

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011
FOR
TRAFALGAR NEW HOMES PLC**

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For The Year Ended 31 March 2011

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TRAFALGAR NEW HOMES PLC
COMPANY INFORMATION
For The Year Ended 31 March 2011

DIRECTORS:

C C Johnson
A D Johnson

SECRETARY:

A Moore

REGISTERED OFFICE.

Chequers Barn
Chequers Hill
Bough Beech
Edenbridge
TN8 7PD

REGISTERED NUMBER.

4340125 (England and Wales)

AUDITORS:

Rochesters Audit Services Limited
Statutory Auditors
No 3 Caroline Court
13 Caroline Street
St Pauls Square
Birmingham
West Midlands
B3 1TR

TRAFALGAR NEW HOMES PLC (REGISTERED NUMBER: 4340125)

**REPORT OF THE DIRECTORS
For The Year Ended 31 March 2011**

The directors present their report with the financial statements of the company for the year ended 31 March 2011

PRINCIPAL ACTIVITY

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

REVIEW OF BUSINESS

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,

On 12 July 2010 the company filed a notice to appoint an Administrator and on 26 August 2010 it appointed Jane Walker of Errington Walker Ltd as Administrator and subsequently on 30 November 2010 a Company Voluntary Arrangement was approved at a Meeting of Creditors. On 12 September 2011 the company came out of administration and recommenced normal trading

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2011

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

R J McKendrick	
J E Upchurch	- resigned 11 2 11
A Moore	- appointed 30 11 10
J D Reid	- appointed 3 3 11

The beneficial interests of the directors holding office on 31 March 2011 in the issued share capital of the company were as follows

	31 3 11	1 4 10 or date of appointment if later
Ordinary £0.01 shares		
R J McKendrick	2,014,000	2,014,000
A Moore	-	-
J D Reid	-	-

R J McKendrick resigned on 11 February 2011 and was re-appointed on 12 February 2011

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 130 days (2010 25 days) of purchases. The company was in Administration at the year end

TRAFALGAR NEW HOMES PLC (REGISTERED NUMBER: 4340125)

**REPORT OF THE DIRECTORS
For The Year Ended 31 March 2011**

SUBSTANTIAL SHAREHOLDINGS

As at 12 December 2011, 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
C C Johnson	186,815,803	87.1%

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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). 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 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 accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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.

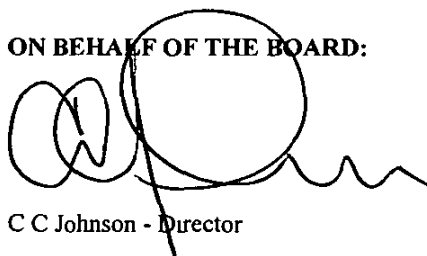
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) 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.

AUDITORS

The auditors, Rochesters Audit Services Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



C C Johnson - Director

20 December 2011

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

We have audited the financial statements of Trafalgar New Homes plc for the year ended 31 March 2011 on pages six to fourteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion, disclaimer on view given by the financial statements

The audit evidence available to us was limited because numerous books and records were unavailable for the period that the company was in Administration. As a result of this we have been unable to obtain sufficient appropriate audit evidence concerning all balance sheet areas. Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with requirements of the Companies Act 2006.

Emphasis of matter - Going concern

We have considered the adequacy of the disclosure made in note 20 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a loss of £258,022 during the year ended 31 March 2011 and, at that date, the company's current liabilities exceeded its total assets by £239,383. Subsequent to the year end the company came out of Administration with shares being issued in settlement of liabilities, though the prevailing poor trading conditions indicate continued doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
TRAFALGAR NEW HOMES PLC**

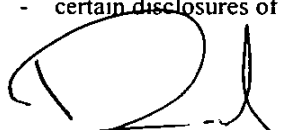
Matters on which we are required to report by exception

In respect solely of the limitation of our work referred to above in our opinion paragraph

- we have not obtained all the information and explanations that we consider necessary for the purpose of our audit, and
- we were unable to determine whether adequate accounting records have been kept

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

- returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made

 *Audit Services Ltd*

Peter Hewston (Senior Statutory Auditor)
for and on behalf of Rochesters Audit Services Limited
Statutory Auditors
No 3 Caroline Court
13 Caroline Street
St Pauls Square
Birmingham
West Midlands
B3 1TR

20 December 2011

TRAFALGAR NEW HOMES PLC (REGISTERED NUMBER: 4340125)

PROFIT AND LOSS ACCOUNT
For The Year Ended 31 March 2011

	Notes	2011 £	2010 £
TURNOVER	2	20,862	2,541,165
Cost of sales		<u>105,375</u>	<u>2,368,255</u>
GROSS (LOSS)/PROFIT		(84,513)	172,910
Administrative expenses		<u>172,392</u>	<u>158,650</u>
OPERATING (LOSS)/PROFIT	4	(256,905)	14,260
Interest payable and similar charges	5	<u>1,117</u>	<u>35,883</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(258,022)	(21,623)
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u><u>(258,022)</u></u>	<u><u>(21,623)</u></u>
Earnings per share expressed in pence per share	7		
Basic		<u>-2 95</u>	<u>-0 25</u>
Diluted		<u><u>-2 95</u></u>	<u><u>-0 25</u></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

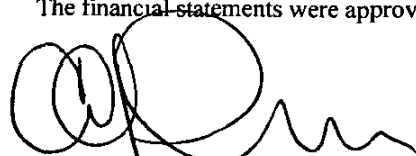
The notes form part of these financial statements

TRAFALGAR NEW HOMES PLC (REGISTERED NUMBER: 4340125)

BALANCE SHEET
31 March 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible assets	8	386	386
CURRENT ASSETS			
Stocks	9	161,711	161,711
Debtors	10	108,925	154,363
Cash at bank		3,742	3,804
		<u>274,378</u>	<u>319,878</u>
CREDITORS			
Amounts falling due within one year	11	<u>514,147</u>	<u>301,625</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(239,769)</u>	<u>18,253</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(239,383)</u>	<u>18,639</u>
CAPITAL AND RESERVES			
Called up share capital	14	87,575	87,575
Share premium	15	194,393	194,393
Profit and loss account	15	<u>(521,351)</u>	<u>(263,329)</u>
SHAREHOLDERS' FUNDS	19	<u>(239,383)</u>	<u>18,639</u>

The financial statements were approved by the Board of Directors on 20 December 2011 and were signed on its behalf by



C C Johnson - Director

The notes form part of these financial statements

TRAFALGAR NEW HOMES PLC (REGISTERED NUMBER: 4340125)

**CASH FLOW STATEMENT
For The Year Ended 31 March 2011**

	Notes	2011 £	2010 £
Net cash (outflow)/inflow from operating activities	1	(158,739)	1,627,737
Returns on investments and servicing of finance	2	(1,117)	(35,883)
		<u>(159,856)</u>	<u>1,591,854</u>
Financing	2	146,903	(1,602,246)
Decrease in cash in the period		<u>(12,953)</u>	<u>(10,392)</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Decrease in cash in the period		(12,953)	(10,392)
Cash outflow from decrease in debt		<u>-</u>	<u>1,286,616</u>
Change in net debt resulting from cash flows		<u>(12,953)</u>	<u>1,276,224</u>
Movement in net debt in the period		<u>(12,953)</u>	<u>1,276,224</u>
Net debt at 1 April		<u>(45,183)</u>	<u>(1,321,407)</u>
Net debt at 31 March		<u>(58,136)</u>	<u>(45,183)</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
For The Year Ended 31 March 2011

1 RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating (loss)/profit	(256,905)	14,260
Depreciation charges	-	89
Decrease in stocks	-	1,684,859
Decrease/(Increase) in debtors	45,438	(137,005)
Increase in creditors	52,728	65,534
Net cash (outflow)/inflow from operating activities	(158,739)	1,627,737

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

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest paid	(1,117)	(35,883)
Net cash outflow for returns on investments and servicing of finance	(1,117)	(35,883)
Financing		
Loan repayments in year	-	(1,286,616)
Amount introduced by directors	146,903	-
Amount withdrawn by directors	-	(315,630)
Net cash inflow/(outflow) from financing	146,903	(1,602,246)

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 4 10 £	Cash flow £	At 31 3 11 £
Net cash			
Cash at bank	3,804	(62)	3,742
Bank overdraft	(48,987)	(12,891)	(61,878)
	<u>(45,183)</u>	<u>(12,953)</u>	<u>(58,136)</u>
Total	<u>(45,183)</u>	<u>(12,953)</u>	<u>(58,136)</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2011

1 ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

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

Work in progress

Work in progress is estimated at the lower of cost and net realisable value. When it is expected that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Deferred tax

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

Estimates

In application of the company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities. These estimates and assumptions are based on historical experience and other factors considered relevant. Actual results may differ from estimates.

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

The key assumptions concerning the future that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are in respect of work in progress. The determination as to whether a contract is expected to make a loss in the future is based on independent professional valuers utilising intrinsic methods of valuation and on the Directors' estimation and knowledge of anticipated profit generation.

2 TURNOVER

All the turnover arises from work in the United Kingdom and through the sole activity of the company.

3 STAFF COSTS

	2011 £	2010 £
Wages and salaries	-	57,554

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

	2011	2010
Management	2	3

TRAFALGAR NEW HOMES PLC (REGISTERED NUMBER: 4340125)

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2011**

4 OPERATING (LOSS)/PROFIT

The operating loss (2010 - operating profit) is stated after charging

	2011 £	2010 £
Depreciation - owned assets	-	89
Auditors' remuneration	-	4,000
	<u> </u>	<u> </u>
Directors' remuneration	-	57,554
	<u> </u>	<u> </u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Interest on director loan	1,117	33,893
Other interest	-	1,990
	<u> </u>	<u> </u>
	<u>1,117</u>	<u>35,883</u>

6 TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2011 nor for the year ended 31 March 2010

Factors that may affect future tax charges

The company has losses of £280,000 carried forward (2010 £21,000) to be set against future taxable profits. No deferred tax asset has been recognised given the lack of recent history of taxable profits being made.

7 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 £	2011 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(258,022)	8,757,519	-2.95
Effect of dilutive securities	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Diluted EPS			
Adjusted earnings	(258,022)	8,757,519	-2.95
	<u> </u>	<u> </u>	<u> </u>

TRAFALGAR NEW HOMES PLC (REGISTERED NUMBER: 4340125)

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2011

7 EARNINGS PER SHARE - continued

	Earnings £	2010 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(21,623)	8,757,519	-0.25
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	(21,623)	8,757,519	-0.25

8 TANGIBLE FIXED ASSETS

	Fixtures and fittings £
COST	
At 1 April 2010 and 31 March 2011	1,500
DEPRECIATION	
At 1 April 2010 and 31 March 2011	1,114
NET BOOK VALUE	
At 31 March 2011	386
At 31 March 2010	386

9 STOCKS

	2011 £	2010 £
Work-in-progress	161,711	161,711

10 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade debtors	70,234	115,879
Other debtors	14,968	15,847
VAT	12,698	11,612
Prepayments and accrued income	11,025	11,025
	108,925	154,363

TRAFALGAR NEW HOMES PLC (REGISTERED NUMBER: 4340125)

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2011

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Bank loans and overdrafts (see note 12)	61,878	48,987
Trade creditors	115,594	67,520
Social security and other taxes	4,654	-
Other creditors	12,830	12,830
Directors' current accounts	192,545	45,642
Accrued expenses	126,646	126,646
	<u>514,147</u>	<u>301,625</u>

12 LOANS

An analysis of the maturity of loans is given below

	2011	2010
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	<u>61,878</u>	<u>48,987</u>

The bank overdraft at the year end was subject to floating interest rates of 3% above the banks base rate

13 SECURED DEBTS

The following secured debts are included within creditors

	2011	2010
	£	£
Bank overdrafts	<u>61,878</u>	<u>48,987</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company and by a £325,000 personal guarantee from R J McKendrick a director of the company

14 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2011	2010
Number	Class	Nominal value	£	£
8,757,519	Ordinary	£0 01	<u>87,575</u>	<u>87,575</u>

15 RESERVES

	Profit and loss account	Share premium	Totals
	£	£	£
At 1 April 2010	(263,329)	194,393	(68,936)
Deficit for the year	<u>(258,022)</u>		<u>(258,022)</u>
At 31 March 2011	<u>(521,351)</u>	<u>194,393</u>	<u>(326,958)</u>

TRAFALGAR NEW HOMES PLC (REGISTERED NUMBER: 4340125)

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2011**

16 RELATED PARTY DISCLOSURES

During the year the company paid a fee of £nil (2010 £10,375) to SVS Securities Plc, a company controlled by K Virk, a significant shareholder of the company during the period. At the year end the company owed SVS Securities Plc £20,375 (2010 £20,375)

During the year the company was charged £nil (2010 £36,554) from Central Corporate Finance LLP, where A Moore is a designated member, in respect of directors fees charged on behalf of A Moore. At the year end the company owed Central Corporate Finance LLP £6,200 (2010 £6,200)

During the year the company was charged £3,000 (2010 £20,140) from R McKendrick, a director, in consultancy fees, directors fees of £nil (2010 £21,000) and loan arrangement fees of £162,500 (2010 £nil). At the year end the company owed him £222,720 (2010 £73,637) in respect of these items

17 POST BALANCE SHEET EVENTS

On 26 August 2010 the company appointed Jane Walker of Errington Walker as Administrator and subsequently on 30 November 2010 a Company Voluntary Arrangement was approved at a meeting of creditors. On 17 September 2011 the company moved out of Administration with creditors at the Administration date being issued shares in settlement of balances due

18 ULTIMATE CONTROLLING PARTY

As at 31 March 2010 no individual had overall control of the company. Subsequent to the year end, and once the company came out of administration, C C Johnson took control of the company through a majority shareholding

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Loss for the financial year	(258,022)	(21,623)
Net reduction of shareholders' funds	(258,022)	(21,623)
Opening shareholders' funds	<u>18,639</u>	<u>40,262</u>
Closing shareholders' funds	<u>(239,383)</u>	<u>18,639</u>

20 GOING CONCERN

As described in the Directors' Report and Note 17, post year end the company entered into a Company Voluntary Arrangement and moved out of this in September 2011 further to the investment in the company by C C Johnson, a director. Amounts due to creditors were settled in September 2011 through the issue of shares in the company to the creditors and new management have taken over the running of the company

Whilst the new directors accept that the current economic environment is challenging and that the outlook presents significant challenges in terms of exploring further development opportunities, by moving out of the Company Voluntary Arrangement the directors now believe that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts