at 3% above the lending banks base rate. Subsequent to the year end this loan has been replaced with a renegotiated loan, which is subject to interest of 1.75% above the lending banks base rate.

SUBSTANTIAL SHAREHOLDINGS

As at 25 September 2008, being the last practical date prior to this report, the following shareholders held more than 3% of the share capital of the company

Shareholder	No. of shares held	% of share capital
A B J Sheldrick	2,125,000	24.3%
K Virk	2,125,000	24.3%
R McKendrick	2,014,000	23.0%
SVS (Nominees) Limited	1,011,084	11.5%
J E Upchurch	750,000	8.6%

As detailed in Note 17 of the financial statements, the issued share capital of the company had increased to 8,757,519 ordinary £0.01 shares after the year end.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. 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 company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

TRAFALGAR NEW HOMES PLC

**REPORT OF THE DIRECTORS
For The Year Ended 31 March 2008**

AUDITORS

During the period, Rochesters LLP were appointed as auditors. In accordance with Section 385 of the Companies Act 1985, they will be proposed for re-appointment.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'A Moore', written over the text 'ON BEHALF OF THE BOARD:'.

A Moore - Director

26 September 2008

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF TRAFALGAR NEW HOMES PLC

We have audited the financial statements of Trafalgar New Homes plc for the year ended 31 March 2008 on pages seven to sixteen. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out on page four.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Directors and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements.



Rochesters LLP
Registered Auditors
No 3 Caroline Court
13 Caroline Street
St Paul's Square
Birmingham
B3 1TR

26 September 2008

TRAFALGAR NEW HOMES PLC

PROFIT AND LOSS ACCOUNT
For The Year Ended 31 March 2008

	Notes	2008 £	2007 £
TURNOVER		-	-
Administrative expenses		<u>72,573</u>	<u>14,857</u>
OPERATING LOSS	3	(72,573)	(14,857)
Interest payable and similar charges	4	<u>6,024</u>	<u>1,249</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(78,597)	(16,106)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		<u>(78,597)</u>	<u>(16,106)</u>
Earnings per share expressed in pence per share	6		
Basic		-1 17	-0 25
Diluted		<u>-1 17</u>	<u>-0 25</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current year or previous year

The notes form part of these financial statements

TRAFALGAR NEW HOMES PLC

BALANCE SHEET
31 March 2008

	Notes	2008 £	2007 £
FIXED ASSETS			
Tangible assets	7	633	844
CURRENT ASSETS			
Stocks	8	1,347,486	1,241,020
Debtors	9	14,821	4,375
		<u>1,362,307</u>	<u>1,245,395</u>
CREDITORS			
Amounts falling due within one year	10	<u>1,227,681</u>	<u>1,032,383</u>
NET CURRENT ASSETS		<u>134,626</u>	<u>213,012</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>135,259</u></u>	<u><u>213,856</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	67,435	67,435
Share premium	14	194,393	194,393
Profit and loss account	14	(126,569)	(47,972)
SHAREHOLDERS' FUNDS	19	<u><u>135,259</u></u>	<u><u>213,856</u></u>

The financial statements were approved by the Board of Directors on 26 September 2008 and were signed on its behalf by



A Moore - Director

The notes form part of these financial statements

TRAFALGAR NEW HOMES PLC

CASH FLOW STATEMENT
For The Year Ended 31 March 2008

		2008	2007
	Notes	£	£
Net cash outflow from operating activities	1	(142,349)	(192,100)
Returns on investments and servicing of finance	2	(6,024)	(1,249)
		(148,373)	(193,349)
Financing	2	127,932	188,280
Decrease in cash in the period		<u>(20,441)</u>	<u>(5,069)</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Decrease in cash in the period		(20,441)	(5,069)
Cash outflow/(inflow) from decrease/(increase) in debt		<u>233,628</u>	<u>(93,297)</u>
Change in net debt resulting from cash flows		<u>213,187</u>	<u>(98,366)</u>
Movement in net debt in the period		213,187	(98,366)
Net debt at 1 April		<u>(989,355)</u>	<u>(890,989)</u>
Net debt at 31 March		<u>(776,168)</u>	<u>(989,355)</u>

The notes form part of these financial statements

TRAFALGAR NEW HOMES PLC

**NOTES TO THE CASH FLOW STATEMENT
For The Year Ended 31 March 2008**

1 RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating loss	(72,573)	(14,857)
Depreciation charges	211	281
Increase in stocks	(106,466)	(158,970)
(Increase)/Decrease in debtors	(10,446)	657
Increase/(Decrease) in creditors	46,925	(19,211)
Net cash outflow from operating activities	<u>(142,349)</u>	<u>(192,100)</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2008 £	2007 £
Returns on investments and servicing of finance		
Interest paid	(6,024)	(1,249)
Net cash outflow for returns on investments and servicing of finance	<u>(6,024)</u>	<u>(1,249)</u>

Financing

New loans in year	725,000	93,297
Loan repayments in year	(958,628)	-
Amount introduced by directors	361,560	-
Amount withdrawn by directors	-	(8,534)
Share issue	-	8,248
Share premium	-	95,269
Net cash inflow from financing	<u>127,932</u>	<u>188,280</u>

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 4 07 £	Cash flow £	At 31 3 08 £
Net cash			
Cash at bank and in hand	-	-	-
Bank overdraft	(30,727)	(20,441)	(51,168)
	<u>(30,727)</u>	<u>(20,441)</u>	<u>(51,168)</u>
Debt			
Debts falling due within one year	(958,628)	233,628	(725,000)
	<u>(958,628)</u>	<u>233,628</u>	<u>(725,000)</u>
Total	<u>(989,355)</u>	<u>213,187</u>	<u>(776,168)</u>

The notes form part of these financial statements

TRAFALGAR NEW HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2008

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Fixtures and fittings - 25% on reducing balance

Stocks

Work in progress is valued at the lower of cost and net realisable value

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

2 STAFF COSTS

	2008 £	2007 £
Wages and salaries	25,500	-

The average monthly number of employees during the year was as follows

	2008	2007
Management	4	3

3 OPERATING LOSS

The operating loss is stated after charging

	2008 £	2007 £
Depreciation - owned assets	211	281
Auditors' remuneration	2,500	2,500
Directors' emoluments	25,500	-

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Bank interest	6,024	1,249

5 TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2008 nor for the year ended 31 March 2007

TRAFALGAR NEW HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2008

5 TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	2008 £	2007 £
Loss on ordinary activities before tax	(78,597)	(16,106)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2007 - 19%)	(15,719)	(3,060)
Effects of Losses carried forward	15,719	3,060
Current tax charge	-	-

Factors that may affect future tax charges

The company has losses carried forward of £126,000 (2007 £45,000) to set against future taxable profits. No deferred tax asset has been recognised in respect of these losses due to the lack of profits being achieved since incorporation.

6 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Reconciliations are set out below

	Earnings £	2008 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(78,597)	6,743,519	-1.17
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	(78,597)	6,743,519	-1.17

TRAFALGAR NEW HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2008

6 EARNINGS PER SHARE - continued

	Earnings £	2007 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(16,106)	6,331,119	-0 25
Effect of dilutive securities	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Diluted EPS			
Adjusted earnings	<u>(16,106)</u>	<u>6,331,119</u>	<u>-0 25</u>

As per Note 17 of the financial statements, 2,014,000 ordinary £0.01 shares were issued after the year end. If these shares had been in issue during the whole of the year to 31 March 2008 then the loss per share for the period would have been 0.90p.

7 TANGIBLE FIXED ASSETS

	Fixtures and fittings £
COST	
At 1 April 2007	
and 31 March 2008	<u>1,500</u>
DEPRECIATION	
At 1 April 2007	656
Charge for year	<u>211</u>
	<u>867</u>
At 31 March 2008	<u>867</u>
NET BOOK VALUE	
At 31 March 2008	<u>633</u>
	<u> </u>
At 31 March 2007	<u>844</u>

8 STOCKS

Work in progress comprises one land development which is included at its original cost of £775,000 together with subsequent development costs. Included within these "development costs" is interest arising on loans specifically incurred for the land development. During the year interest of £83,166 (2007 £72,297) was taken to work in progress. A professional valuation was carried out by Stevens Scanlan LLP on 23 July 2007 which valued the land at £1,100,000 based upon planning consent for nine dwellings being constructed on the site and a maximum period of 12 months to dispose of the site. The same valuation assessed the Gross Development Value of the site, when the scheme is complete, to be £3,385,000. As the company already has planning permission and taking into account subsequent development works, the directors consider the market value of the development at 31 March 2008 to be not less than the costs incurred to date as shown on the balance sheet.

TRAFALGAR NEW HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2008

9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£	£
Other debtors	1,468	328
VAT	2,649	372
Prepayments and accrued income	10,704	3,675
	<u>14,821</u>	<u>4,375</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£	£
Bank loans and overdrafts (see note 11)	776,168	989,355
Trade creditors	32,205	11,009
Directors' current accounts	391,308	29,748
Accrued expenses	28,000	2,271
	<u>1,227,681</u>	<u>1,032,383</u>

11 LOANS

An analysis of the maturity of loans is given below

	2008	2007
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	51,168	30,727
Bank loans	725,000	958,628
	<u>776,168</u>	<u>989,355</u>

The bank overdraft at the year end was subject to floating interest rates of 3% above the banks base rate. Bank loans from the start of the year were also subject to this interest rate, however these were renegotiated during the year, when refinanced through the Bank of Ireland, to a rate of 1.75% above the banks base rate. The loan at 31 March 2008 is repayable upon the earlier of 12 months from the year end or the date of disposal of the completed units.

12 SECURED DEBTS

The following secured debts are included within creditors

	2008	2007
	£	£
Bank overdrafts	51,168	30,727
Bank loans	725,000	958,628
	<u>776,168</u>	<u>989,355</u>

The bank loan and overdraft are secured by a fixed and floating charge over the assets of the company.

Subsequent to the year end, a fixed and floating charge was created on 27 May 2008 over the assets of the company, for a sum of £325,000, in favour of R J McKendrick a director of the company.

Subsequent to the year end, the company assigned part of the charge due to the bank on 20 June 2008, to the names of J E Upchurch, a director of the company, and K Virk, a former director of the company, as security against contracts entered into on 30 April 2008 to purchase two plots of the existing land development.

TRAFALGAR NEW HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2008

13 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value £0 01	2008 £	2007 £
20,000,000	Ordinary		<u>200,000</u>	<u>200,000</u>
Allotted, issued and fully paid Number	Class	Nominal value £0 01	2008 £	2007 £
6,743,519	Ordinary		<u>67,435</u>	<u>67,435</u>

In the 2007 financial statements 309,300 Ordinary shares of £0 01 were recorded at nil consideration. A prior year adjustment has been made to correctly restate the issue at par value and accordingly reduce the share premium by £3,093.

14 RESERVES

	Profit and loss account £	Share premium £	Totals £
At 1 April 2007	(47,972)	194,393	146,421
Deficit for the year	(78,597)		(78,597)
At 31 March 2008	<u>(126,569)</u>	<u>194,393</u>	<u>67,824</u>

15 TRANSACTIONS WITH DIRECTORS

During the year the company was recharged £54,766 (2007 £nil) by R J McKendrick, a director of the company, for business expenditure incurred on its behalf. R J McKendrick also personally discharged in March 2008, an outstanding bank loan liability of the company totalling £335,000. The amount owed to R J McKendrick at the year end was £361,560 (2007 £nil).

16 RELATED PARTY DISCLOSURES

During the year the company paid a fee of £nil (2007 £5,625) to SVS Securities PLC, a company controlled by K Virk, a former director of the company.

17 POST BALANCE SHEET EVENTS

On 8 April 2008 the company issued 2,014,000 ordinary £0 01 shares at par. The shares were issued in favour of R J McKendrick, a director of the company and the consideration of £20,140 was offset against the existing loan due to him. Further to the issue of these shares, the company's issued share capital was 8,757,519 Ordinary £0 01 shares.

18 ULTIMATE CONTROLLING PARTY

No individual has overall control of the company.

TRAFALGAR NEW HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2008

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
	£	£
Loss for the financial year	(78,597)	(16,106)
Shares issued	-	8,248
Share premium	-	95,269
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(78,597)	87,411
Opening shareholders' funds	213,856	126,445
	<hr/>	<hr/>
Closing shareholders' funds	135,259	213,856
	<hr/>	<hr/>