

LTC Holdings plc

Report and Accounts 31 March 2010

The logo consists of the letters 'LTC' in a large, bold, serif font. The letters are rendered in a 3D style with a blue-to-white gradient and a metallic sheen, giving them a three-dimensional appearance. The 'L' and 'T' are blocky, while the 'C' is a simple, rounded curve.

**REGISTERED NUMBER: 2570517 (England and Wales)**

**REPORT OF THE DIRECTORS AND  
AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010  
FOR  
LTC HOLDINGS PLC**

**CHAIRMAN'S STATEMENT**  
**for the year ended 31 March 2010**

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During the year to 31 March 2010 both commercial and residential markets started to recover from the downturn. As the year progressed however, confidence in the future has clouded somewhat due to the weak economic background and fears about the impact of severe government spending cuts. Nevertheless, your board remains confident that the group's sector spread and focus on adding value can sustain and improve shareholder value.

Indeed the results for the year under review are encouraging. Net Assets per share (undiluted) have increased 19% to 167p (140p 2009). This is due to the 22% increase in the value of our property portfolio which has derived mainly from the recent improvement in the prime Central London residential market and the progress we have made with obtaining alternative use planning consents for our development portfolio – some of which are illustrated below.



*Portland House, Exeter – Scheme for student housing and retail*

Given the credit restricted environment we have taken steps to reduce the size of our balance sheet and during the year have made disposals of certain properties and maintained reasonable cash balances. We have also reduced costs by 30% to £705,000 (£1,004,000 2009). Also the company made a small profit after tax of £2,000 compared to the loss in 2009 of £1,788,000. Typically the main gains this year have been made through the balance sheet and Total Recognised Gains increased significantly to £1,441,000 compared to the losses in 2009 of £2,306,000.



*Cutty Sark House, London E14 – Comprehensive residential redevelopment*

The company retains a 48% interest in property services group HML Holdings plc which was demerged from LTC in 2006 and floated on the London Stock Exchange AIM market. HMLH continues to expand and has performed well during the recession.

**CHAIRMAN'S STATEMENT**  
**for the year ended 31 March 2010**

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The group's property fund investment management business, Eaton Investment Management Limited, has closed its first fund (the Eaton Active Special Opportunity Property Fund) and is in the process of finalising its first transaction with the acquisition of a minority interest in LTC's Portland House project in Exeter. The market for retail property funds continues to be constrained by investor appetite but new propositions continue to be evaluated and we expect the market to expand again as the commercial property market improves.



*Newingate House, Canterbury – Conversion of offices to residential flats*



*Gwynn House, Chelsea -Refurbishment of residential apartments and new penthouse*

Bank lending remains tight and it is unlikely that we shall see any general significant growth in the commercial or residential markets until this situation eases and the economy has returned to a path of sustained growth. However there are a number of niche markets, such as student housing and prime central London residential where opportunities will present themselves. Also we shall be seeking mis-priced stock and asset management deals in sectors where the company has established a good track record. The shape of the forward cycle is not yet clear but we believe the worst is now behind us.

This has been a challenging period for the company and I would like to thank my co-directors and staff for their continued hard work and support during the year.

Richard Smith  
Chairman  
21 September 2010

**LTC HOLDINGS PLC**

**COMPANY INFORMATION**  
**for the year ended 31 March 2010**

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**DIRECTORS:**

R G Smith  
G J Griggs  
A J R Collins

**SECRETARY:**

G J Griggs

**REGISTERED OFFICE:**

28 Old Church Street  
London  
SW3 5BY

**REGISTERED NUMBER:**

2570517 (England and Wales)

**AUDITORS:**

Thorne Lancaster Parker  
Chartered Accountants &  
Statutory Auditors  
8th Floor, Aldwych House  
81 Aldwych  
London  
WC2B 4HN

**CORPORATE GOVERNANCE  
for the year ended 31 March 2010**

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The board of directors is committed to integrity and accountability in the stewardship of the group's affairs. Because an unlisted plc is not required to provide a corporate governance statement, this is not a full report, but instead represents the main elements the directors have considered.

**AUDIT COMMITTEE**

The Audit Committee is responsible for ensuring that the LTC Group's financial performance is properly monitored, controlled and reported. It currently consists of one non-executive director, G J Griggs.

**REMUNERATION COMMITTEE**

The Remuneration Committee is responsible for reviewing the structure and scale of the executive director's remuneration and terms of his service contract. It currently consists of one non-executive director, G J Griggs. The remuneration of the non-executive directors is determined by the executive director.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

This statement is included in the statutory Report of the Directors.

**GOING CONCERN**

Having made appropriate enquiries and examined the major areas which could affect the group's financial position, the directors are satisfied that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly they consider it appropriate to adopt the going concern basis in preparing the financial statements.

**INTERNAL FINANCIAL CONTROLS**

The directors have overall responsibility for the group's system of internal financial controls. Any such system can provide reasonable, but not absolute, assurance against material misstatement or loss. The purposes of the internal financial controls are:

- \* to safeguard the group's assets against unauthorised use or disposition; and
- \* the maintenance of proper accounting records and the reliability of financial information used within the business and for publication.

The directors have reviewed the effectiveness of the existing controls, which they consider to be appropriate for the group and the business within which it operates. The group has established both a Remuneration Committee and an Audit Committee.

**AUDITOR INDEPENDENCE**

The Audit Committee undertakes a formal assessment of the external auditor's independence each year which includes

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

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services, where relevant, during the year is set out in the financial statements.

**REPORT OF THE DIRECTORS**  
**for the year ended 31 March 2010**

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The directors present their report with the financial statements of the company and the group for the year ended 31 March 2010.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of the acquisition, provision and maintenance of commercial and residential property.

**REVIEW OF BUSINESS**

The directors report a profit of £2,000 on ordinary activities after taxation attributable to shareholders (2009 - £1,788,000 loss). The directors do not recommend a dividend. The net result has been transferred to reserves.

During the year under review the LTC group business was property investment and development.

The principal risks and uncertainties attaching to this business are those of market fluctuations in property prices; the organisation's ability to generate profits through development and allied activities, and the availability and affordability of debt finance. Where appropriate the group's policy is to use financial instruments to mitigate financial risk.

We benefited from low and stable interest rates during the year, and accordingly did not consider it necessary to hedge the group's borrowings during the year. Subsequent to the year end the group has entered into an interest rate hedging arrangement.

At the year end the ratio of loan to property values stood at 57.3% (2009: 68.5%).

**DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2010.

**FUTURE DEVELOPMENTS**

For the foreseeable future it is intended that the LTC group will continue to invest in and develop property. Alongside this business it is management's intention to promote the LTC group as a property fund manager through its Eaton Investment Management Limited subsidiary.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2009 to the date of this report.

R G Smith  
G J Griggs  
A J R Collins

Details of directors' interests in the shares of the group are provided in note 24 to the financial statements.

Qualifying third party indemnity provision was in place for the benefit of all directors and company secretaries of the company and its subsidiaries throughout the year, and is still in place at the date of signing of the financial statements.

**GROUP'S POLICY ON PAYMENT OF CREDITORS**

The group's policy is to comply with the terms of payment negotiated with a supplier. Where terms are not negotiated the company endeavours to adhere to the supplier's standard terms. Trade creditors represented 32 days at 31 March 2010 (2009 - 13 days).

**REPORT OF THE DIRECTORS  
for the year ended 31 March 2010**

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**FINANCIAL RISK IDENTIFICATION AND MANAGEMENT**

The group's activities expose it to a number of financial risks and the identification, control and monitoring of those risks is a management priority.

\* Liquidity risk. The group must ensure that it has sufficient financial resources to meet its obligations as they fall due and payable. Financial resources include but are not limited to receipts from property sales, rental receipts from let properties and banking facilities. These resources are actively managed and cash flow forecasts regularly prepared and reviewed. The bank loans fell due for repayment in April 2010 and new bank loan facilities were put in place in April and May 2010. In such circumstances FRS 25 requires classification of the bank loan outstanding at the year end as a current liability. Details of the new facilities are provided in note 15 to the financial statements.

\* Market risk. The group is exposed to the UK residential and commercial property markets through its property portfolio. Market risk includes the risk that the price/valuation will fall and cause a breach of the loan-to-value banking covenants set by the group's bankers. Also the group has occupational risk being the risk that the group is unable to let its properties on suitable terms. This could cause a breach of the rent-to-interest banking covenant set by the group's bankers. Management addresses these risks through regular portfolio reviews and the review of covenant forecasts.

\* Credit risk. There is risk that the group does not collect its rent or there is a delay in collection. Rent collection is normally outsourced to professional management agents who collect rents for the group. Management maintains a dialogue with tenants to identify credit risk issues where possible.

\* Interest rate risk. The group is exposed to interest rate risk through its bank loans. Current bank loans are secured over the assets of the group and linked to the Bank of England base rate. The Bank of England base rate can fluctuate. The group reviews this interest rate risk regularly and periodically considers the use and cost of hedging instruments such as interest rate caps and collars to minimise interest rate risk. The group chose not to hedge its interest rate exposure during the year, but entered into an interest rate hedging arrangement subsequent to the year end.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

**LTC HOLDINGS PLC (REGISTERED NUMBER: 2570517)**

**REPORT OF THE DIRECTORS  
for the year ended 31 March 2010**

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**AUDITORS**

The auditors, Thorne Lancaster Parker, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

G J Griggs - Secretary

21 September 2010

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LTC HOLDINGS PLC**

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We have audited the financial statements of LTC Holdings plc for the year ended 31 March 2010 on pages nine to thirty two. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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 group's and the parent 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.

### **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 2010 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **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 financial statements 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.

Christopher Kay (Senior Statutory Auditor)  
for and on behalf of Thorne Lancaster Parker  
Chartered Accountants &  
Statutory Auditors  
8th Floor, Aldwych House  
81 Aldwych  
London  
WC2B 4HN

Date: 24 September 2010

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 March 2010**

	Notes	2010 £'000	2009 £'000
<b>TURNOVER</b>		835	840
Cost of sales		<u>(44)</u>	<u>(222)</u>
<b>GROSS PROFIT</b>		791	618
Administrative expenses		<u>(705)</u>	<u>(1,004)</u>
		86	(386)
Other operating income		<u>-</u>	<u>3</u>
<b>OPERATING PROFIT/(LOSS)</b>	3	86	(383)
Provision against investment in group undertakings		-	(1,490)
Disposal of intangible fixed assets		-	(8)
Disposal of tangible fixed assets		<u>-</u>	<u>378</u>
		86	(1,503)
Interest receivable and similar income		<u>-</u>	<u>196</u>
		86	(1,307)
Interest payable and similar charges	4	<u>(137)</u>	<u>(597)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(51)	(1,904)
Tax on loss on ordinary activities	5	<u>53</u>	<u>116</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u><u>2</u></u>	<u><u>(1,788)</u></u>

**CONTINUING OPERATIONS**

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

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**for the year ended 31 March 2010**

	2010 £'000	2009 £'000
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	2	(1,788)
(Deficit)/Surplus on revaluation of investment properties	<u>1,439</u>	<u>(518)</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u><u>1,441</u></u>	<u><u>(2,306)</u></u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
**for the year ended 31 March 2010**

	2010 £'000	2009 £'000
<b>REPORTED LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	(51)	(1,904)
Realisation of property revaluation gains of previous years	<u>-</u>	<u>1,806</u>
<b>HISTORICAL COST LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u><u>(51)</u></u>	<u><u>(98)</u></u>
<b>HISTORICAL COST PROFIT FOR THE YEAR RETAINED AFTER TAXATION</b>	<u><u>2</u></u>	<u><u>18</u></u>

**CONSOLIDATED BALANCE SHEET**  
**31 March 2010**

	Notes	2010 £'000	£'000	2009 £'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	7		83		93
Tangible assets	8		11,109		6,681
Investments	9		<u>4,092</u>		<u>4,092</u>
			15,284		10,866
<b>CURRENT ASSETS</b>					
Stocks	10	1,128		975	
Debtors	11	114		158	
Investments	12	-		2,643	
Cash at bank		<u>325</u>		<u>683</u>	
		1,567		4,459	
<b>CREDITORS</b>					
Amounts falling due within one year	13	<u>(7,278)</u>		<u>(310)</u>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u>(5,711)</u>		<u>4,149</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			9,573		15,015
<b>CREDITORS</b>					
Amounts falling due after more than one year	14		<u>-</u>		<u>(6,957)</u>
<b>NET ASSETS</b>			<u>9,573</u>		<u>8,058</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		3,019		3,019
Share premium	19		2,760		2,760
Revaluation reserve	19		2,999		2,553
EST capital reserve	19		(419)		(416)
EST current reserve	19		31		33
Profit and loss account	19		<u>1,183</u>		<u>109</u>
<b>SHAREHOLDERS' FUNDS</b>	21		<u>9,573</u>		<u>8,058</u>

The financial statements were approved by the Board of Directors on 21 September 2010 and were signed on its behalf by:

R G Smith - Director

**COMPANY BALANCE SHEET**  
**31 March 2010**

	Notes	2010 £'000	£'000	2009 £'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	7		-		-
Tangible assets	8		2,089		1,306
Investments	9		<u>22,330</u>		<u>22,785</u>
			24,419		24,091
<b>CURRENT ASSETS</b>					
Stocks	10	1,128		975	
Debtors	11	3,260		175	
Investments	12	-		2,643	
Cash at bank		<u>109</u>		<u>630</u>	
		4,497		4,423	
<b>CREDITORS</b>					
Amounts falling due within one year	13	<u>(25,715)</u>		<u>(18,800)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(21,218)</u>		<u>(14,377)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,201		9,714
<b>CREDITORS</b>					
Amounts falling due after more than one year	14		<u>-</u>		<u>(6,957)</u>
<b>NET ASSETS</b>			<u>3,201</u>		<u>2,757</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		3,019		3,019
Share premium	19		2,760		2,760
Revaluation reserve	19		21		-
EST capital reserve	19		(419)		(416)
EST current reserve	19		31		33
Profit and loss account	19		<u>(2,211)</u>		<u>(2,639)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>3,201</u>		<u>2,757</u>

The financial statements were approved by the Board of Directors on 21 September 2010 and were signed on its behalf by:

.....  
R G Smith - Director

**CONSOLIDATED CASH FLOW STATEMENT**  
**for the year ended 31 March 2010**

	Notes	2010 £'000	£'000	2009 £'000	£'000
<b>Net cash inflow/(outflow) from operating activities</b>	1		8		(499)
<b>Returns on investments and servicing of finance</b>	2		(137)		(401)
<b>Taxation</b>			(1)		-
<b>Capital expenditure and financial investment</b>	2		<u>(258)</u>		<u>6,210</u>
			(388)		5,310
<b>Management of liquid resources</b>	2		-		98
<b>Financing</b>	2		<u>30</u>		<u>(4,290)</u>
<b>(Decrease)/Increase in cash in the period</b>			<u>(358)</u>		<u>1,118</u>
<b>Reconciliation of net cash flow to movement in net debt</b>	3				
(Decrease)/Increase in cash in the period			(358)		1,118
Cash inflow from decrease in liquid resources			(2,643)		(98)
Cash (inflow)/outflow from (increase)/decrease in debt			<u>(35)</u>		<u>4,223</u>
Change in net debt resulting from cash flows			(3,036)		5,243
Non-cash change in current asset investments			-		<u>(1,490)</u>
<b>Movement in net debt in the period</b>			(3,036)		3,753
<b>Net debt at 1 April</b>			<u>(3,631)</u>		<u>(7,384)</u>
<b>Net debt at 31 March</b>			<u>(6,667)</u>		<u>(3,631)</u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**  
**for the year ended 31 March 2010**

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

	2010	2009
	£'000	£'000
Operating profit/(loss)	86	(383)
Depreciation charges	12	28
Profit on disposal of fixed assets	(2)	-
(Increase)/Decrease in stocks	(153)	25
Decrease/(Increase) in debtors	44	(34)
Increase/(Decrease) in creditors	<u>21</u>	<u>(135)</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<b><u>8</u></b>	<b><u>(499)</u></b>

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

	2010	2009
	£'000	£'000
<b>Returns on investments and servicing of finance</b>		
Interest received	-	196
Interest paid	<u>(137)</u>	<u>(597)</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b><u>(137)</u></b>	<b><u>(401)</u></b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(260)	(25)
Sale of intangible fixed assets	-	520
Sale of tangible fixed assets	-	5,715
Sale of fixed asset investments	<u>2</u>	<u>-</u>
<b>Net cash (outflow)/inflow for capital expenditure and financial investment</b>	<b><u>(258)</u></b>	<b><u>6,210</u></b>
<b>Management of liquid resources</b>		
Purchase of current asset investment	-	98
Disposal of current asset investment	<u>-</u>	<u>98</u>
<b>Net cash inflow from management of liquid resources</b>	<b><u>-</u></b>	<b><u>98</u></b>
<b>Financing</b>		
Loan repayments in year	-	(4,257)
Deferred finance costs	35	34
Employee Share Trust transactions	<u>(5)</u>	<u>(67)</u>
<b>Net cash inflow/(outflow) from financing</b>	<b><u>30</u></b>	<b><u>(4,290)</u></b>

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 March 2010**


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## 3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.09 £'000	Cash flow £'000	At 31.3.10 £'000
Net cash:			
Cash at bank	<u>683</u>	<u>(358)</u>	<u>325</u>
	<u>683</u>	<u>(358)</u>	<u>325</u>
Liquid resources:			
Current asset investments	<u>2,643</u>	<u>(2,643)</u>	<u>-</u>
	<u>2,643</u>	<u>(2,643)</u>	<u>-</u>
Debt:			
Debts falling due within one year	-	(6,992)	(6,992)
Debts falling due after one year	<u>(6,957)</u>	<u>6,957</u>	<u>-</u>
	<u>(6,957)</u>	<u>(35)</u>	<u>(6,992)</u>
Total	<u>(3,631)</u>	<u>(3,036)</u>	<u>(6,667)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2010**

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1. **ACCOUNTING POLICIES**

**Accounting convention**

The accounts are prepared under the historical cost convention, modified to include the revaluation of investment properties, and in accordance with applicable accounting standards.

**Basis of consolidation**

The group accounts consolidate the accounts of LTC Holdings plc and all its subsidiary undertakings drawn up to 31 March. No profit and loss account is presented for LTC Holdings plc, as permitted by section 408 of the Companies Act 2006. Investments in companies which are not subsidiaries are carried at cost unless the entity concerned ranks as an associate, in which case equity accounting is used.

**Turnover and revenue recognition**

Turnover consists of the gross proceeds from the sale of properties, rents receivable from letting properties and ground rents receivable from freehold interests in the ordinary course of business.

Revenue from the sale of properties is recognised on contract completion.

Rental revenues are recognised on the accruals basis.

**Goodwill**

Goodwill (positive but not negative) arising on acquisitions is capitalised and classified as an asset on the balance sheet. Where it arises on the acquisition of asset-based companies positive goodwill is amortised on a straight line basis over its useful economic life up to a maximum of 20 years and is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable. Negative goodwill is not capitalised. Where goodwill arises on the acquisition of service-providing companies it is reviewed for impairment annually. In the absence of any impairment it is amortised over 50 years.

**Software**

The externally-incurred cost of software generated by the group for the purposes of licensing to third parties is capitalised and classified as an intangible asset on the balance sheet. It is amortised over its useful economic life up to a maximum of 10 years from the point at which it becomes income-generating to the group. Its carrying value is reviewed for impairments in periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

**Tangible fixed assets**

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

Other plant & machinery	- 25% on cost
Furniture, fixtures & fittings	- 25% on cost

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate that the carrying values may not be recoverable.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2010**

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1. **ACCOUNTING POLICIES - continued**

**Stocks**

Stocks consist of properties held for resale and are classified as such:

- (i) when they are acquired by the group either individually or as part of a portfolio with a view to resale, and
- (ii) when they are held primarily with a view to material development.

Stocks are stated at the lower of cost to the group (determined where necessary by reference to the fair value attributed to them in the course of corporate acquisitions) and net realisable value, except where they have previously been held as investment properties, in which case they are stated at the lower of current valuation and net realisable value. The policy on transfer from investment properties, which departs from the requirements of the Companies Act, is necessary for the accounts to give a true and fair view, as otherwise the transfer would trigger a reduction in the net assets of the group which have not, in practice, been altered by the transfer. The effect of this departure on the group balance sheet is to increase stocks and net assets by £nil (2009 - £Nil).

**Deferred tax**

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 have occurred at that date that will result in an obligation to pay more tax, or right to pay less or receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Investment properties**

Investment properties are accounted for in accordance with SSAP 19 as follows:

- (i) investment properties are re-valued annually. The surplus or deficit is transferred to a revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account; and
- (ii) no depreciation is provided in respect of freehold and long leasehold investment properties.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that this policy of not providing depreciation is necessary in order for the accounts to give a true and fair view because the current value of investment properties, and changes in that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been shown cannot be separately identified or quantified.

Profits or losses on disposal are calculated by reference to the property's carrying value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2010**

**1. ACCOUNTING POLICIES - continued**

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Capitalisation of interest**

Interest charges are capitalised under the following circumstances:

(i) where a property needs to be closed for refurbishment before it can reasonably be let. In this case interest is capitalised during the period from closure to the date of practical completion:

(ii) where the group obtains bridging finance to acquire a company and the bridging finance is repaid from the cash resources of that company. This bridging finance normally lasts less than three months and the difference between interest paid by the acquiror and the interest earned by the acquiree is capitalised.

Amounts capitalised are stated gross of any tax relief and are calculated by reference to specific borrowings used to finance the transactions.

**Capital instruments**

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefit; otherwise they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

**Employee Share Trust and share based payments**

The company established an employee share trust to enable shares in the company to be bought for distribution to employees. Shares in the company held by The London's Third City plc Employees' Share Trust ("the Trust" or "EST") are recognised as a deduction from shareholders' funds, with their historical cost recorded in the EST capital reserve. Incidental profits realised by the Trust are credited directly to the EST current reserve. Costs relating to the Trust are written off in the relevant period.

Share-based payments, including options and warrants, are expensed in the profit and loss account over the appropriate vesting period, in accordance with FRS 20.

**2. STAFF COSTS**

	2010	2009
	£'000	£'000
Wages and salaries	386	516
Social security costs	<u>47</u>	<u>60</u>
	<u>433</u>	<u>576</u>

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

	2010	2009
Directors	2	2
Property development and investment	3	5
Other operations	<u>-</u>	<u>5</u>
	<u>5</u>	<u>12</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2010**

**3. OPERATING PROFIT/(LOSS)**

The operating profit (2009 - operating loss) is stated after charging/(crediting):

	2010 £'000	2009 £'000
Other operating leases	57	57
Depreciation - owned assets	2	18
Profit on disposal of fixed assets	(2)	-
Goodwill amortisation	10	10
Auditors' remuneration	7	7
Audit of the company's subsidiaries	6	8
Other services relating to taxation	3	3
Payments to third parties for directors' services	18	16
Share based payments	-	30
Dilapidations receivable	<u>(193)</u>	<u>-</u>
	2010 £	2009 £
Directors' remuneration	<u>198,000</u>	<u>199,000</u>

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2010 £'000	2009 £'000
Bank loans & overdrafts	97	563
Amortisation of finance costs	<u>40</u>	<u>34</u>
	<u>137</u>	<u>597</u>

**5. TAXATION**

**Analysis of the tax credit**

The tax credit on the loss on ordinary activities for the year was as follows:

	2010 £'000	2009 £'000
Current tax:		
UK corporation tax	-	55
Adjustment in respect of previous periods	<u>(53)</u>	<u>(171)</u>
Tax on loss on ordinary activities	<u>(53)</u>	<u>(116)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2010**

**5. TAXATION - continued**

**Factors affecting the tax credit**

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

	2010 £'000	2009 £'000
Loss on ordinary activities before tax	<u>(51)</u>	<u>(1,904)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	(14)	(533)
Effects of:		
Expenses not deductible for tax purposes (primarily investment provision in 2009)	3	421
Wear and tear allowances	(6)	(20)
Short term timing differences	(8)	(6)
Capital disposals treated differently for tax purposes	-	236
Tax losses (utilised)/not utilised	25	(43)
Adjustment in respect of previous periods	(53)	(171)
	<u>          </u>	<u>          </u>
Current tax credit	<u>(53)</u>	<u>(116)</u>

**Factors that may affect future tax charges**

Future tax charges may be affected by the following factors:

No provision has been made for deferred taxation on revaluation surpluses. Such tax would only become payable on the disposal of the group's stock and investment properties. No significant binding commitments for disposal were extant at the balance sheet date.

No deferred tax asset is recognised in respect of losses carried forward owing to the uncertainty of their recovery. These losses would be recovered against future profits.

Unprovided amounts are:

	2010 £000	2009 £000
Deferred tax liability on revaluation surpluses on investment properties	676	603
Deferred taxation asset on losses carried forward	<u>412</u>	<u>409</u>

**6. LOSS OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(276,000) (2009 - £(2,684,000)).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2010**

**7. INTANGIBLE FIXED ASSETS**

**Group**

	Goodwill £'000
<b>COST</b>	
At 1 April 2009 and 31 March 2010	<u>209</u>
<b>AMORTISATION</b>	
At 1 April 2009	116
Amortisation for year	<u>10</u>
At 31 March 2010	<u>126</u>
<b>NET BOOK VALUE</b>	
At 31 March 2010	<u>83</u>
At 31 March 2009	<u>93</u>

**8. TANGIBLE FIXED ASSETS**

**Group**

	Investment properties £'000	Other plant & machinery £'000	Furniture, fixtures & fittings £'000	Totals £'000
<b>COST OR VALUATION</b>				
At 1 April 2009	6,675	58	94	6,827
Additions	260	-	-	260
Reclassify subsidiary	2,731	-	-	2,731
Revaluations	<u>1,439</u>	<u>-</u>	<u>-</u>	<u>1,439</u>
At 31 March 2010	<u>11,105</u>	<u>58</u>	<u>94</u>	<u>11,257</u>
<b>DEPRECIATION</b>				
At 1 April 2009	-	52	94	146
Charge for year	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
At 31 March 2010	<u>-</u>	<u>54</u>	<u>94</u>	<u>148</u>
<b>NET BOOK VALUE</b>				
At 31 March 2010	<u>11,105</u>	<u>4</u>	<u>-</u>	<u>11,109</u>
At 31 March 2009	<u>6,675</u>	<u>6</u>	<u>-</u>	<u>6,681</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the year ended 31 March 2010

## 8. TANGIBLE FIXED ASSETS - continued

## Group

The total investment property value is made up of:

	2010 £000	2009 £000
Group		
Freehold	7,205	3,300
Long leasehold	<u>3,900</u>	<u>3,375</u>
	<u>11,105</u>	<u>6,675</u>

The historical cost of investment properties includes capitalised interest of:

Group	<u>Nil</u>	<u>Nil</u>
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Cost or valuation at 31 March 2010 is represented by:

	Investment properties £'000	Other plant & machinery £'000	Furniture, fixtures & fittings £'000	Totals £'000
Valuation in 2010	1,800	-	-	1,800
Cost	<u>9,305</u>	<u>58</u>	<u>94</u>	<u>9,457</u>
	<u>11,105</u>	<u>58</u>	<u>94</u>	<u>11,257</u>

If investment properties had not been revalued they would have been included at the following historical cost:

	2010 £'000	2009 £'000
Cost	<u>9,305</u>	<u>4,825</u>

One investment property was valued on an open market basis by the directors at 31 March 2010 at an amount equivalent to the sale proceeds of the property under a contract signed in April 2010. Another investment property was valued on an open market basis at 31 March 2010 by the directors, taking account of an independent professional valuation carried out by Drivers Jonas Deloitte, Chartered Surveyors at 31 July 2010 on the same basis. The other investment properties were valued on an open market basis, assuming vacant possession where appropriate, at 31 March 2010 by the directors, taking account of independent professional valuations carried out by DTZ Tie Leung Limited, Chartered Surveyors at 31 March 2010 on the same basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the year ended 31 March 2010

## 8. TANGIBLE FIXED ASSETS - continued

## Company

	Investment properties £'000	Other plant & machinery £'000	Totals £'000
<b>COST OR VALUATION</b>			
At 1 April 2009	1,300	58	1,358
Additions	40	-	40
Revaluations	<u>745</u>	<u>-</u>	<u>745</u>
At 31 March 2010	<u>2,085</u>	<u>58</u>	<u>2,143</u>
<b>DEPRECIATION</b>			
At 1 April 2009	-	52	52
Charge for year	<u>-</u>	<u>2</u>	<u>2</u>
At 31 March 2010	<u>-</u>	<u>54</u>	<u>54</u>
<b>NET BOOK VALUE</b>			
At 31 March 2010	<u>2,085</u>	<u>4</u>	<u>2,089</u>
At 31 March 2009	<u>1,300</u>	<u>6</u>	<u>1,306</u>

The total investment property value is made up of:

	2010 £000	2009 £000
Freehold	<u>2,085</u>	<u>1,300</u>

Cost or valuation at 31 March 2010 is represented by:

	Investment properties £'000	Other plant & machinery £'000	Totals £'000
Valuation in 2010	21	-	21
Cost	<u>2,064</u>	<u>58</u>	<u>2,122</u>
	<u>2,085</u>	<u>58</u>	<u>2,143</u>

If investment properties had not been re-valued they would have been included at the following historical cost:

	2010 £'000	2009 £'000
Cost	<u>2,064</u>	<u>2,024</u>

The investment property was valued on an open market basis by the directors at 31 March 2010 at an amount equivalent to the sale proceeds of the property under a contract signed in April 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the year ended 31 March 2010

## 9. FIXED ASSET INVESTMENTS

**Group**

	HML Holdings plc £'000
<b>COST</b>	
At 1 April 2009 and 31 March 2010	<u>4,092</u>

**NET BOOK VALUE**

At 31 March 2010	<u><u>4,092</u></u>
At 31 March 2009	<u><u>4,092</u></u>

**Company**

	Shares in group undertakings £'000	HML Holdings plc £'000	Totals £'000
<b>COST</b>			
At 1 April 2009	18,693	4,092	22,785
Impairments	<u>(455)</u>	<u>-</u>	<u>(455)</u>
At 31 March 2010	<u>18,238</u>	<u>4,092</u>	<u>22,330</u>
<b>NET BOOK VALUE</b>			
At 31 March 2010	<u><u>18,238</u></u>	<u><u>4,092</u></u>	<u><u>22,330</u></u>
At 31 March 2009	<u><u>18,693</u></u>	<u><u>4,092</u></u>	<u><u>22,785</u></u>

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

**Subsidiaries****LTC Residential Limited**

Nature of business: Property investment

Class of shares:	%
Ordinary of 50p	holding
'A' ordinary of £1	100.00
	100.00

**Secure Residential Investments Limited**

Nature of business: Property investment

Class of shares:	%
Ordinary of £1	holding
	100.00

**LTC Apartments Limited**

Nature of business: Serviced apartments

Class of shares:	%
Ordinary of £1	holding
	100.00

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2010**

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9. **FIXED ASSET INVESTMENTS - continued**

**LTC Trustees Limited**

Nature of business: Trustee of employee share trust

	%
Class of shares:	holding
Ordinary of £1	100.00

**Eaton Investment Management Limited**

Nature of business: Investment management

	%
Class of shares:	holding
Ordinary of 1p	50.25

**First Hunter Properties Limited**

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary of £1	100.00

**Second Hunter Properties Limited**

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary of £1	100.00

**Third Hunter Properties Limited**

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary of £1	100.00

**Fourth Hunter Properties Limited**

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary of £1	100.00

**Fifth Hunter Properties Limited**

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary of 50p	100.00

**Sixth Hunter Properties Limited**

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary of 50p	100.00

**info-linc Limited**

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary of 10p	87.38

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the year ended 31 March 2010

## 9. FIXED ASSET INVESTMENTS - continued

**Eaton Commercial Properties Exeter Limited**

Country of incorporation: Channel Islands

Nature of business: Property investment

Class of shares:	%
Ordinary of £1	holding 100.00

The carrying amount of the investment in HML Holdings plc ("HML") comprises shares listed on AIM.

The market value of the listed shares at 31 March 2010 was £2,068,000 (2009 - £1,090,000). The market value was less than the carrying amount but the directors believe there has been no permanent diminution in carrying value.

HML was demerged from the group in June 2006 and the company retains a 48% shareholding. The company has presented its holding as a fixed asset investment because the company does not use its investment status in HML to exercise significant influence over its operating and financial policies. HML reported a profit before tax of £174,000 for the year ended 31 March 2010 (2009 - loss £1,247,000) and equity attributable to equity holders of £5,273,000 at that date (2009 - £5,145,000).

## 10. STOCKS

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Properties for resale	<u>1,128</u>	<u>975</u>	<u>1,128</u>	<u>975</u>

## 11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Trade debtors	2	-	-	-
Amounts owed by subsidiary undertakings	-	-	3,149	33
Other debtors	79	144	78	128
Prepayments and accrued income	<u>33</u>	<u>14</u>	<u>33</u>	<u>14</u>
	<u>114</u>	<u>158</u>	<u>3,260</u>	<u>175</u>

## 12. CURRENT ASSET INVESTMENTS

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
UK investment	<u>-</u>	<u>2,643</u>	<u>-</u>	<u>2,643</u>

The UK investment comprised the company's investment in Eaton Commercial Properties Exeter Limited ("CPE"). The company owns 100% of CPE's shares, being ordinary shares of £1 each, but had previously treated CPE as an investment because it was expected that the company's investment would be short term. CPE has not disposed of its investment property in the anticipated time scale and has been consolidated into the group accounts for the year ended 31 March 2010..

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2010**

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 15)	6,992	-	6,992	-
Trade creditors	129	69	5	17
Amounts owed to subsidiary undertakings	-	-	18,653	18,592
Corporation tax	-	55	-	-
Social security and other taxes	29	19	12	19
Other creditors	60	56	6	82
Accruals and deferred income	68	111	47	90
	<u>7,278</u>	<u>310</u>	<u>25,715</u>	<u>18,800</u>

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Bank loans (see note 15)	<u>-</u>	<u>6,957</u>	<u>-</u>	<u>6,957</u>

**15. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Amounts falling due within one year or on demand:				
Bank loans	6,993	-	6,993	-
Deferred finance costs	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
	<u>6,992</u>	<u>-</u>	<u>6,992</u>	<u>-</u>
Amounts falling due between one and two years:				
Bank loans	-	6,993	-	6,993
Deferred finance costs	<u>-</u>	<u>(36)</u>	<u>-</u>	<u>(36)</u>
	<u>-</u>	<u>6,957</u>	<u>-</u>	<u>6,957</u>

The bank loan matured in April 2010 and has been repaid in full subsequent to the year end. New loan facilities amounting to £6,710,000 have been arranged with the same lender secured on the same terms. Of the new loans £960,000 is repayable within one year and £5,750,000 is repayable within two to five years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the year ended 31 March 2010

## 16. OPERATING LEASE COMMITMENTS - continued

## 16. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

**Company**

	Land and buildings	
	2010 £'000	2009 £'000
Expiring:		
Within one year	14	-
Between one and five years	<u>-</u>	<u>57</u>
	<u>14</u>	<u>57</u>

## 17. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Bank loans	<u>6,992</u>	<u>6,957</u>	<u>6,992</u>	<u>6,957</u>

The bank loans are secured by first legal charges over the group's investment properties, debentures over the group's assets and an inter company composite guarantee by certain group companies.

## 18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2010 £'000	2009 £'000
6,036,852	Ordinary	50p	<u>3,019</u>	<u>3,019</u>

## 19. RESERVES

**Group**

	Profit and loss account £'000	Share premium £'000	Revaluation reserve £'000
At 1 April 2009	109	2,760	2,553
Profit for the year	2		
Reclassify subsidiary	79	-	-
Revaluation surplus	-	-	446
Written back in the year	<u>993</u>	<u>-</u>	<u>-</u>
At 31 March 2010	<u>1,183</u>	<u>2,760</u>	<u>2,999</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2010**
**19. RESERVES - continued**
**Group**

	EST capital reserve £'000	EST current reserve £'000	Totals £'000
At 1 April 2009	(416)	33	5,039
Profit for the year			2
Reclassify subsidiary	-	-	79
Revaluation surplus	-	-	446
Written back in the year	-	-	993
EST transactions	<u>(3)</u>	<u>(2)</u>	<u>(5)</u>
At 31 March 2010	<u>(419)</u>	<u>31</u>	<u>6,554</u>

**Company**

	Profit and loss account £'000	Share premium £'000	Revaluation reserve £'000
At 1 April 2009	(2,639)	2,760	-
Deficit for the year	(276)		
Revaluation surplus	-	-	21
Written back in the year	<u>704</u>	<u>-</u>	<u>-</u>
At 31 March 2010	<u>(2,211)</u>	<u>2,760</u>	<u>21</u>

**Company**

	EST capital reserve £'000	EST current reserve £'000	Totals £'000
At 1 April 2009	(416)	33	(262)
Deficit for the year			(276)
Revaluation surplus	-	-	21
Written back in the year	-	-	704
EST transactions	<u>(3)</u>	<u>(2)</u>	<u>(5)</u>
At 31 March 2010	<u>(419)</u>	<u>31</u>	<u>182</u>

**20. RELATED PARTY DISCLOSURES**

In the year ended 31 March 2009 the group sold its majority software interests to its investment company HML Holdings plc ("HML"). Total sales proceeds were £520,000, of which £70,000 was outstanding at 31 March 2010. This transaction was conducted on an arm's length basis and on normal commercial terms.

The group incurred costs of £25,000 (2009 - £34,000) for property lettings and management services provided by a HML subsidiary. The amounts have been paid in full.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2010**

**21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

**Group**

	2010	2009
	£'000	£'000
Profit/(Loss) for the financial year	2	(1,788)
Other recognised gains and losses relating to the year (net)	1,439	(518)
EST transactions	(5)	(67)
Reclassify subsidiary	<u>79</u>	<u>-</u>
<b>Net addition/(reduction) to shareholders' funds</b>	<b>1,515</b>	<b>(2,373)</b>
Opening shareholders' funds	<u>8,058</u>	<u>10,431</u>
<b>Closing shareholders' funds</b>	<b><u>9,573</u></b>	<b><u>8,058</u></b>

**Company**

	2010	2009
	£'000	£'000
Loss for the financial year	(276)	(2,684)
Other recognised gains and losses relating to the year (net)	725	(667)
EST transactions	<u>(5)</u>	<u>(67)</u>
<b>Net addition/(reduction) to shareholders' funds</b>	<b>444</b>	<b>(3,418)</b>
Opening shareholders' funds	<u>2,757</u>	<u>6,175</u>
<b>Closing shareholders' funds</b>	<b><u>3,201</u></b>	<b><u>2,757</u></b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2010**

**22. SHARE INCENTIVE SCHEMES**

## Warrants

Warrants have periodically been granted to directors of the company on a discretionary basis. These warrants entitle the holder to subscribe for shares in the company, as follows:

	Warrants 000	Exercise price £000
At 1 April 2009	694	475
Exercised in the year	<u>-</u>	<u>-</u>
At 31 March 2010 - exercisable at 68.5p up to 28 February 2013	<u>694</u>	<u>475</u>

## Conditional shares

Shares in the company have been awarded annually and on a conditional basis to staff of the company. The shares vest unconditionally after two years provided the employment continues. Awards have been made as follows:

Award date	16 January 2009	12 February 2008	27 March 2007	12 February 2006
Shares awarded	2,000	8,500	9,250	6,400
Vesting date	6 April 2011	6 April 2010	6 April 2009	6 April 2008
Fair value per share of shares awarded	135p	145p	145p	145p
Fair value of shares awarded	£3,000	£12,000	£13,000	£9,000

The movement in the number of conditional shares awarded but not yet vested is as follows;

At 1 April 2009	19,750
Vesting in the year	-
Awarded in the year	<u>-</u>
At 31 March 2010	<u>19,750</u>

## Employee share trust

The company acquires shares in the company from time to time through The London's Third City plc Employees' Share Trust ("the Trust"), an employee share trust. Shares acquired by the trust are held for the benefit of employees of the group. The Trust's stock of shares is as follows:

	2010 No.	2009 No.
Ordinary shares of 50p each		
Allocated but unvested	19,750	19,750
Vested but not transferred to staff	25,318	25,318
Available for future allocations	<u>256,561</u>	<u>256,561</u>
	<u>301,629</u>	<u>301,629</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2010**

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## 23. NET ASSETS PER SHARE

	Net assets £000	Net shares 000	Net assets per share p
2010			
Basic	9,573	5,735	<u>167</u>
Exercise of warrants	<u>475</u>	<u>694</u>	
Fully diluted	<u>10,048</u>	<u>6,429</u>	<u>156</u>
2009			
Basic	8,058	5,735	<u>140</u>
Exercise of warrants	<u>475</u>	<u>694</u>	
Fully diluted	<u>8,533</u>	<u>6,429</u>	<u>133</u>

## 24. DIRECTORS' INTERESTS

A J R Collins and G J Griggs were beneficially interested in 16 and 1,000 ordinary shares respectively at both 31 March 2010 and 31 March 2009.

R G Smith was beneficially interested in 229,537 ordinary shares and 693,940 warrants at both 31 March 2010 and 31 March 2009. He was also indirectly beneficially interested in 273,463 ordinary shares at 31 March 2010 (2009: nil). He was also interested as a trustee in 273,463 ordinary shares at 31 March 2009 (2010: nil).

R G Smith was beneficially interested in 7,500 ordinary shares of 1p each and 22,500 ordinary B shares of 1p each in the subsidiary Eaton Investment Management Limited at both 31 March 2010 and 31 March 2009. G J Griggs was beneficially interested in 2,500 ordinary shares of 1p each and 7,500 ordinary B shares of 1p each in the subsidiary Eaton Investment Management Limited at both 31 March 2010 and 31 March 2009.

# LTC HOLDINGS PLC

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is hereby given that the Annual General Meeting of LTC Holdings PLC will be held at 28 Old Church Street, London SW3 5BY on 30th November 2010, at 11.00 a.m. for the following purposes:

### Ordinary Business

1. To receive the Directors' Report and Accounts for the year ended 31 March 2010.
2. To re-appoint the auditors Thorne Lancaster Parker and authorise the Directors to fix their remuneration.
3. To re-elect Adrian Collins who retires by rotation and offers himself for re-election.

### BY ORDER OF THE BOARD

Geoffrey Griggs  
Secretary and Director

5 November 2010

**Note 1:** A member entitled to vote may appoint the chairman or another proxy to attend and speak and vote in his stead: a proxy need not be a member of the company.

**Note 2:** A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares.

## LTC HOLDINGS PLC

I, \_\_\_\_\_ being a member of the above-named Company hereby appoint the chairman of the meeting as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on Tuesday 30th November 2010 and at every adjournment thereof. I request such proxy to vote on the following resolutions as indicated below:

Resolutions	FOR	AGAINST	ABSTAIN
1. Receive the Directors' Annual Report and Accounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-appoint Thorne Lancaster Parker as auditors and authorise the directors to agree their remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-elect Adrian Collins as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Name(s) of holder (Capitals) .....

Signed this ..... day of ..... 2010

Signature .....

*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 the Meeting. You can only appoint a proxy using the procedures set out in these notes.
2. Please indicate with an 'X' in the appropriate boxes how you wish the proxy to vote. The proxy will exercise his discretion as to how he votes or whether he abstains from voting:
  - (a) on any resolution set out above if no instruction is given in respect of that resolution; and
  - (b) on any business or resolution considered at the meeting other than the resolutions set out above.
3. If you wish to appoint someone other than the chairman of the meeting as your proxy please delete the words 'the chairman of the meeting' and insert the name of the person you wish to appoint. A proxy need not be a member of the Company.
4. To be effective this form, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be sent or delivered to the Company at its registered office **28 Old Church Street, London SW3 5BY** (or by fax to 020 7352 8058) not less than 48 hours before the scheduled time of the meeting.
5. Where the member is a corporation this form must be under its common seal or signed by an officer, attorney or other person duly authorised by the corporation.
6. In the case of joint holders only one need sign this form, but the names of the other joint holders should be shown in the space provided. The vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. Seniority will be determined by the order in which the names of the holders appear in the register of members in respect of the joint holding.
7. 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, please contact the Company.