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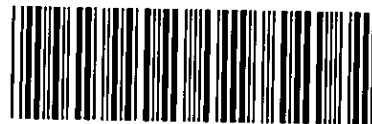
TRAFALGAR NEW HOMES PLC

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 March 2012

Company Registration No ~~05332938~~

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COMPANIES HOUSE

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C C Johnson
J Dubois
A Johnson
N Lott

SECRETARY

A Moore

REGISTERED OFFICE

Chequers Barn
Bough Beech
Edenbridge
Kent TN8 7PD

Registered Number: (England and Wales)

04340125

AUDITOR

Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

ADVISER AND BROKER

SVS Securities Plc
21 Wilson Street
London
EC2M 2SN

REGISTRARS

Neville Registrars Ltd
Neville House
18 Laurel Lane
Halesowen
West Midlands B63 3DA

BANKERS

Lloyds TSB Commercial
39 Threadneedle Street
London
EC2R 8AU

CHAIRMAN'S STATEMENT

TRAFALGAR NEW HOMES PLC

CHAIRMAN'S STATEMENT

It is with great pleasure that I present the Report and Accounts for the Company for the year ended 31st March 2012

The year has seen great changes in the Company. On 13th September 2011 completion of the Administration Procedure of the Company was announced, confirming that the Company was no longer in Administration

On 13th October 2011 the Company announced that it had entered into a conditional agreement to acquire the entire issued share capital of Combe Bank Homes Ltd and its subsidiaries ("CBH") by the issue of new shares in the Company. CBH was established in 2006 to undertake residential development in both new build and conversions/refurbishments

On 11th November 2011 the Company was pleased to announce both completion of the acquisition of CBH and the re-admission of the Company's entire issued Ordinary Share capital to trading on the PLUS-Stock Exchange

At the same time Mr Robert McKendrick and Mr James Reid resigned as Directors of the Company and Christopher Johnson and Alexander Johnson, the Directors of CBH, joined the Board as Executive Directors of your Company, forming the new management team. Mr Andrew Moore subsequently resigned his Directorship of the Company for personal reasons but continues to undertake the Company Secretarial role

Following the issue of shares at the time of the completion of the Administration and the issue of shares for the acquisition of CBH, the Company now has 214,375,200 shares in issue

On 6th December 2011, Mr Norman Lott FCA was appointed a Non-Executive Director and on the 17th May 2012, I was appointed as Independent Non-Executive Chairman of the Company

I was delighted to accept the role of Chairman of this Company as I have a strong belief in the management team, having known them for many years. I believe that they will successfully pursue their stated aim to make this Company and its subsidiaries a force to be reckoned with in the house building market in the South East of England, their chosen area of operation

The benefit of the acquisition of CBH and its subsidiaries can be seen in the results for the financial period ended 31st March 2012 which shows a post tax profit for the financial period of £208,464 and earnings of 0.1p per share. This is however, after writing-off £291,075 of exceptional one-off costs relating to the acquisition of Combe Bank Homes Ltd

I am encouraged by the growth strategy now in place, with development underway on sites, which are anticipated to contribute to the Company's financial performance for the years ending March 2013 and 2014

It leaves me now only to thank those who have served the Company through its difficult times and to congratulate my fellow board members on their efforts in achieving a positive set of results for the period under review, enabling us all to look forward to the future with optimism

James Dubois

Chairman

30 August 2012

DIRECTORS' REPORT

TRAFALGAR NEW HOMES PLC

DIRECTORS' STATEMENT

The Directors present their Report and Audited Financial Statements for the period ended 31st March 2012

Principal Activities

The principal activity of the Company is that of a Holding Company

The principal activity of the principal subsidiary undertaking, Combe Bank Homes Limited, continued to be that of home building and property development

Business review, results and dividends

The Consolidated Results of the period's trading, presented on the basis of accounting, are shown on page 11 of the Financial Statements. The Consolidated Profit for the period amounted to £208,464 (2010 Loss £903,100). This is however, after writing off £291,075 of exceptional one-off costs relating to the acquisition of Combe Bank Homes Ltd.

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 risk and uncertainties facing the Group are

- 1 Any possibility that lending criteria from the Company'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 Company could pay too much for land acquisitions
- 5 The Company might fail to adhere to good corporate governance policies

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 also are outsourced, thus providing 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 with ambitions substantially to raise its profile within the wide investor community

DIRECTORS' REPORT

Operations Review

The last year has seen the Group make great progress in fulfilling its aim to be a force in the house building market, in its chosen geographical area of operation which remains primarily Kent, East Sussex, Surrey and the outer London M25 ring

The year under review has seen an improvement in the fortunes of house building companies generally and it is no surprise that we are no exception. However, the very satisfactory results achieved are exciting and augur well for the future

At the start of the last financial period the Group was on site and building out developments at Deal and Aylesford in Kent and Crowborough in East Sussex and undertaking a project management role for a fee on a development in Frant Road, Tunbridge Wells, Kent. The type of housing units being developed ranged from one bed starter homes to an executive five bed detached house. The sites were all in the preferred range, being one to twenty unit sites. No flat developments were undertaken during the period. All the houses were completed and sold contributing to the turnover for the period and the profit.

The consolidated profit of £499,536 before exceptional costs of £291,075 is a good start. The losses carried forward from previous years indicate that it is unlikely that there will be a tax charge in 2012 or 2013.

The success of our development activities through the period is shown in the gross profit achieved for the period under review, this profitability being further enhanced by the addition of rental income generated from some of the developments undertaken by the Group in previous periods which were retained and rented out owing to a lack lustre sales market at the time.

The period under review also saw us commence work on our flagship site at Oakhurst Park Gardens, Hildenborough, Kent and our site at Edenbridge, Kent. These two sites (of 24 units in total) should generate a substantial turnover over the two financial years ended 31.03.2013 and 31.03.2014.

During the current period, we also intend to start work on two smaller sites owned by the Company in Sheerness, Kent (six units) and Chatham, Kent (three units).

As stated in the Company's circular to shareholders dated 8th November, 2011, the declaration and payment of dividends is at the discretion of the Board and depends upon future funding requirements, profits generated and the available reserves of the Company. It remains the Board's intention to give consideration to the payment of a dividend as soon as possible.

We continue to negotiate the purchase of a number of sites, some with planning permission and some without planning consent where we are confident that we will obtain planning permission, which should result in an enhancement of the land value accordingly. We have and are entering into options and conditional contracts on land in our chosen area of operation, to ensure continuity of development activity, with a view to laying the ground work for 2015 and onwards.

The principal area of operations for the Group has remained Kent and the Southern outer London Boroughs, Surrey and East Sussex. We intend for the Group to continue its successful policy of developing property of high quality in its chosen area. It will continue to pursue an aggressive, but controlled land acquisition programme to satisfy the likely needs and demands of house buyers, preferring to develop a broad and varied range of residential homes.

As mentioned above, our forward land supply situation has remained good and we have sites which are either being developed out now or owned by us or are in the throes of being acquired, either conditionally or unconditionally with or without planning permission, which should contribute to the Company's anticipated financial performance for 2013 and beyond.

On the financial side, I am very pleased to report that our main Bankers have continued their full support for the Group and its activities and remain prepared to lend on sensible terms for both land acquisition and construction cost. We have three main Bankers now lending to us to support our activities and development programme and the cost of our borrowing remains very competitive. The Johnson family will continue to support the Group in its activities, via their established loan accounts providing the necessary financial support to cover the balance of monies needed to buy land and build out sites and for overheads.

DIRECTORS' REPORT

The Plus quotation of the Company's shares may, in due course, be a further source of capital funding. The Group intends to capitalise upon its funding sources to acquire and develop prime new build land sites on a favourable cost base, where opportunities arise and it is prudent so to do.

By continuing to outsource most of our activities, we are able to keep our overheads very low and thereby increase profitability accordingly. Your executive management team of myself and Alex Johnson have, between us, more than forty years experience in the house building industry, our collective experience enabling us to handle 'in house' almost any eventuality that might arise and cover all aspects of land acquisition, development and sales and marketing.

We continue to be able to negotiate satisfactory building prices with our favoured contractors and, notwithstanding any increase in building prices generally (and despite delays in the planning process being experienced throughout the industry), we are confident of developing out sufficient sites to continue the Group's growth trend.

The outsourcing by the Group of construction work and professional services and the operation of a minimal head office centre, with low fixed overheads, enables the Group to scale up or down the trading activity very quickly to react to changing market conditions and opportunities.

Needless to say, we are working tirelessly to achieve an increase in the profile of our product at the same time as working to increase profitability and the potential for dividends to be payable to shareholders in the future as a result.

Finally, we remain committed to providing quality homes in areas of undoubted demand at realistic prices.

RESULTS AND DIVIDENDS

The results for the period are set out on page 11.

The Directors do not recommend the payment of a final dividend for the period.

DIRECTORS

The following directors have held office since 1 April 2011 -

C C Johnson	- appointed 11 November, 2011
A Johnson	- appointed 11 November, 2011
N Lott	- appointed 10 April, 2012
J Dubois	- appointed 14 June, 2012
A Moore	- resigned 30 November, 2011
J Reid	- resigned 11 November, 2011
R McKendrew	- resigned 11 November, 2011

CONFLICTS OF INTEREST

Under the articles of association of the company and in accordance with the provisions of the Companies Act 2006, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. However, the directors may authorise conflicts and potential conflicts, as they deem appropriate. As a safeguard, only directors who have no interest in the matter being considered will be able to take the relevant decision, and the directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate. During the financial period ended 31 March 2012, the directors have authorised no such conflicts or potential conflicts.

DIRECTORS' INTERESTS IN SHARES

Directors' interests in the shares of the Company, including family interests, at 31 March 2012 were as follows -

	Ordinary shares of 1p each
C C Johnson	186,815,803
A Johnson	1,868

DIRECTORS' REPORT

SHAREHOLDINGS OR OTHER DIRECTORS

There have been no changes in the Directors' shareholdings since the period end

OTHER SUBSTANTIAL SHAREHOLDINGS

As at 31 July 2012, being the latest practicable date before the issue of these financial statements, the company had been notified of the following shareholdings which constitute 3% or more of the total issued shares of the company

	Ordinary shares No	Shareholding %
SVS Securities Plc	6,801,868	3.00
Mr C C Johnson	186,815,803	87.15

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 risk. This risk is explained in the section headed Principal Risks and Uncertainties on page 3.

POLICY ON PAYMENT OF CREDITORS

Although the group does not follow a formal code, the policy is to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods and services in accordance with the agreed terms and conditions. The total value of trade creditors at 31 March 2012 amounted to £69,057 (2010: £10,316). The average period taken to pay creditors during the period was less than 14 days.

STATEMENT OF DIRECTORS RESPONSIBILITIES

The Directors are responsible for preparing the Directors' 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 International Financial Reporting Standards as adopted by the European Union (IFRSs). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that 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 Group will continue in business.

DIRECTORS' REPORT

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

Provision of information to auditors

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

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

AUDITOR

The auditors, Crowe Clark Whitehill LLP, will be proposed for re-appointment in accordance with Section 489 of the Companies Act 2006.

This report was approved by the board and signed on its behalf



Christopher Johnson

Director

30 August 2012

Trafalgar New Homes Plc

CORPORATE GOVERNANCE STATEMENT

The Board of Trafalgar New Homes Plc appreciate the value of good corporate governance and the requirements of the UK Corporate Governance Code ("the Code"). Companies on the Plus-Stock Exchange are not required to comply with the Code and, due to its size, the Company is not in full compliance. However the Company intends to comply as far as is practicable and appropriate.

Board Structure

The Board consists of four directors of which two are executive and two non-executive.

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

Due to the current size of the Group, the duties that would normally be attributed to an Audit, Remuneration or Nomination Committee, have been undertaken by the board as a whole.

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

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

Internal Controls

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR NEW HOMES PLC

We have audited the financial statements of Trafalgar New Homes Plc for the period ended 31 March 2012 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the Parent Company Balance Sheet, the Parent Company Statement of Cash Flows and the related notes numbered 1 to 17 for the Group and the related notes numbered 1 to 11 for the Parent Company

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, 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

We read all the financial and non-financial information in the Directors' Report and any other surrounding information which includes the Chairman's statement 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 on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2012 and of the group's profit for the period then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR NEW HOMES PLC

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financials are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Other matter

We have audited the financial statements for the year ended 31 March 2012. However, the prior year Parent Company only financial statements contained a disclaimer for the year ended 31 March 2011 as the auditor was unable to obtain sufficient appropriate audit evidence concerning all balance sheet areas.



Roland Malkin
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

30 August 2012

Trafalgar New Homes Plc
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 31 March 2012

	Note	16 month period ended 31 March 2012 £	Year ended 30 November 2010 £
Revenue		2,346,404	326,550
Cost of sales		1,699,896	1,104,025
Gross profit / (loss)		646,508	(777,475)
Administrative expenses		251,509	156,749
Underlying operating profit / (loss)*		394,999	(934,224)
Costs of acquisition		29,500	-
Deemed cost of listing	4	261,575	-
Operating profit/(loss)		103,924	(934,224)
Profit/(loss) before interest		103,924	(934,224)
Other interest receivable and similar income	2	137,858	92,941
Finance costs		33,163	61,817
Profit/(loss) before taxation		208,619	(903,100)
Tax payable on profit on ordinary activities	6	155	-
Profit/(loss) after taxation for the period		208,464	(903,100)
Other comprehensive income		-	-
Total comprehensive income for the period		208,464	(903,100)
Profit/(loss) attributable to:			
Equity holders of the parent		208,464	(903,100)
Total comprehensive income for the period attributable to Equity holders of the parent		208,464	(903,100)
PROFIT/(LOSS) PER ORDINARY SHARE, Basic/Diluted	7	0.1p	(0.47)p

*Operating profit before non-recurring items, costs of acquisition and deemed cost of listing

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

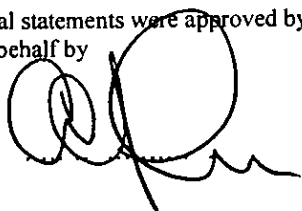
The notes on pages 16 to 27 are an integral part of these consolidated financial statements

Trafalgar New Homes Plc
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2012

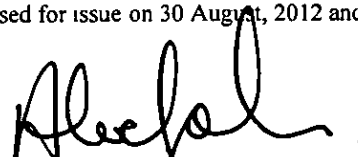
	Note	31 March 2012 £	30 November 2010 £
Non-current assets			
Tangible fixed assets	7	<u>1,533</u> 1,533	<u>529</u> 529
Current assets			
Inventory	11	6,557,666	6,934,734
Trade and other receivables	9	110,043	54,113
Cash at bank and in hand	10	<u>553,420</u>	<u>271,665</u>
		7,221,129	7,260,512
Total assets		7,222,662	7,261,041
Creditors: amounts falling due within one year			
Trade and other payables	12	(169,305)	(24,090)
Borrowings	13	(1,010,816)	(3,939,612)
Net current assets		6,041,008	3,296,810
Non-current liabilities			
Borrowings	13	(7,420,555)	(5,070,765)
Net liabilities		<u>(1,378,014)</u>	<u>(1,773,426)</u>
Capital and reserves			
Called up share capital	14	2,143,752	87,575
Share premium account	15	961,128	194,393
Reverse acquisition reserve		(2,817,633)	(181,669)
Profit & loss account		<u>(1,665,261)</u>	<u>(1,873,725)</u>
Equity – attributable to the owners of the parent		<u>(1,378,014)</u>	<u>(1,773,426)</u>

These financial statements were approved by the Board of Directors and authorised for issue on 30 August, 2012 and are signed on its behalf by

C C Johnson



A D Johnson



Trafalgar New Homes Plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2012

	Share capital	Share premium	Reverse acquisition reserve	Retained profits/(losses)	Total equity
	£	£	£	£	£
At 1 December 2009	87,575	194,393	-	(970,625)	(688,657)
Loss for the year	-	-	-	(903,100)	(903,100)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(903,100)	(903,100)
Reverse acquisition adjustment	-	-	(181,669)	-	(181,669)
At 30 November 2010	87,575	194,393	(181,669)	(1,873,725)	(1,773,426)
At 1 December 2010	87,575	194,393	(181,669)	(1,873,725)	(1,773,426)
Profit for period	-	-	-	208,464	208,464
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	208,464	208,464
Issue of shares	2,056,177	787,235	-	-	2,843,412
Share issue costs	-	(20,500)	-	-	(20,500)
Reverse acquisition adjustment	-	-	(2,635,964)	-	(2,635,964)
At 31 March 2012	2,143,752	961,128	(2,817,633)	(1,665,261)	(1,378,014)

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.

The reverse acquisition reserve relates to the reverse acquisition between Trafalgar New Homes plc and Combe Bank Homes Limited on 11 November 2011.

Trafalgar New Homes Plc
CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 31 March 2012

	Note	2012 £	2010 £
Cash flow from operating activities			
Operating profit/(loss)		103,924	(934,224)
Depreciation charges		767	177
Decrease/(increase) in stocks		377,068	(626,254)
(Increase)/decrease in debtors		(55,930)	6,359
Increase/(decrease) in creditors		90,933	(4,518)
Deemed cost of listing		261,575	-
Other income		137,858	92,941
Interest paid		(33,163)	(61,817)
Net cash inflow / (outflow) from operating activities		883,032	(1,527,336)
Investing activities			
Purchase of tangible fixed assets		(1,771)	-
Net cash used in investing activities		(1,771)	-
Financing activities			
Issues of shares		-	99,998
Loan repayments in year (net)		(567,153)	810,034
Share issue costs		(20,500)	-
Amount introduced/(withdrawn) by directors		(11,853)	550,945
Net cash outflow from financing		(599,506)	1,460,977
Increase / (decrease) in cash and cash equivalents in the period		281,755	(66,359)
Cash and cash equivalents at the beginning of the period		271,665	338,024
Cash and cash equivalents at the end of the period		553,420	271,665

Trafalgar New Homes Plc

ACCOUNTING POLICIES

For the period ended 31 March 2012

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 on page 3.

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 and as applied in accordance with the provisions of the Companies Act 2006. These financial statements are for the period from 1 December 2010 to 31 March 2012 and are presented in pounds sterling ("GBP"). The comparative period is for the year to 30 November 2010.

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 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.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements the following Standards and Interpretations, some of which have not been endorsed by the EU, which have not been applied in these financial statements but were in issue but not yet effective:

IFRS 9 – Financial Instruments,
IFRS 10 – Consolidated Financial Statements,
IFRS 11 – Joint Arrangements,
IFRS 12 – Disclosure of Interests in Other Entities,
IFRS 13 – Fair Value Measurement,
IAS 1 (amended) – Presentation of Items of Other Comprehensive Income,
IAS 12 (amended) – Deferred Tax recovery of underlying assets,
IAS 19 (revised) – Employee Benefits,
IAS 27 (revised) – Separate Financial Statements, and
IAS 28 (revised) – Investments in Associates and Joint Ventures
IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

The Directors do not anticipate that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Group when the relevant standards and interpretations come into effect.

BASIS OF CONSOLIDATION

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

Trafalgar New Homes Plc

ACCOUNTING POLICIES

For the period ended 31 March 2012

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 period 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,

- comparative numbers presented in the Group financial statements are those reported in the financial statements of the legal subsidiary, Combe Bank Homes Limited, for the year ended 30 November 2010,

- 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 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

Trafalgar New Homes Plc

ACCOUNTING POLICIES

For the period ended 31 March 2012

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 periods 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 period 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.

REVENUE

Revenue is measured at fair value of the consideration received. All income is derived in the United Kingdom. Sales of homes are recognised when the sale has been completed and the proceeds received.

Revenue shown in the statement of comprehensive income represents amounts invoiced during the period.

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 PROFIT/(LOSS)

Operating profit/(loss) 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 are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Interest on sums borrowed that finance specific projects is added to cost. 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.

Trafalgar New Homes Plc

ACCOUNTING POLICIES

For the period ended 31 March 2012

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 period.

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 period of time to get ready for their intended use or 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 period 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 periods 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 period. 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 periods 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.

Trafalgar New Homes Plc

ACCOUNTING POLICIES

For the period ended 31 March 2012

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 period 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 period 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

EVENTS AFTER THE BALANCE SHEET DATE

Post period-end events that provide additional information about a company's position at the balance sheet date and are adjusting events are reflected in the financial statements. Post period-end events 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 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

The directors consider that the share for share exchange between Trafalgar New Homes plc and Combe Bank Homes Limited to be a reverse acquisition, as Combe Bank Homes Limited is considered the acquirer. Further details of the basis of consolidation and how the directors developed the most appropriate accounting policy is outlined in the basis of consolidation within the accounting policies. The difference between the consideration shares transferred in the business combination ("Consideration Shares") and the fair value of the net assets acquired has been charged to the Group Statement of Comprehensive Income as a deemed cost of listing

The Group assesses the net realisable 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

Trafalgar New Homes Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 March 2012

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.

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 periods ended 31 March 2012 and 30 November 2010.

<i>Period ended 31 March 2012</i>	United Kingdom £	Total £
Property development – sales	<u>2,346,404</u>	<u>2,346,404</u>
	<u>2,346,404</u>	<u>2,346,404</u>
<i>Year ended 30 November 2010</i>	United Kingdom £	Total £
Property development – sales	<u>326,550</u>	<u>326,550</u>
	<u>326,550</u>	<u>326,550</u>

Trafalgar New Homes Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 31 March 2012

2 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £	2010 £
Bank interest received	220	227
Rental Income	137,638	92,714
	<u>137,858</u>	<u>92,941</u>

3 INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2010 £
Interest on bank loans	166,054	129,469
Interest on other loans	90,500	57,000
	<u>256,554</u>	<u>186,469</u>

4 PROFIT/(LOSS) FOR THE PERIOD

The Group's profit/(loss) for the period is stated after charging the following

	2012 £	2010 £
Deemed cost of listing (i)	261,575	-
Costs of acquisition	29,500	-
Depreciation of tangible fixed assets	737	636
Auditor's remuneration		
Fees payable to the auditor for the audit of the company's annual accounts	10,000	3,000
Fees payable to the auditor for the audit of the annual accounts of Subsidiary undertakings	2,000	-

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

- (i) The difference between the notional consideration transferred in the business combination of £207,575 and the fair value of net liabilities acquired of £54,000, £261,575 has been consequently charged to the group Statement of Comprehensive Income

5 EMPLOYEES AND DIRECTORS' REMUNERATION

Staff costs during the period were as follows

	2012 £	2010 £
Directors remuneration	24,475	13,000
Wages and salaries	81,333	68,298
Social security costs	9,626	7,014
Other pension costs	25,500	18,000
	<u>140,934</u>	<u>106,312</u>

Trafalgar New Homes Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 March 2012

The average number of employees of the company during the period was

	2012 Number	2010 Number
Directors and management	<u>4</u>	<u>4</u>

Key management are the group's directors Remuneration in respect of key management was as follows

	2012 £	2010 £
Short-term employee benefits		
- Emoluments for qualifying services C Johnson	14,475	6,500
- Emoluments for qualifying services A Johnson	10,000	6,500
	<u>24,475</u>	<u>13,000</u>

There are retirement benefits accruing to Mr C Johnson for whom a company contribution was paid during the period of £25,500 (2010 £18,000)

6 TAXATION

	2012 £	2010 £
Current tax	155	-
Tax charge/(credit)	<u>155</u>	<u>-</u>
	2012 £	2010 £
Profit/(loss) on ordinary activities before tax	208,619	(903,100)
Based on profit for the period		
Tax at 26.3% (2010 26.3%)	54,867	(237,515)
Effect of		
Losses not utilised	(54,712)	237,515
Tax charge for the period	<u>155</u>	<u>-</u>

7 PROFIT/(LOSS) PER ORDINARY SHARE

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

	2012 £	2010 £
Profit/(loss) for the period	<u>£208,464</u>	<u>£(903,100)</u>
Weighted average number of shares for basic profit/(loss) per share	<u>200,396,679</u>	<u>8,757,500</u>
Weighted average number of shares for diluted profit/(loss) per share	<u>200,396,679</u>	<u>8,757,500</u>
PROFIT/(LOSS) PER ORDINARY SHARE,		
Basic	<u>0.1p</u>	<u>(0.47)p</u>
Diluted	<u>0.1p</u>	<u>(0.47)p</u>

Trafalgar New Homes Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 March 2012

8 TANGIBLE FIXED ASSETS

	Fixtures and fittings £
At 1 December 2010	1,165
Additions	<u>1,771</u>
At 31 March 2012	<u>2,936</u>
Depreciation	
At 1 December 2010	636
Charge for the period	<u>767</u>
At 31 March 2012	<u>1,403</u>
Net book value at 31 March 2012	<u>1,533</u>
Net book value at 30 November 2010	<u>529</u>

9 TRADE AND OTHER RECEIVABLES

	2012 £	2010 £
Other receivables	79,926	42,389
Other taxes	27,820	3,849
Prepayment	<u>2,297</u>	<u>7,875</u>
	<u>110,043</u>	<u>54,113</u>

There are no receivables that are past due but not impaired at the period end, and receivables relate only to customers with no recent history of default

10 CASH AND CASH EQUIVALENTS

All of the group's cash and cash equivalents at 31 March 2012 and 30 November 2010 are in sterling and held at floating interest rates

	2012 £	2010 £
Cash and cash equivalents	<u>553,420</u>	<u>271,665</u>

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

Trafalgar New Homes Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 March 2012

11 INVENTORY

	2012 £	2010 £
Work in progress	<u>6,557,666</u>	<u>6,934,734</u>

12 TRADE AND OTHER PAYABLES

	2012 £	2010 £
Trade creditors	69,057	10,316
Accruals	52,812	8,480
Tax	5,467	3,563
Other creditors	41,969	1,731
	<u>169,305</u>	<u>24,090</u>

13 BORROWINGS

	2012 £	2010 £
Director's loans	4,578,912	4,590,765
Other loans	480,000	480,000
Bank loans	3,372,459	3,939,612
	<u>8,431,371</u>	<u>9,010,377</u>

Included in other loans, all bearing interest at 10% - 15% per annum, is the sum of £300,000 (2010 £300,000) advanced by the DFM Pension Scheme of which Mr J Dubois is the principal beneficiary

The bank borrowings are repayable as follows

	2012 £	2010 £
On demand or within one year	1,010,816	3,939,612
In the second year	1,726,643	-
In the third to fifth years inclusive	635,000	-
After five years	<u>3,372,459</u>	<u>3,939,612</u>
Less amount due for settlement within 12 months (included in current liabilities)	<u>(1,010,816)</u>	<u>(3,939,612)</u>
Amount due for settlement after 12 months	<u>2,361,643</u>	<u>-</u>

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

Bank Loans - 5.1% (2010 5.1%)

The Director's loan is repayable after more than 1 year and is interest free

The other loans bear interest of between 10-15% and are repayable after more than 1 year

Trafalgar New Homes Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 March 2012

14 SHARE CAPITAL

Authorised Share Capital

	2012 Number	2010 Number
Ordinary shares of 1p each	<u>214,375,200</u>	<u>87,575,000</u>
Issued, allotted and fully paid		
	2012 £	2010 £
Ordinary shares of 1p each	<u>2,143,752</u>	<u>87,575</u>

On 11 November, 2011, the Company acquired the entire share capital of Combe Bank Homes Limited for the sum of £2,323,524 satisfied by the issue of 186,817,671 New Ordinary Shares of 1p per share

15 SHARE PREMIUM ACCOUNT

	2012 £	2010 £
Balance brought forward	194,393	194,393
Premium on issue of new shares	787,235	-
Share issue costs	(20,500)	-
Balance carried forward	<u>961,128</u>	<u>194,393</u>

16 RELATED PARTY TRANSACTIONS

Mr C C Johnson holds 87.15% of the total issued share capital of the Group

On 9 February 2012, the Directors agreed to sell a small number of completed residential properties, which were let pending sale, to Mr C C Johnson for an aggregate consideration of £1,090,000. The Directors believed that a sale of the properties on the open market in the current economic climate would realise a significant loss against cost. The book value of the properties was £1,129,301 at the date of sale.

The following working capital loans have been provided by the Directors

	2012	2010
C C Johnson	£4,578,912	£4,590,765
J Dubois	£300,000	£300,000

Mr Johnson's Loan is interest-free and Mr Dubois' Loan, which is from his Pension Fund of which he is the sole beneficiary, is at 15% pa interest.

Trafalgar New Homes Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 March 2012

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, cash and cash equivalents and receivables held at amortised cost		Borrowings and trade payables held at amortised cost	
	2012 £	2010 £	2012 £	2010 £
Financial assets				
Cash and cash equivalents	553,420	271,665	-	-
Financial liabilities				
Borrowings – directors loans	-	-	4,578,912	4,590,765
Borrowings – bank loan	-	-	3,372,459	3,939,612
Borrowings – other loans	-	-	480,000	480,000
Total	553,420	271,665	8,431,371	9,010,377

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 on pages 16 to 20 to these financial statements

Foreign currency risk

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

Interest rate risk

The Group is sensitive to changes in interest rates principally on the loans from banks The loans from the directors are interest free

The impact of a 100 basis point increase in interest rates would result in additional interest cost for the period of £33,302 (2010 £38,901)

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

Trafalgar New Homes Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 March 2012

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

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.

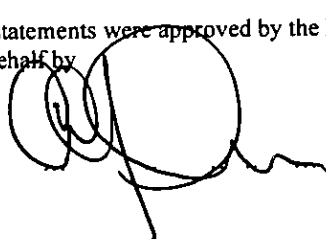
In accordance with IAS 39, "Financial instruments: recognition and measurement", the group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet specific requirements set out in the standard. No material embedded derivatives have been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

Trafalgar New Homes Plc
COMPANY BALANCE SHEET
 Company Registration Number 05332938
 31 March 2012

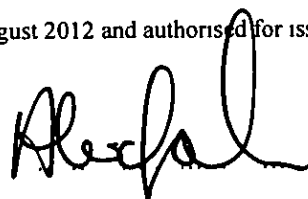
	Note	2012 £	2011 £
Tangible fixed assets		-	386
Investments	4	<u>2,323,524</u>	<u>-</u>
		2,323,524	386
Current assets			
Stocks		-	161,711
Other receivables	5	<u>12,528</u>	<u>108,925</u>
Cash at bank and in hand		<u>21,245</u>	<u>3,742</u>
		33,773	274,378
Creditors, amounts falling due within one year	6	<u>27,660</u>	<u>514,147</u>
Net current assets		6,113	(239,769)
Creditors, amounts falling due after more than one year			
Borrowings	7	<u>122,467</u>	<u>-</u>
Net assets / (liabilities)		<u>2,207,170</u>	<u>(239,383)</u>
Capital and reserves			
Called up share capital	8	<u>2,143,752</u>	<u>87,575</u>
Share premium account	9	<u>961,128</u>	<u>194,393</u>
Profit and loss account		<u>(897,710)</u>	<u>(521,351)</u>
Equity – attributable to the owners of the parent	11	<u>2,207,170</u>	<u>(239,383)</u>

The financial statements were approved by the Board of Directors on 30 August 2012 and authorised for issue and are signed on its behalf by

C C Johnson



A D Johnson



Trafalgar New Homes Plc
COMPANY STATEMENT OF CASH FLOWS
Year ended 31 March 2012

	Notes	£	2012 £	£	2011 £
Net cash outflow from operating activities	1		(377,975)		(204,381)
Returns on investments and servicing of finance	2		-		(1,117)
Capital expenditure and financial investment	2		<u>(2,323,138)</u>		<u>-</u>
			(2,701,113)		(205,498)
Financing	2		<u>2,718,616</u>		<u>205,436</u>
Increase/(decrease) in cash in the period			<u>17,503</u>		<u>(62)</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase/(decrease) in cash in the period		17,503		(62)	
Cash outflow/(inflow) from decrease/(increase) in debt		<u>212,120</u>		<u>(205,436)</u>	
Change in net debt resulting from cash flows			<u>229,623</u>		<u>(205,498)</u>
Movement in net debt in the period			229,623		(205,498)
Net debt at 1 April			<u>(250,681)</u>		<u>(45,183)</u>
Net debt at 31 March			<u>(21,058)</u>		<u>(250,681)</u>

Trafalgar New Homes Plc
COMPANY STATEMENT OF CASH FLOWS
Year ended 31 March 2012

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

	31 3.12	31 3 11
	£	£
Operating loss	(41,528)	(256,905)
Cost of reorganisation	(334,831)	-
Decrease in stocks	161,711	-
Decrease in debtors	96,397	45,438
(Decrease)/increase in creditors	<u>(259,724)</u>	<u>7,086</u>
Net cash outflow from operating activities	<u>(377,975)</u>	<u>(204,381)</u>

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

	31.3.12	31 3 11
	£	£
Returns on investments and servicing of finance		
Interest paid	-	<u>(1,117)</u>
Net cash outflow for returns on investments and servicing of finance	<u>-</u>	<u>(1,117)</u>
 Capital expenditure and financial investment		
Purchase of fixed asset investments	(2,323,524)	-
Sale of tangible fixed assets	<u>386</u>	<u>-</u>
Net cash outflow for capital expenditure and financial investment	<u>(2,323,138)</u>	<u>-</u>
 Financing		
New loans in year	-	205,436
Loan repayments in year	(212,120)	-
Loans from group undertakings in year	107,824	-
Share issues	<u>2,822,912</u>	<u>-</u>
Net cash inflow from financing	<u>2,718,616</u>	<u>205,436</u>

Trafalgar New Homes Plc
COMPANY STATEMENT OF CASH FLOWS
Year ended 31 March 2012

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.11	Cash flow	At
	£	£	31.3.12
			£
Net cash			
Cash at bank	<u>3,742</u>	<u>17,503</u>	<u>21,245</u>
	<u>3,742</u>	<u>17,503</u>	<u>21,245</u>
Debt			
Debts falling due			
after one year	<u>(254,423)</u>	<u>212,120</u>	<u>(42,303)</u>
	<u>(254,423)</u>	<u>212,120</u>	<u>(42,303)</u>
Total	<u>(250,681)</u>	<u>229,623</u>	<u>(21,058)</u>

Trafalgar New Homes Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 March 2012

BASIS OF ACCOUNTING

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

GOING CONCERN

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

The 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 Company and 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.

INVESTMENTS

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

TAXATION

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

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

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

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Taxation arising on disposal of a revalued asset is split between the profit and loss account and the statement of total recognised gains and losses on the basis of the tax attributable to the gain or loss recognised in each statement.

Trafalgar New Homes Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS for the year ended 31 March 2012

1 LOSS FOR THE FINANCIAL YEAR

a) The company has taken advantage of section 408 of the Companies Act 2006 and consequently a profit and loss account for the company alone has not been presented

The company's loss for the financial year was £376,359 (2011 Loss £258,022), after charging reorganisation costs of £334,831 relating to the Company's CVA

The company's loss for the financial year has been arrived at after charging auditor's remuneration payable to Crowe Clark Whitehill LLP for audit services to the company of £10,000

2 EMPLOYEES AND DIRECTORS' REMUNERATION

	2012 £	2011 £
Directors fees	-	-
Wages and salaries	-	-
Social security costs	-	-
Other pension costs	-	-
	<u>-</u>	<u>-</u>

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

	2012 Number	2011 Number
Directors and management	<u>-</u>	<u>2</u>

There are no retirement benefits accruing to any of the Directors

3 TANGIBLE FIXED ASSET

	Fixtures and Fittings	
	2012 £	2011 £
Cost brought forward	1,500	1,500
Disposal	(1,500)	-
Depreciation brought forward	(1,114)	(1,114)
Elimination on disposal	1,114	-
Net book value	<u>-</u>	<u>386</u>

Trafalgar New Homes Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 March 2012

4 INVESTMENTS

	Subsidiary undertakings £
At 1 April 2011 and 1 April 2010	-
Additions	2,323,524
At 31 March 2012	<u>2,323,524</u>

The company owns the following undertakings, all of which are incorporated in the United Kingdom

	Class of share held	% shareholding	Principal activity
Held directly			
Combe Bank Homes Ltd	Ordinary shares	100%	Residential property developers
Held indirectly through Combe Bank Homes Limited			
Combe Bank (Oakhurst) Ltd	Ordinary shares	100%	Residential property developers
Combe Homes (Investments) Ltd	Ordinary shares	100%	Residential property developers
Trafalgar Distributions Ltd	Ordinary shares	100%	Dormant Company

On 11 November 2011, the Company acquired the entire share capital of Combe Bank Homes Limited for the sum of £2,323,524, satisfied by the issue of 186,817,671 New Ordinary Shares of 1p per share

Trafalgar New Homes Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 March 2012

5 OTHER RECEIVABLES

	2012	2011
	£	£
Trade debtors	-	70,234
Other debtors	-	14,968
Other taxes and social security	12,528	12,698
Prepayment	-	11,025
	<u>12,528</u>	<u>108,925</u>

6 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Bank loan	27,660	61,878
Trade creditors	-	115,594
Social security and other taxes	-	4,654
Other creditors	-	12,830
Director's current account	-	192,545
Accrued expenses	-	126,646
	<u>27,660</u>	<u>514,147</u>

7 BORROWINGS

	2012	2011
	£	£
Amounts owed to subsidiary undertakings more than one year	107,824	-
Bank loan more than one year	<u>14,643</u>	<u>-</u>
	<u>122,467</u>	<u>-</u>

The total bank loan of £42,303 has £27,660 payable within one year, and £14,643 is repayable after more than 1 year but less than 2 years

8 SHARE CAPITAL

Authorised share capital

	2012	2011
	Number	Number
Ordinary shares of 1p each	<u>214,375,200</u>	<u>87,575,000</u>

Issued, allotted and fully paid

	2012	2011
	£	£
Ordinary shares of 1p each	<u>2,143,752</u>	<u>87,575</u>

Trafalgar New Homes Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS for the year ended 31 March 2012

9 SHARE PREMIUM ACCOUNT

	2012 £	2011 £
Balance brought forward	194,393	194,393
Premium on issue of new shares	787,235	-
Costs on share premium	(20,500)	-
Balance carried forward	<u>961,128</u>	<u>194,393</u>

10 PROFIT AND LOSS ACCOUNT

	2012 £	2011 £
Balance brought forward	(521,351)	(263,329)
Loss for financial year	(376,359)	(258,022)
Balance carried forward	<u>(897,710)</u>	<u>(521,351)</u>

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS-

	2012 £	2011 £
Loss for the financial year	(376,359)	(258,022)
Net decrease in shareholders' funds	(376,359)	(258,022)
Issue of new shares	2,056,177	-
Share premium – shares issued in year	787,235	-
Share premium – issue costs	(20,500)	-
Opening Shareholders' funds	(239,383)	18,639
Closing Shareholders' funds	<u>2,207,170</u>	<u>(239,383)</u>

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Chequers Barn, Bough Beech, Edenbridge, Kent TN8 7PD on Wednesday 10th October 2012 at 11 am to consider, and if thought fit, to pass the following resolutions as ordinary resolutions

- 1 That the report of the directors of the Company (the "Directors") and financial statements for the financial year ended 31 March 2012 be received and adopted
- 2 That Mr A Johnson be re-elected as a director of the Company
- 3 That Crowe Clark Whitehill LLP be re-elected as auditors of the Company and the Directors be authorised to determine their remuneration

By order of the Board

A Moore
Company Secretary
30th August 2012

Registered Office Chequers Barn
Bough Beech
Edenbridge
Kent TN8 7PD

Notes

- 1 As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general Meeting of the Company ("Meeting") You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form
- 2 A proxy need not be a member of the Company but must attend the Meeting to represent you Details of how to appoint the Chairman of the Meeting or another person as your proxy are set out below and in the notes to the proxy form
- 3 To be valid, a form of proxy and the power of attorney or other written authority, if any, under which it is signed, or an office or notarially certified copy in accordance with the Powers of Attorney Act 1971 of such power and written authority must be delivered to the Company's Registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, no later than 11 a.m. on 9th October 2012 (or 48 hours before the time fixed for any adjourned Meeting or in the case of a poll 48 hours before the time appointed for taking the poll at which the proxy is to attend, speak and to vote provided that in calculating such periods no account shall be taken of any part of a day that is not a working day)
- 4 In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered on the Company's register of members at noon on 29th August 2012 (or in the case of adjournment forty-eight hours before the time of the adjourned meeting) will be entitled to attend and vote at the meeting Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting
- 5 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares You may not appoint more than one proxy to exercise rights attached to any one share To appoint more than one proxy complete and submit more than one proxy form and make it clear how many shares the proxy has voting rights over Failure to specify the number of shares each proxy appointment relates to or specifying a number of shares in excess of those held by the member on the record date will result in the proxy appointment being invalid
- 6 The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote

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

- **completed and signed;**
- **sent or delivered to the Company's Registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, and**
- **received by the Registrars no later than 11 a.m. on 9th October 2012.**

- 7 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior)
- 8 Use of the proxy form does not preclude a member attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.
- 9 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) of the Meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- 10 In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (RA10) no later than 48 hours before the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- 11 A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
- 12 In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Registrars, in the case of a member which is a company, the revocation notice must be executed in accordance with note 13 below. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Registrars not less than 48 hours before the time fixed for the holding of the Meeting or any adjourned Meeting (or in the case of a poll before the time appointed for taking the poll) at which the proxy is to attend, speak and to vote provided that in calculating such periods no account shall be taken of any part of a day that is not a working day. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
- 13 A corporation's form of proxy must be executed pursuant to the terms of section 44 of the Companies Act 2006 or under the hand of a duly authorised officer or attorney.
- 14 Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.