

LTC Holdings plc

Report and Accounts 31 March 2011

The logo consists of the letters 'LTC' in a large, bold, sans-serif font. The letters are rendered in a 3D style with a teal or turquoise color and a metallic silver or grey finish. The 'L' and 'T' are blocky, while the 'C' is a simple, rounded curve. The letters have a slight shadow and a highlight, giving them a three-dimensional appearance.

**CHAIRMAN'S STATEMENT  
for the year ended 31 March 2011**

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The company has performed well during the year to 31<sup>st</sup> March 2011 against the backdrop of a sluggish economy, a weak banking sector and a generally patchy property market. Our property portfolio increased in value by 16% to £11.7m (£10.1m 2010). As a result Net Assets per share (undiluted) have increased 12.6% to 188p per share (167p 2010). This resilience in the value of our portfolio has derived from our sector spread and our focus on adding absolute value through asset management and planning gain.

The company secured beneficial planning consents on three of our major schemes. In Chelsea we obtained consent to fully renovate the exterior of the building and to create a penthouse. Our mixed use scheme in Exeter providing 149 units of student accommodation and retail space has been approved. And we are in the process of optimising the planning consent we have obtained on our residential scheme in the Isle of Dogs near Canary Wharf which was granted at the beginning of the year. We are currently preparing to commence the development of our 14 unit residential scheme in West London and this is indicative of the improved market in the capital.

Turnover during the year under review reduced to £0.325m (£0.835m 2010) in line with the consolidation and reduction in our balance sheet as we reshape the company in response to the changes in the financial backdrop and to prepare to expand as the market improves. As a result we have reduced bank and other debt to £5.8m from £7.0m in 2010. The company's cash position has improved to £1m from £0.325m last year. The combination of debt reduction and the increase in the value of the property portfolio has resulted in a reduction in the Loan to Value Ratio to 46% from 68% in 2010. Together with the cash generated from current sales and the headroom in our revolving bank facility this will provide the company with scope to add new properties to the portfolio which have income and asset management angles where we think that value can be added.

The company continues to retain its 48% interest in the property services group HML Holdings plc which is quoted on the AIM market of the London Stock Exchange. This company has continued to perform well in difficult market conditions and we are optimistic about its future potential.

Our investment management subsidiary Eaton Investment Management Limited (EIM) has increased its activity securing new transactions for its main fund client. The market for collective property investments has not yet improved markedly, but we are seeing increased interest in certain sectors which has led to this subsidiary working on a number of potential deals.

The property market continues to present a mixed picture with certain locations, such as London's prime residential market, demonstrating significant price growth substantially driven by foreign investment. The capital's and certain other sectors of the commercial market are also resilient. However other locations and sectors continue to be weak by comparison. This situation is reflective of a 'flight to quality' by investors generally and risk aversion in the banking sector. The economy as a whole is not yet generating a platform for rental growth which will support long term investment interest from the institutions. It is hoped that when the current banking and sovereign debt crisis is finally resolved that the market will start to normalise with a greater number of transactions. In the meantime we will be exceptionally selective about additions to our portfolio.

The directors have reviewed the group's future strategy and there will be a greater focus on LTC entering into joint ventures and syndicated transactions which will help introduce equity capital into a broader range of projects for the company. Our subsidiary, Eaton Investment Management Ltd will help to play a part in this going forward.

The board is also mindful of the need to provide shareholders with liquidity for their holding in the company. The bargain matching service provided to the company by J P Jenkins has not been as successful as we had hoped. Therefore we have taken professional advice from a number of sources and considered a number of alternative mechanisms to achieve this in a tax efficient manner. Accordingly, it is the directors' intention to provide share purchase opportunities from time to time as the company finances permit and are seeking shareholders' general approval of this approach by way of a Resolution at the company's Annual General Meeting which is set out in the relevant Notice.

In this constrained and challenging market I would like to thank my directors and staff for their persistence and hard work during the year.

**Richard Smith  
Chairman**

27 October 2011

**LTC HOLDINGS PLC**

**COMPANY INFORMATION**  
**for the year ended 31 March 2011**

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**DIRECTORS:** R G Smith  
G J Griggs  
A J R Collins

**SECRETARIES:** G J Griggs  
T I Matthews

**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 2011**

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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.

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

**REPORT OF THE DIRECTORS  
for the year ended 31 March 2011**

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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 2011.

**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 loss of £231,000 on ordinary activities after taxation attributable to shareholders (2010 - £2,000 profit). 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.

Although we benefitted from low and stable interest rates during the year the group has entered into an interest rate hedging arrangement.

At the year end the ratio of loan to property values stood at 45.6% (2010: 57.3%).

**DIVIDENDS**

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

**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 2010 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 35 days at 31 March 2011 (2010 - 32 days).

**REPORT OF THE DIRECTORS**  
**for the year ended 31 March 2011**

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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.

\* 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 entered into an interest rate hedging arrangement during the year.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 2011**

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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:**

R G Smith - Director

27 October 2011

## **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 2011 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 three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion 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 2011 and of the group's loss for the year then ended;
- 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.

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

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**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

31 October 2011

**LTC HOLDINGS PLC (REGISTERED NUMBER: 2570517)****CONSOLIDATED PROFIT AND LOSS ACCOUNT  
for the year ended 31 March 2011**

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	Notes	2011 £'000	2010 £'000
<b>TURNOVER</b>		325	835
Cost of sales		<u>(99)</u>	<u>(44)</u>
<b>GROSS PROFIT</b>		226	791
Administrative expenses		<u>(511)</u>	<u>(705)</u>
<b>OPERATING (LOSS)/PROFIT</b>	3	(285)	86
Disposal of tangible fixed assets		<u>276</u>	<u>-</u>
		(9)	86
Interest receivable and similar income		<u>55</u>	<u>-</u>
		46	86
Interest payable and similar charges	4	<u>(277)</u>	<u>(137)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(231)	(51)
Tax on loss on ordinary activities	5	<u>-</u>	<u>53</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP</b>		<u><u>(231)</u></u>	<u><u>2</u></u>

**CONTINUING OPERATIONS**

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

The notes form part of these financial statements

LTC HOLDINGS PLC (REGISTERED NUMBER: 2570517)

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
for the year ended 31 March 2011**

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	2011 £'000	2010 £'000
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	(231)	2
(Deficit)/Surplus on revaluation of investment properties	<u>1,460</u>	<u>1,439</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u>1,229</u>	<u>1,441</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
for the year ended 31 March 2011**

	2011 £'000	2010 £'000
<b>REPORTED LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	(231)	(51)
Realisation of property revaluation gains of previous years	<u>20</u>	<u>-</u>
<b>HISTORICAL COST LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u>(211)</u>	<u>(51)</u>
<b>HISTORICAL COST (LOSS)/PROFIT FOR THE YEAR RETAINED AFTER TAXATION</b>	<u>(211)</u>	<u>2</u>

The notes form part of these financial statements

**LTC HOLDINGS PLC (REGISTERED NUMBER: 2570517)****CONSOLIDATED BALANCE SHEET  
31 March 2011**

	Notes	2011 £'000	£'000	2010 £'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	7		73		83
Tangible assets	8		10,635		11,109
Investments	9		<u>4,092</u>		<u>4,092</u>
			14,800		15,284
<b>CURRENT ASSETS</b>					
Stocks	10	1,128		1,128	
Debtors	11	166		114	
Cash at bank		<u>1,003</u>		<u>325</u>	
		2,297		1,567	
<b>CREDITORS</b>					
Amounts falling due within one year	12	<u>(490)</u>		<u>(7,278)</u>	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>1,807</u>		<u>(5,711)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			16,607		9,573
<b>CREDITORS</b>					
Amounts falling due after more than one year	13		<u>(5,802)</u>		<u>-</u>
<b>NET ASSETS</b>			<u>10,805</u>		<u>9,573</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		3,019		3,019
Share premium	18		2,760		2,760
Revaluation reserve	18		3,219		2,999
EST capital reserve	18		(416)		(419)
EST current reserve	18		31		31
Profit and loss account	18		<u>2,192</u>		<u>1,183</u>
<b>SHAREHOLDERS' FUNDS</b>	21		<u>10,805</u>		<u>9,573</u>

The financial statements were approved by the Board of Directors on 27 October 2011 and were signed on its behalf by:

R G Smith - Director

The notes form part of these financial statements

**LTC HOLDINGS PLC (REGISTERED NUMBER: 2570517)****COMPANY BALANCE SHEET****31 March 2011**

	Notes	2011 £'000	£'000	2010 £'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	7		-		-
Tangible assets	8		-		2,089
Investments	9		<u>8,660</u>		<u>22,330</u>
			8,660		24,419
<b>CURRENT ASSETS</b>					
Stocks	10	1,128		1,128	
Debtors	11	3,800		3,260	
Cash at bank		<u>810</u>		<u>109</u>	
		5,738		4,497	
<b>CREDITORS</b>					
Amounts falling due within one year	12	<u>(5,186)</u>		<u>(25,715)</u>	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>552</u>		<u>(21,218)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			9,212		3,201
<b>CREDITORS</b>					
Amounts falling due after more than one year	13		<u>(5,302)</u>		<u>-</u>
<b>NET ASSETS</b>			<u>3,910</u>		<u>3,201</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		3,019		3,019
Share premium	18		2,760		2,760
Revaluation reserve	18		-		21
EST capital reserve	18		(416)		(419)
EST current reserve	18		31		31
Profit and loss account	18		<u>(1,484)</u>		<u>(2,211)</u>
<b>SHAREHOLDERS' FUNDS</b>	21		<u>3,910</u>		<u>3,201</u>

The financial statements were approved by the Board of Directors on 27 October 2011 and were signed on its behalf by:

R G Smith - Director

The notes form part of these financial statements

**CONSOLIDATED CASH FLOW STATEMENT**  
**for the year ended 31 March 2011**

	Notes	2011 £'000	£'000	2010 £'000	£'000
<b>Net cash (outflow)/inflow from operating activities</b>	1		(129)		8
<b>Returns on investments and servicing of finance</b>	2		(222)		(137)
<b>Taxation</b>			-		(1)
<b>Capital expenditure and financial investment</b>	2		<u>2,208</u>		<u>(258)</u>
			1,857		(388)
<b>Financing</b>	2		<u>(1,179)</u>		<u>30</u>
<b>Increase/(Decrease) in cash in the period</b>			<u>678</u>		<u>(358)</u>
<b>Reconciliation of net cash flow to movement in net debt</b>	3				
Increase/(Decrease) in cash in the period		678		(358)	
Cash inflow from decrease in liquid resources		-		(2,643)	
Cash outflow/(inflow) from decrease/(increase) in debt		<u>1,190</u>		<u>(35)</u>	
Change in net debt resulting from cash flows			<u>1,868</u>		<u>(3,036)</u>
<b>Movement in net debt in the period</b>			1,868		(3,036)
<b>Net debt at 1 April</b>			<u>(6,667)</u>		<u>(3,631)</u>
<b>Net debt at 31 March</b>			<u>(4,799)</u>		<u>(6,667)</u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**  
**for the year ended 31 March 2011**

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

	2011 £'000	2010 £'000
Operating (loss)/profit	(285)	86
Depreciation charges	14	12
Profit on disposal of fixed assets	-	(2)
Increase in stocks	-	(153)
(Increase)/Decrease in debtors	(52)	44
Increase in creditors	<u>194</u>	<u>21</u>
<b>Net cash (outflow)/inflow from operating activities</b>	<b><u>(129)</u></b>	<b><u>8</u></b>

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

	2011 £'000	2010 £'000
<b>Returns on investments and servicing of finance</b>		
Interest received	55	-
Interest paid	<u>(277)</u>	<u>(137)</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b><u>(222)</u></b>	<b><u>(137)</u></b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(153)	(260)
Sale of tangible fixed assets	2,361	-
Sale of fixed asset investments	<u>-</u>	<u>2</u>
<b>Net cash inflow/(outflow) for capital expenditure and financial investment</b>	<b><u>2,208</u></b>	<b><u>(258)</u></b>
<b>Financing</b>		
New loans in year	7,210	-
Loan repayments in year	(8,353)	-
Deferred finance costs	(47)	35
Amount introduced by directors	8	-
Employee Share Trust transactions	<u>3</u>	<u>(5)</u>
<b>Net cash (outflow)/inflow from financing</b>	<b><u>(1,179)</u></b>	<b><u>30</u></b>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**  
**for the year ended 31 March 2011**

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## 3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.10 £'000	Cash flow £'000	At 31.3.11 £'000
Net cash:			
Cash at bank	<u>325</u>	<u>678</u>	<u>1,003</u>
	<u>325</u>	<u>678</u>	<u>1,003</u>
Debt:			
Debts falling due within one year	(6,992)	6,992	-
Debts falling due after one year	<u>-</u>	<u>(5,802)</u>	<u>(5,802)</u>
	<u>(6,992)</u>	<u>1,190</u>	<u>(5,802)</u>
Total	<u>(6,667)</u>	<u>1,868</u>	<u>(4,799)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2011**

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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..

**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.

**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 (2010 - £Nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2011**

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1. **ACCOUNTING POLICIES - continued**

**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 revalued 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.

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2011**

1. **ACCOUNTING POLICIES - continued**

**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**

	2011	2010
	£'000	£'000
Wages and salaries	208	386
Social security costs	<u>26</u>	<u>47</u>
	<u>234</u>	<u>433</u>

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

	2011	2010
Directors	2	2
Property development and investment	<u>2</u>	<u>3</u>
	<u>4</u>	<u>5</u>

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

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

	2011	2010
	£'000	£'000
Other operating leases	57	57
Depreciation - owned assets	4	2
Profit on disposal of fixed assets	-	(2)
Goodwill amortisation	10	10
Auditors' remuneration	8	7
Audit of the company's subsidiaries	6	6
Other services relating to taxation	5	3
Payments to third parties for directors' services	35	18
Share based payments	17	-
Dilapidations receivable	<u>-</u>	<u>(193)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2011**

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

	2011 £	2010 £
Directors' remuneration	<u>122,000</u>	<u>198,000</u>

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2011 £'000	2010 £'000
Bank loans & overdrafts	195	97
Other loans	16	-
Amortisation of finance costs	34	40
Interest rate hedging	<u>32</u>	<u>-</u>
	<u>277</u>	<u>137</u>

**5. TAXATION**

**Analysis of the tax credit**

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

	2011 £'000	2010 £'000
Current tax:		
Adjustment in respect of previous periods	<u>-</u>	<u>(53)</u>
Tax on loss on ordinary activities	<u>-</u>	<u>(53)</u>

**Factors affecting the tax credit**

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

	2011 £'000	2010 £'000
Loss on ordinary activities before tax	<u>(231)</u>	<u>(51)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2010 - 28%)	(65)	(14)
Effects of:		
Expenses not deductible for tax purposes	8	3
Wear and tear allowances	(5)	(6)
Short term timing differences	(6)	(8)
Capital disposals treated differently for tax purposes	(77)	-
Tax losses not utilised	145	25
Adjustment in respect of previous periods	<u>-</u>	<u>(53)</u>
Current tax credit	<u>-</u>	<u>(53)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2011**

5. **TAXATION - continued**

**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:

	2011	2010
	£000	£000
Deferred tax liability on revaluation surpluses on investment properties	(689)	(676)
Deferred taxation asset on losses carried forward	<u>546</u>	<u>412</u>

6. **PROFIT 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 profit for the financial year was £706,000 (2010 - £(276,000) loss).

7. **INTANGIBLE FIXED ASSETS**

**Group**

	Goodwill £'000
<b>COST</b>	
At 1 April 2010 and 31 March 2011	<u>209</u>
<b>AMORTISATION</b>	
At 1 April 2010	126
Amortisation for year	<u>10</u>
At 31 March 2011	<u>136</u>
<b>NET BOOK VALUE</b>	
At 31 March 2011	<u><u>73</u></u>
At 31 March 2010	<u><u>83</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the year ended 31 March 2011

## 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 2010	11,105	58	94	11,257
Additions	153	-	-	153
Disposals	(2,085)	-	-	(2,085)
Revaluations	<u>1,462</u>	<u>-</u>	<u>-</u>	<u>1,462</u>
At 31 March 2011	<u>10,635</u>	<u>58</u>	<u>94</u>	<u>10,787</u>
<b>DEPRECIATION</b>				
At 1 April 2010	-	54	94	148
Charge for year	<u>-</u>	<u>4</u>	<u>-</u>	<u>4</u>
At 31 March 2011	<u>-</u>	<u>58</u>	<u>94</u>	<u>152</u>
<b>NET BOOK VALUE</b>				
At 31 March 2011	<u>10,635</u>	<u>-</u>	<u>-</u>	<u>10,635</u>
At 31 March 2010	<u>11,105</u>	<u>4</u>	<u>-</u>	<u>11,109</u>

The total investment property value is made up of:

	2011 £000	2010 £000
Group		
Freehold	6,400	7,205
Long leasehold	<u>4,235</u>	<u>3,900</u>
	<u>10,635</u>	<u>11,105</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 2011 is represented by:

	Investment properties £'000	Other plant & machinery £'000	Furniture, fixtures & fittings £'000	Totals £'000
Valuation in 2011	3,240	-	-	3,240
Cost	<u>7,395</u>	<u>58</u>	<u>94</u>	<u>7,547</u>
	<u>10,635</u>	<u>58</u>	<u>94</u>	<u>10,787</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2011**

**8. TANGIBLE FIXED ASSETS - continued**

**Group**

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

	2011 £'000	2010 £'000
Cost	<u>7,395</u>	<u>9,305</u>

One investment property was valued on an open market basis at 31 March 2011 by the directors, taking account of an independent professional valuation carried out by Drivers Jonas Deloitte, Chartered Surveyors at 29 September 2011 on the same basis. The other investment properties were valued on an open market basis, assuming vacant possession where appropriate, at 31 March 2011 by the directors, taking account of independent professional valuations carried out by DTZ Tie Leung Limited, Chartered Surveyors at 31 July 2011 on the same basis.

**Company**

	Investment properties £'000	Other plant & machinery £'000	Totals £'000
<b>COST</b>			
At 1 April 2010	2,085	58	2,143
Disposals	<u>(2,085)</u>	-	<u>(2,085)</u>
At 31 March 2011	<u>-</u>	<u>58</u>	<u>58</u>
<b>DEPRECIATION</b>			
At 1 April 2010	-	54	54
Charge for year	<u>-</u>	<u>4</u>	<u>4</u>
At 31 March 2011	<u>-</u>	<u>58</u>	<u>58</u>
<b>NET BOOK VALUE</b>			
At 31 March 2011	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2010	<u>2,085</u>	<u>4</u>	<u>2,089</u>

The total investment property value is made up of:

	2011 £000	2010 £000
Freehold	<u>0</u>	<u>2,085</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2011**

9. **FIXED ASSET INVESTMENTS**

**Group**

**COST**

At 1 April 2010  
and 31 March 2011

HML  
Holdings  
plc  
£'000

4,092

**NET BOOK VALUE**

At 31 March 2011

4,092

At 31 March 2010

4,092

**Company**

**COST**

At 1 April 2010  
Special dividends

Shares in  
group  
undertakings  
£'000

HML  
Holdings  
plc  
£'000

Totals  
£'000

18,238

4,092

22,330

(13,670)

-

(13,670)

At 31 March 2011

4,568

4,092

8,660

**NET BOOK VALUE**

At 31 March 2011

4,568

4,092

8,660

At 31 March 2010

18,238

4,092

22,330

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2011**

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9. **FIXED ASSET INVESTMENTS - continued**

**LTC Apartments Limited**

Nature of business: Serviced apartments

	%
Class of shares:	holding
Ordinary of £1	100.00

**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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the year ended 31 March 2011

## 9. FIXED ASSET INVESTMENTS - continued

**Sixth Hunter Properties Limited**

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary of 50p	100.00

**info-line Limited**

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary of 10p	87.38

**Eaton Commercial Properties Exeter Limited**

Country of incorporation: Channel Islands

Nature of business: Property investment

	%
Class of shares:	holding
Ordinary of £1	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 2011 was £1,805,000 (2010 - £2,068,000). 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 £314,000 for the year ended 31 March 2011 (2010 - £174,000) and equity attributable to equity holders of £5,512,000 at that date (2010 - £5,273,000).

## 10. STOCKS

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Properties for resale	<u>1,128</u>	<u>1,128</u>	<u>1,128</u>	<u>1,128</u>

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

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Trade debtors	-	2	-	-
Amounts owed by subsidiary undertakings	-	-	3,784	3,149
Other debtors	131	79	2	78
Prepayments and accrued income	<u>35</u>	<u>33</u>	<u>14</u>	<u>33</u>
	<u>166</u>	<u>114</u>	<u>3,800</u>	<u>3,260</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2011**

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

	<b>Group</b>		<b>Company</b>	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bank loans and overdrafts (see note 14)	-	6,992	-	6,992
Trade creditors	177	129	26	5
Amounts owed to subsidiary undertakings	-	-	4,961	18,653
Social security and other taxes	136	29	136	12
Other creditors	67	60	2	6
Directors' current accounts	8	-	8	-
Accruals and deferred income	102	68	53	47
	<u>490</u>	<u>7,278</u>	<u>5,186</u>	<u>25,715</u>

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

	<b>Group</b>		<b>Company</b>	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bank loans (see note 14)	5,302	-	5,302	-
Other loans (see note 14)	500	-	-	-
	<u>5,802</u>	<u>-</u>	<u>5,302</u>	<u>-</u>

**14. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Amounts falling due within one year or on demand:				
Bank loans	-	6,993	-	6,993
Deferred finance costs	-	(1)	-	(1)
	<u>-</u>	<u>6,992</u>	<u>-</u>	<u>6,992</u>
Amounts falling due between two and five years:				
Bank loans	5,350	-	5,350	-
Deferred finance costs	(48)	-	(48)	-
Other loans	500	-	-	-
	<u>5,802</u>	<u>-</u>	<u>5,302</u>	<u>-</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2011**

**15. OPERATING LEASE COMMITMENTS**

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

**Group**

	Land and buildings	
	2011 £'000	2010 £'000
Expiring:		
Within one year	-	14
Between one and five years	<u>57</u>	<u>-</u>
	<u>57</u>	<u>14</u>

**Company**

	Land and buildings	
	2011 £'000	2010 £'000
Expiring:		
Within one year	-	14
Between one and five years	<u>57</u>	<u>-</u>
	<u>57</u>	<u>14</u>

**16. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>Group</b>		<b>Company</b>	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bank loans	5,302	6,992	5,302	6,992
Other loans	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>5,802</u>	<u>6,992</u>	<u>5,302</u>	<u>6,992</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.

The other loan is secured by a second legal charge over an investment property.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2011**

**17. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2011	2010
6,036,852	Ordinary	50p	£'000	£'000
			<u>3,019</u>	<u>3,019</u>

**18. RESERVES****Group**

	Profit and loss account £'000	Share premium £'000	Revaluation reserve £'000
At 1 April 2010	1,183	2,760	2,999
Deficit for the year	(231)		
Surplus realised on disposal	20	-	(20)
Revaluation surplus	-	-	240
Written back in the year	<u>1,220</u>	-	-
At 31 March 2011	<u>2,192</u>	<u>2,760</u>	<u>3,219</u>

**Group**

	EST capital reserve £'000	EST current reserve £'000	Totals £'000
At 1 April 2010	(419)	31	6,554
Deficit for the year			(231)
Surplus realised on disposal	-	-	-
Revaluation surplus	-	-	240
Written back in the year	-	-	1,220
EST transactions	<u>3</u>	-	<u>3</u>
At 31 March 2011	<u>(416)</u>	<u>31</u>	<u>7,786</u>

**Company**

	Profit and loss account £'000	Share premium £'000	Revaluation reserve £'000
At 1 April 2010	(2,211)	2,760	21
Profit for the year	706		
Surplus realised on disposal	<u>21</u>	-	<u>(21)</u>
At 31 March 2011	<u>(1,484)</u>	<u>2,760</u>	<u>-</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2011**

18. **RESERVES - continued****Company**

	EST capital reserve £'000	EST current reserve £'000	Totals £'000
At 1 April 2010	(419)	31	182
Profit for the year			706
EST transactions	<u>3</u>	<u>-</u>	<u>3</u>
At 31 March 2011	<u>(416)</u>	<u>31</u>	<u>891</u>

19. **CONTINGENT LIABILITIES**

An investment property owned by a subsidiary is subject to a minority interest of a third party under the terms of an agreement entered into in July 2010. In the event of a sale of the property the subsidiary is liable to pay the third party 21% of the realised profit. If the property is not sold before October 2013 the subsidiary is liable to pay the third party 21% of the unrealised profit based on an independent valuation at that date. It is not possible to quantify the realised or unrealised profits at this time.

20. **RELATED PARTY DISCLOSURES**

The group incurred costs of £23,000 (2010 - £25,000) for property lettings and management services provided by a HML subsidiary. The amounts have been paid in full.

At 31 March 2011 the group owed £ 8,399 to a director, R G Smith, by way of loan (2010 - £Nil). The loan is unsecured and interest free and there is no fixed date for repayment.

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

	2011 £'000	2010 £'000
(Loss)/Profit for the financial year	(231)	2
Other recognised gains and losses relating to the year (net)	1,460	1,439
EST transactions	3	(5)
Reclassify subsidiary	<u>-</u>	<u>79</u>
<b>Net addition to shareholders' funds</b>	1,232	1,515
Opening shareholders' funds	<u>9,573</u>	<u>8,058</u>
<b>Closing shareholders' funds</b>	<u>10,805</u>	<u>9,573</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2011**

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21. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued****Company**

	2011	2010
	£'000	£'000
Profit/(Loss) for the financial year	706	(276)
Other recognised gains and losses relating to the year (net)	-	725
EST transactions	<u>3</u>	<u>(5)</u>
<b>Net addition to shareholders' funds</b>	709	444
Opening shareholders' funds	<u>3,201</u>	<u>2,757</u>
<b>Closing shareholders' funds</b>	<u>3,910</u>	<u>3,201</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2011**

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 2010	694	475
Exercised in the year	<u>-</u>	<u>-</u>
At 31 March 2011 - 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	17 November 2010	16 January 2009	12 March 2008	27 March 2007
Shares awarded	24,900	8,000	8,500	9,250
Vesting date	6 April 2012	6 April 2011	6 April 2010	6 April 2009
Fair value per share of shares awarded	140p	140p	145p	145p
Fair value of shares awarded	£34,860	£11,200	£12,000	£13,000

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

At 1 April 2010	19,750
Vesting in the year	(3,250)
Awarded in the year	<u>24,900</u>
At 31 March 2011	<u>41,400</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:

	2011 No.	2010 No.
Ordinary shares of 50p each		
Allocated but unvested	41,400	19,750
Vested but not transferred to staff	28,568	25,318
Available for future allocations	<u>231,661</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 2011**

23. **NET ASSETS PER SHARE**

	Net assets £000	Net shares 000	Net assets per share p
2011			
Basic	10,805	5,735	<u>188</u>
Exercise of warrants	<u>475</u>	<u>694</u>	
Fully diluted	<u>11,280</u>	<u>6,429</u>	<u>175</u>
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>

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 2011 and 31 March 2010.

R G Smith was beneficially interested in 229,537 ordinary shares and 693,940 warrants at both 31 March 2011 and 31 March 2010. He was also indirectly beneficially interested in 273,463 ordinary shares at both 31 March 2011 and 31 March 2010.

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 2011 and 31 March 2010. 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 2011 and 31 March 2010.

# 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 13<sup>th</sup> December 2011, 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 2011.
2. To re-appoint the auditors Thorne Lancaster Parker and authorise the Directors to fix their remuneration.
3. To re-elect Geoffrey Griggs who retires by rotation and offers himself for re-election.
4. To approve, in principle, the approach to achieve a partial realisation of members' shareholdings as outlined by the Board in the Chairman's Statement to the 2011 accounts and the covering letter to this notice of meeting.

### **BY ORDER OF THE BOARD**

Geoffrey Griggs  
Secretary and Director

10th November 2011

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, 13<sup>th</sup> December 2011 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 Geoffrey Griggs as a director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To approve in principle the approach to achieve a partial realisation of members' shareholdings as outlined by the Board in the Chairman's statement to the 2011 accounts and the covering letter to this notice of meeting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Signed this ..... day of ..... 2011

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.