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TRAFALGAR NEW HOMES PLC
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

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TRAFALGAR NEW HOMES PLC

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TRAFALGAR NEW HOMES PLC

COMPANY INFORMATION
For The Year Ended 31 March 2009

DIRECTORS:

R J McKendrick
A Moore
J E Upchurch

SECRETARY:

Miss A Madhas

REGISTERED OFFICE:

3 Caroline Court
13 Caroline Street
St Pauls Square
Birmingham
B3 1TR

REGISTERED NUMBER:

4340125 (England and Wales)

AUDITORS:

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

TRAFALGAR NEW HOMES PLC

**CHAIRMAN'S STATEMENT
For The Year Ended 31 March 2009**

The results for the year ended 31 March 2009 reflect the fact that the Company had no activity during the period in terms of trading.

But post year end after a long and protracted negotiation, we sold the land and the part completed development of 9 terraced houses in Mitcham Surrey, to Wandle Housing Association ("Wandle") on 17 June 2009, for the following sums:

- * Land £1,120,672.00
- * Building works to date £845,430.00
- * Less retentions £168,077.00
- * Amount received £1,798,024.10
- * Less loans redeemed to principal banker and others £1,647,282.51

In addition to the above, a separate agreement has been entered into by Trafalgar New Homes plc to complete the development for the sum of £833,570.00, payable upon valuation by Wandle's agents.

This transaction was forced upon Trafalgar due to the current economic crisis and housing 'crash', which was compounded by the fact that Trafalgar's principal banker would not advance any more money to complete the development without guaranteed sales and a possible cash input.

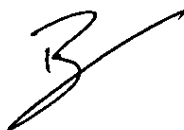
The scheme will show a loss and there is a shortfall. The Board are in negotiations with various creditors to persuade the parties to accept shares in lieu of cash.

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

Robert McKendrick

Executive Chairman

28 August 2009



TRAFALGAR NEW HOMES PLC

REPORT OF THE DIRECTORS For The Year Ended 31 March 2009

The directors present their report with the financial statements of the company for the year ended 31 March 2009.

PRINCIPAL ACTIVITY

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

REVIEW OF BUSINESS

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

The directors consider that the principal risks affecting the company are:

- Property values may fall due to market conditions;
- Current economic climate and the 'credit crunch' may affect the company's ability to obtain funding from its Bankers or other Banks;
- The company currently has exposure to loans from Barclays and the Chairman. If any were to withdraw or cancel those loans the company would be unable to trade.

The company is exploring further development opportunities for the future.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2009.

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
A Moore
J E Upchurch

The beneficial interests of the directors holding office on 31 March 2009 in the issued share capital of the company were as follows:

	31.3.09	1.4.08
Ordinary £0.01 shares		
R J McKendrick	2,014,000	-
A Moore	-	-
J E Upchurch	750,000	750,000

COMPANY'S POLICY ON PAYMENT OF CREDITORS

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

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

On average, trade creditors at the year end represented 59 days (2008 144 days) of purchases.

FINANCIAL INSTRUMENTS

The company had a loan of £1,286,616 outstanding at the year end which was exposed to the risk of movement in interest rates. At the year end the loan was subject to interest at 1.75% above the lending banks base rate. Subsequent to the year end this loan has been repaid as disclosed in note 18 of the financial statements.

TRAFALGAR NEW HOMES PLC

REPORT OF THE DIRECTORS For The Year Ended 31 March 2009

SUBSTANTIAL SHAREHOLDINGS

As at 4 August 2009, being the last practical date prior to this report, the following shareholders held more than 3% of the share capital of the company:

Shareholder	No. of shares held	% of share capital
A B J Sheldrick	2,125,000	24.3%
K Virk	2,125,000	24.3%
R McKendrick	2,014,000	23.0%
SVS (Nominees) Limited	1,004,084	11.5%
J E Upchurch	750,000	8.6%

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

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

ON BEHALF OF THE BOARD:



R McKendrick-Director



A Moore - Director

28 August 2009

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

We have audited the financial statements of Trafalgar New Homes plc for the year ended 31 March 2009 on pages seven to seventeen. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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

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

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

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

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

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

Basis of audit opinion

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

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

Opinion

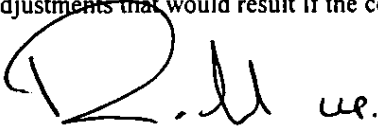
In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

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

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 21 to the financial statements concerning the company's ability to continue as a going concern. As described in note 21 the company incurred a net loss for the year ended 31 March 2009 and is dependent on funding continuing from its bankers and Chairman to ensure its going concern status. These conditions along with the other matters explained in note 21 to the financial statements, indicate the existence of a material uncertainty which may cast significant 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.



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

28 August 2009

TRAFALGAR NEW HOMES PLC

**PROFIT AND LOSS ACCOUNT
For The Year Ended 31 March 2009**

	Notes	2009 £	2008 £
TURNOVER		-	-
Administrative expenses		<u>91,492</u>	<u>72,573</u>
OPERATING LOSS	3	(91,492)	(72,573)
Interest payable and similar charges	4	<u>23,645</u>	<u>6,024</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(115,137)	(78,597)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		<u>(115,137)</u>	<u>(78,597)</u>
Earnings per share expressed in pence per share:	6		
Basic		-1.32	-1.17
Diluted		<u>-1.32</u>	<u>-1.17</u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

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

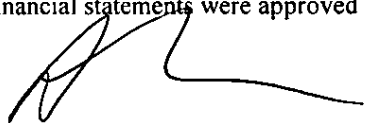
The notes form part of these financial statements

TRAFALGAR NEW HOMES PLC

BALANCE SHEET
31 March 2009

	Notes	2009 £	£	2008 £	£
FIXED ASSETS					
Tangible assets	7		475		633
CURRENT ASSETS					
Stocks	8	1,846,570		1,347,486	
Debtors	9	17,358		14,821	
Cash at bank		1,848		-	
		<u>1,865,776</u>		<u>1,362,307</u>	
CREDITORS					
Amounts falling due within one year	10	<u>1,825,989</u>		<u>1,227,681</u>	
NET CURRENT ASSETS			<u>39,787</u>		<u>134,626</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>40,262</u>		<u>135,259</u>
CAPITAL AND RESERVES					
Called up share capital	13		87,575		67,435
Share premium	14		194,393		194,393
Profit and loss account	14		(241,706)		(126,569)
SHAREHOLDERS' FUNDS	20		<u>40,262</u>		<u>135,259</u>

The financial statements were approved by the Board of Directors on 28 August 2009 and were signed on its behalf by:



A Moore - Director



R J McKendrick - Director

The notes form part of these financial statements

TRAFALGAR NEW HOMES PLC

**CASH FLOW STATEMENT
For The Year Ended 31 March 2009**

	Notes	2009 £	2008 £
Net cash outflow from operating activities	1	(511,698)	(142,349)
Returns on investments and servicing of finance	2	(23,645)	(6,024)
		(535,343)	(148,373)
Financing	2	551,720	127,932
Increase/(Decrease) in cash in the period		16,377	(20,441)

**Reconciliation of net cash flow
to movement in net debt**

	3		
Increase/(Decrease) in cash in the period		16,377	(20,441)
Cash (inflow)/outflow from (increase)/decrease in debt		(561,616)	233,628
Change in net debt resulting from cash flows		(545,239)	213,187
Movement in net debt in the period		(545,239)	213,187
Net debt at 1 April		(776,168)	(989,355)
Net debt at 31 March		(1,321,407)	(776,168)

The notes form part of these financial statements

TRAFALGAR NEW HOMES PLC

**NOTES TO THE CASH FLOW STATEMENT
For The Year Ended 31 March 2009**

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

	2009 £	2008 £
Operating loss	(91,492)	(72,573)
Depreciation charges	158	211
Increase in stocks	(499,084)	(106,466)
Increase in debtors	(2,537)	(10,446)
Increase in creditors	81,257	46,925
Net cash outflow from operating activities	<u>(511,698)</u>	<u>(142,349)</u>

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

	2009 £	2008 £
Returns on investments and servicing of finance		
Interest paid	(23,645)	(6,024)
Net cash outflow for returns on investments and servicing of finance	<u>(23,645)</u>	<u>(6,024)</u>
 Financing		
New loans in year	561,616	725,000
Loan repayments in year	-	(958,628)
Amount introduced by directors	10,000	361,560
Amount withdrawn by directors	(40,036)	-
Share issue	20,140	-
Net cash inflow from financing	<u>551,720</u>	<u>127,932</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.08 £	Cash flow £	At 31.3.09 £
Net cash:			
Cash at bank	-	1,848	1,848
Bank overdraft	(51,168)	14,529	(36,639)
	<u>(51,168)</u>	<u>16,377</u>	<u>(34,791)</u>
 Debt:			
Debts falling due within one year	(725,000)	(561,616)	(1,286,616)
	<u>(725,000)</u>	<u>(561,616)</u>	<u>(1,286,616)</u>
 Total	<u>(776,168)</u>	<u>(545,239)</u>	<u>(1,321,407)</u>

The notes form part of these financial statements

TRAFALGAR NEW HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 31 March 2009

1. ACCOUNTING POLICIES

Accounting convention

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

Tangible fixed assets

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

Fixtures and fittings - 25% on reducing balance

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. STAFF COSTS

	2009 £	2008 £
Wages and salaries	<u>10,100</u>	<u>25,500</u>

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

	2009	2008
Management	<u>4</u>	<u>4</u>

3. OPERATING LOSS

The operating loss is stated after charging:

	2009 £	2008 £
Depreciation - owned assets	158	211
Auditors' remuneration	<u>4,000</u>	<u>2,500</u>
Directors' emoluments	<u>10,100</u>	<u>25,500</u>

TRAFALGAR NEW HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2009

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2009	2008
	£	£
Bank interest	4,510	6,024
Interest on director loan	11,859	-
Other interest	7,276	-
	<u>23,645</u>	<u>6,024</u>

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2009 nor for the year ended 31 March 2008.

Factors affecting the tax charge

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

	2009	2008
	£	£
Loss on ordinary activities before tax	<u>(115,137)</u>	<u>(78,597)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2008 - 20%)	(24,179)	(15,719)
Effects of: Non-deductible expenses	<u>24,179</u>	<u>15,719</u>
Current tax charge	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The company has no losses carried forward (2008 £nil) to be set against future taxable profits. No deferred tax asset has been recognised as there are no taxation timing differences to provide for.

TRAFALGAR NEW HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2009

6. EARNINGS PER SHARE

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

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

Reconciliations are set out below.

	Earnings £	2009 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(115,137)	8,718,894	-1.32
Effect of dilutive securities	-	-	-
	<u>(115,137)</u>	<u>8,718,894</u>	<u>-1.32</u>
Diluted EPS			
Adjusted earnings	<u>(115,137)</u>	<u>8,718,894</u>	<u>-1.32</u>

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

TRAFALGAR NEW HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2009

7. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
COST	
At 1 April 2008	
and 31 March 2009	1,500
DEPRECIATION	
At 1 April 2008	867
Charge for year	158
At 31 March 2009	1,025
NET BOOK VALUE	
At 31 March 2009	475
At 31 March 2008	633

8. STOCKS

Work in progress comprises one land development which is included at its original cost of £775,000 together with subsequent development costs. Included within these "development costs" is interest arising on loans specifically incurred for the land development. During the year interest of £45,689 (2008 £83,166) was taken to work in progress. A professional valuation was carried out by Stevens Scanlan LLP on 23 July 2007 and assessed the Gross Development Valuation of the site, when complete to be £3,385,000. As the company already has planning permission and taking into account subsequent development works, the directors consider the market value of the development at 31 March 2009 to be not less than the costs incurred to date as shown on the balance sheet.

Subsequent to the year end, the part completed development was sold as disclosed in note 18 of the financial statements

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Other debtors	1,468	1,468
VAT	5,434	2,649
Prepayments and accrued income	10,456	10,704
	<u>17,358</u>	<u>14,821</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Bank loans and overdrafts (see note 11)	1,323,255	776,168
Trade creditors	80,606	32,205
Other creditors	32,856	-
Directors' current accounts	361,272	391,308
Accrued expenses	28,000	28,000
	<u>1,825,989</u>	<u>1,227,681</u>

TRAFALGAR NEW HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2009

11. LOANS

An analysis of the maturity of loans is given below:

	2009 £	2008 £
Amounts falling due within one year or on demand:		
Bank overdrafts	36,639	51,168
Bank loans	1,286,616	725,000
	<u>1,323,255</u>	<u>776,168</u>

The bank overdraft at the year end was subject to floating interest rates of 3% above the banks base rate. The bank loan at the year end was subject to a interest rate of 1.75% above the banks base rate. The loan at 31 March 2009 is repayable upon the earlier of 12 months from the year end or the date of disposal of the completed units.

Subsequent to the year end, the bank loan was repaid as disclosed in note 18 of the financial statements.

12. SECURED DEBTS

The following secured debts are included within creditors:

	2009 £	2008 £
Bank overdrafts	36,639	51,168
Bank loans	1,286,616	725,000
Directors' current account	325,000	-
	<u>1,648,255</u>	<u>776,168</u>

The bank loan and overdraft are secured by a fixed and floating charge over the assets of the company and by a £300,000 personal guarantee from R J McKendrick a director of the company.

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

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

A deposit was received on 30 April 2008 ,in respect of the purchase of two plots and the option to complete the transaction was in the event not exercised.

TRAFALGAR NEW HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS - continued **For The Year Ended 31 March 2009**

13. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2009 £	2008 £
20,000,000	Ordinary	£0.01	<u>200,000</u>	<u>200,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2009 £	2008 £
8,757,519 (2008 - 6,743,519)	Ordinary	£0.01	<u>87,575</u>	<u>67,435</u>

2,014,000 Ordinary shares of £0.01 each were allotted and fully paid for cash at par during the year.

14. RESERVES

	Profit and loss account £	Share premium £	Totals £
At 1 April 2008	(126,569)	194,393	67,824
Deficit for the year	<u>(115,137)</u>		<u>(115,137)</u>
At 31 March 2009	<u>(241,706)</u>	<u>194,393</u>	<u>(47,313)</u>

15. CONTINGENT LIABILITIES

There is an agreement in place dated 11 September 2007, for R J McKendrick and A Moore, directors of the company, to be each granted a 10% profit share on the existing Mitcham Development, on all gross profits above £400,000, should the company achieve these figures upon the completion of the development. The same agreement also provides for both directors to be collectively paid a development management fee of up to £170,000.

There is an agreement in place dated 11 February 2008 for R J McKendrick to be paid a 50% arrangement fee of £162,500 in respect of his £325,000 secured loan, to be paid upon the completion of the development.

As the development has not been completed, and the assessment of whether a profit has been achieved not concluded, no provision has been made for the above liabilities as at 31 March 2009.

16. TRANSACTIONS WITH DIRECTORS

During the year the company was recharged £61,244 (2008 £54,766) by R J McKendrick, a director of the company, for business expenditure incurred by him on its behalf. The amount owed to R J McKendrick at the year end was £331,524 (2008 £361,560).

17. RELATED PARTY DISCLOSURES

During the year the company paid a fee of £10,000 (2008 £nil) to SVS Securities PLC, a company controlled by K Virk, a significant shareholder of the company.

TRAFALGAR NEW HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS - continued **For The Year Ended 31 March 2009**

18. POST BALANCE SHEET EVENTS

On 17 June 2009, the land and the part completed development of nine terraced houses, which formed all of the work in progress at 31 March 2009, was sold to a Housing Association for a consideration of £1,968,102. Subsequent to this transaction, the company entered into a separate agreement with this Housing Association to complete the development for the sum of £833,750.

In accordance with the terms of the Loan agreement with the Bank of Ireland, following the above sale, the proceeds were used to discharge the loan and the account was closed on 22 June 2009.

19. ULTIMATE CONTROLLING PARTY

No individual has overall control of the company.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009	2008
	£	£
Loss for the financial year	(115,137)	(78,597)
Shares issued	20,140	-
	<hr/>	<hr/>
Net reduction of shareholders' funds	(94,997)	(78,597)
Opening shareholders' funds	135,259	213,856
	<hr/>	<hr/>
Closing shareholders' funds	40,262	135,259
	<hr/>	<hr/>

21. GOING CONCERN

As described in the Chairman's Statement and Directors' Report the current economic environment is challenging and the company has reported another operating loss for the year. The directors consider that the outlook presents significant challenges in terms of exploring further development opportunities. Whilst the directors have instituted measures to preserve cash and secure additional finance, these circumstances create material uncertainties over future trading results and cash flows.

As explained in the Chairman's Statement and Note 18, the directors have, post year end, sold the land and part completed development and negotiated a separate agreement to complete the development. Based upon negotiations conducted to date the directors have a reasonable expectation that the development will proceed successfully, but if not the company will need to secure additional finance facilities.

As also explained in the Chairman's Statement, the company has redeemed loans to the principle banker and others. Any future loan facilities would be dependant upon guaranteed income and a possible cash input. The directors are also pursuing alternative sources of finance in case a new facility is not forthcoming, but have not yet secured a commitment.

The directors have concluded that the combination of these circumstances represent a material uncertainty that casts significant doubt over the company's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the directors have 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.