LTC Holdings plc

Report and Accounts 31 March 2013

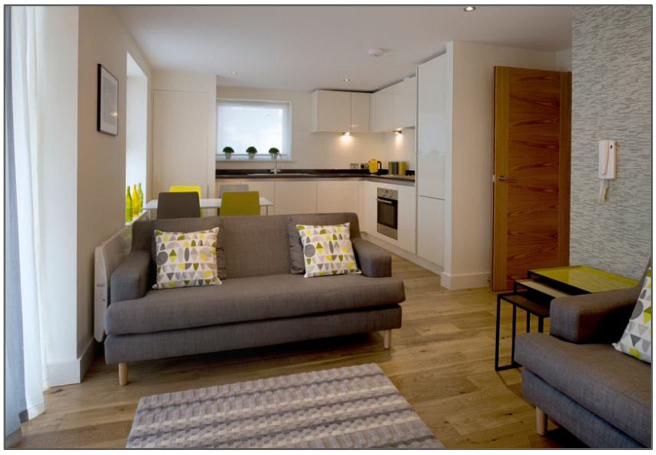
Chairman's Statement

At the time of writing the UK economy appears to be turning a corner and showing some positive signs of growth. Certainly, certain sectors of the property market are exhibiting improved health although there is still widespread weakness and a persistent general lack of bank finance.

The Company has progressed well over the year under review with a continuation of its strategic shift towards residential development (with an increased emphasis on joint venture or syndicated arrangements) and a reduction in bank debt. Profits for the year increased to £490,663 (2012 – loss £725,451) and the undiluted Net Asset Value per share has also increased by 5.8% to 182p (2012 - 172p). Further property disposals have been completed and this has helped to reduce bank borrowings to £2.54m from £5.35m in 2012. At the end of the financial year the group had cash of £1.65m at bank, an increase from £0.56m in 2012.

As we have released cash we have reinvested in new projects. Our return to residential development has been realised in our 14 unit scheme in West London which was completed this month with over 75% of the flats reserved or sold.

14 flat development in West London



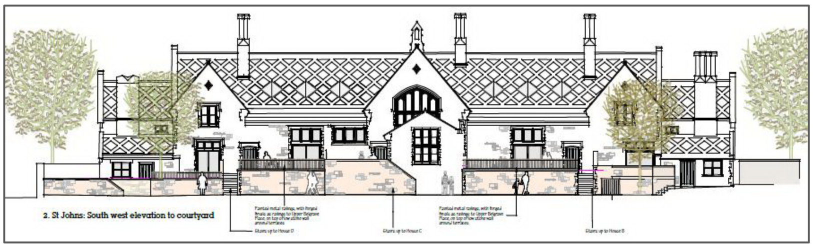
Showflat Interior

We have progressed planning on our joint venture in Nottingham which is a residential-led regeneration project and expect to realise this investment next year. The Group has also taken positions in other syndicated residential development ventures in Clifton, North Yorkshire, Bristol, Wokingham and London which we expect to generate good returns.

Clifton – property for conversion to apartments

Wokingham – development of 21 apartments

North Yorkshire industrial site



Bristol – Conversion of Victorian school to houses

LTC has a 42% interest in AIM quoted property services group HML Holdings plc which has performed well over the last year with a recent significant improvement in that company's share price. HML is planning to commence the payment of dividends in 2014 which should further enhance its profile as a leading operator in its sector.

During the year LTC undertook its first Share Buyback by tender offer which was completed successfully with £190,000 of shares being purchased. The offer was oversubscribed and therefore the directors intend to undertake further buybacks in due course when company finances permit.

I would like to thank my fellow directors and colleagues for their support and hard work during the year which has seen both transition and restructuring in preparation for, what I hope will be, an improved market in the near future.

Richard Smith
Chairman

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2013

COMPANY INFORMATION
for the year ended 31 March 2013

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:	02570517 (England and Wales)
AUDITORS:	Thorne Lancaster Parker Chartered Accountants & Statutory Auditors 8th Floor Aldwych House 81 Aldwych London WC2B 4HN

REPORT OF THE DIRECTORS
for the year ended 31 March 2013

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2013.

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

REVIEW OF BUSINESS
The directors report a profit of £490,663 on ordinary activities after taxation attributable to shareholders (2012 - £725,451 loss). This includes a profit on disposal of an investment property of £1,384,311 based on its carrying value. The historical cost profit on disposal was £3,494,339. 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 group has commenced investment in syndicated residential developments during the year.

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 had entered into an interest rate hedging arrangement.

DIVIDENDS
No dividends will be distributed for the year ended 31 March 2013.

FUTURE DEVELOPMENTS
For the foreseeable future it is intended that the LTC group will continue to invest in and develop property, either directly or through syndicates. 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.

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 April 2012 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 26 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 16 days at 31 March 2013 (2012 - 20 days).

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 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 closed its 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.

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

25 September 2013

We have audited the financial statements of LTC Holdings plc for the year ended 31 March 2013 on pages seven to twenty eight. 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 Report of the Directors 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 2013 and of the group's profit 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.

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

30 September 2013

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2013

	Notes	2013 £	2012 £
TURNOVER		218,046	334,918
Cost of sales		133,357	139,020
GROSS PROFIT		84,689	195,898
Administrative expenses		713,600	648,607
		(628,911)	(452,709)
Other operating income		2,408	3,033
OPERATING LOSS	3	(626,503)	(449,676)
Disposal of tangible fixed assets		1,384,311	-
		757,808	(449,676)
Interest receivable and similar income		6,640	4,678
		764,448	(444,998)
Interest payable and similar charges	4	273,785	280,453
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		490,663	(725,451)
Tax on profit/(loss) on ordinary activities	5	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR FOR THE GROUP		490,663	(725,451)

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 2013

	2013	2012
	£	£
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	490,663	(725,451)
Unrealised surplus/(deficit) on revaluation of properties	111,347	(70,385)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	602,010	(795,836)

NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the year ended 31 March 2013

	2013	2012
	£	£
REPORTED PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	490,663	(725,451)
Realisation of property revaluation gains of previous years	2,110,028	-
HISTORICAL COST PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2,600,691	(725,451)
HISTORICAL COST PROFIT/(LOSS) FOR THE YEAR RETAINED AFTER TAXATION	2,600,691	(725,451)

LTC HOLDINGS PLC (REGISTERED NUMBER: 02570517)

CONSOLIDATED BALANCE SHEET
31 March 2013

		2013		2012	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	7		53,000		63,000
Tangible assets	8		6,580,000		10,660,000
Investments	9		4,654,495		4,091,685
			11,287,495		14,814,685
CURRENT ASSETS					
Stocks	10	1,529,469		1,134,888	
Debtors	11	273,221		170,669	
Cash at bank and in hand		1,650,705		563,692	
		3,453,395		1,869,249	
CREDITORS					
Amounts falling due within one year	12	4,052,012		271,923	
NET CURRENT (LIABILITIES)/ASSETS			(598,617)		1,597,326
TOTAL ASSETS LESS CURRENT LIABILITIES			10,688,878		16,412,011
CREDITORS					
Amounts falling due after more than one year	13		-		6,325,083
NET ASSETS			10,688,878		10,086,928
CAPITAL AND RESERVES					
Called up share capital	17		3,075,940		3,075,940
Share premium	18		2,780,750		2,780,750
Revaluation reserve	18		2,030,929		3,146,445
EST capital reserve	18		(417,598)		(417,598)
EST current reserve	18		28,699		28,759
Profit and loss account	18		3,190,158		1,472,632
SHAREHOLDERS' FUNDS	23		10,688,878		10,086,928

The financial statements were approved by the Board of Directors on 25 September 2013 and were signed on its behalf by:

R G Smith - Director

LTC HOLDINGS PLC (REGISTERED NUMBER: 02570517)

COMPANY BALANCE SHEET
31 March 2013

		2013		2012	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	7		-		-
Tangible assets	8		-		-
Investments	9		8,472,111		8,357,115
			8,472,111		8,357,115
CURRENT ASSETS					
Stocks	10	1,529,469		1,134,888	
Debtors	11	3,477,582		3,811,161	
Cash at bank and in hand		1,599,706		17,167	
		6,606,757		4,963,216	
CREDITORS					
Amounts falling due within one year	12	7,472,921		1,591,112	
NET CURRENT (LIABILITIES)/ASSETS			(866,164)		3,372,104
TOTAL ASSETS LESS CURRENT LIABILITIES			7,605,947		11,729,219
CREDITORS					
Amounts falling due after more than one year	13		-		5,325,083
NET ASSETS			7,605,947		6,404,136
CAPITAL AND RESERVES					
Called up share capital	17		3,075,940		3,075,940
Share premium	18		2,780,750		2,780,750
EST capital reserve	18		(417,598)		(417,598)
EST current reserve	18		28,699		28,759
Profit and loss account	18		2,138,156		936,285
SHAREHOLDERS' FUNDS	23		7,605,947		6,404,136

The financial statements were approved by the Board of Directors on 25 September 2013 and were signed on its behalf by:

R G Smith - Director

The notes form part of these financial statements

LTC HOLDINGS PLC (REGISTERED NUMBER: 02570517)

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2013

		2013		2012	
	Notes	£	£	£	£
Net cash outflow from operating activities	1		(875,917)		(659,956)
Returns on investments and servicing of finance	2		(267,145)		(275,775)
Capital expenditure and financial investment	2		5,012,848		(95,385)
			3,869,786		(1,031,116)
Financing	2		(2,782,773)		591,421
Increase/(decrease) in cash in the period			1,087,013		(439,695)

Reconciliation of net cash flow to movement in net debt	3				
Increase/(decrease) in cash in the period		1,087,013		(439,695)	
Cash outflow/(inflow) from decrease/(increase) in debt		2,782,713		(523,000)	
Change in net debt resulting from cash flows			3,869,726		(962,695)
Movement in net debt in the period			3,869,726		(962,695)
Net debt at 1 April			(5,761,391)		(4,798,696)
Net debt at 31 March			(1,891,665)		(5,761,391)

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2013

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

	2013	2012
	£	£
Operating loss	(626,503)	(449,676)
Depreciation charges	10,000	10,000
Increase in stocks	(394,581)	(6,516)
Increase in debtors	(102,552)	(4,807)
Increase/(decrease) in creditors	237,719	(208,957)
Net cash outflow from operating activities	(875,917)	(659,956)

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

	2013	2012
	£	£
Returns on investments and servicing of finance		
Interest received	6,640	4,678
Interest paid	(273,785)	(280,453)
Net cash outflow for returns on investments and servicing of finance	(267,145)	(275,775)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(48,653)	(95,385)
Purchase of fixed asset investments	(562,810)	-
Sale of tangible fixed assets	5,624,311	-
Net cash inflow/(outflow) for capital expenditure and financial investment	5,012,848	(95,385)
Financing		
New loans in year	210,787	500,000
Loan repayments in year	(3,016,500)	-
Deferred finance costs	23,000	23,000
Amount withdrawn by directors	-	(8,399)
Share issue	-	78,775
Employee Share Trust transactions	(60)	(1,955)
Net cash (outflow)/inflow from financing	(2,782,773)	591,421

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.12	Cash flow	At 31.3.13
	£	£	£
Net cash:			
Cash at bank and in hand	563,692	1,087,013	1,650,705
	563,692	1,087,013	1,650,705
Debt:			
Debts falling due within one year	-	(3,542,370)	(3,542,370)
Debts falling due after one year	(6,325,083)	6,325,083	-
	(6,325,083)	2,782,713	(3,542,370)
Total	(5,761,391)	3,869,726	(1,891,665)

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.

continued...

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.

Fixed asset investments

Shares in listed investments are stated at cost less provision for permanent diminution in value.

Shares in subsidiary undertakings are stated at cost less provision for permanent diminution in value.

Loans to syndicated residential property developments are stated at cost less provision for permanent diminution in value.

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.

continued...

1. **ACCOUNTING POLICIES - continued**

Employee share trust and share based payments
The company has 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**

	2013	2012
	£	£
Wages and salaries	314,989	334,549
Social security costs	42,155	43,268
	357,144	377,817

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

	2013	2012
Directors	2	2
Property development and investment	2	2
	4	4

3. **OPERATING LOSS**

The operating loss is stated after charging:

	2013	2012
	£	£
Other operating leases	57,000	57,000
Goodwill amortisation	10,000	10,000
Auditors' remuneration	8,000	8,000
The auditing of accounts of any associate of the company	-	6,000
Taxation compliance services	4,800	3,950
Other non-audit services	4,500	-
Payments to third parties for directors' services	50,275	49,775
Share based payments	81,480	-
Directors' remuneration	191,718	215,845

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4. INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£	£
Bank loans & overdrafts	132,033	179,837
Other finance charges	65,041	34,976
Amortisation of finance costs	23,551	23,000
Interest rate hedging	53,160	42,640
	273,785	280,453

5. TAXATION

Analysis of the tax charge
No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2013 nor for the year ended 31 March 2012.

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

	2013	2012
	£	£
Profit/(loss) on ordinary activities before tax	490,663	(725,451)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012 - 26%)	117,759	(188,617)
Effects of:		
Expenses not deductible for tax purposes	6,477	3,304
Capital allowances in excess of depreciation	(3,398)	(5,114)
Utilisation of tax losses	(521,787)	-
Wear and tear allowances	(4,219)	(4,920)
Capital disposals treated differently for tax purposes	(141,303)	-
Capital gain recognised via revaluation reserve	506,407	-
Tax losses not utilised	40,064	195,347
Current tax charge	-	-

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:

	2013	2012
	£	£
Deferred tax liability on revaluation surpluses on investment properties	(391,000)	(604,000)
Deferred taxation asset on losses carried forward	187,000	694,000

continued...

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 £1,201,871 (2012 - £2,415,663).

7. **INTANGIBLE FIXED ASSETS**

Group

	Goodwill £
COST	
At 1 April 2012 and 31 March 2013	209,000
AMORTISATION	
At 1 April 2012	146,000
Amortisation for year	10,000
At 31 March 2013	156,000
NET BOOK VALUE	
At 31 March 2013	53,000
At 31 March 2012	63,000

8. **TANGIBLE FIXED ASSETS**

Group

	Investment properties £	Other plant & machinery £	Furniture, fixtures & fittings £	Totals £
COST OR VALUATION				
At 1 April 2012	10,660,000	57,698	93,419	10,811,117
Additions	48,653	-	-	48,653
Disposals	(4,240,000)	-	(43,767)	(4,283,767)
Revaluations	111,347	-	-	111,347
At 31 March 2013	6,580,000	57,698	49,652	6,687,350
DEPRECIATION				
At 1 April 2012	-	57,698	93,419	151,117
Eliminated on disposal	-	-	(43,767)	(43,767)
At 31 March 2013	-	57,698	49,652	107,350
NET BOOK VALUE				
At 31 March 2013	6,580,000	-	-	6,580,000
At 31 March 2012	10,660,000	-	-	10,660,000

 continued...

8. TANGIBLE FIXED ASSETS - continued

Group

The total investment property value is made up of:

	2013	2012
	£	£
Group		
Freehold	6,580,000	6,420,000
Long leasehold	-	4,240,000
	6,580,000	10,660,000

The historical cost of investment properties includes capitalised interest of:

Group	Nil	Nil

Cost or valuation at 31 March 2013 is represented by:

	Investment properties	Other plant & machinery	Furniture, fixtures & fittings	Totals
	£	£	£	£
Valuation in 2013	1,171,399	-	-	1,171,399
Cost	5,408,601	57,698	49,652	5,515,951
	6,580,000	57,698	49,652	6,687,350

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

	2013	2012
	£	£
Cost	5,408,601	7,489,920

One investment property was valued on an open market basis at 31 March 2013 by the directors, taking account of its disposal subsequent to the balance sheet date. The other investment property was valued on an open market basis at 31 March 2013 by the directors, taking account of an independent professional valuation carried out by DTZ Tie Leung Limited, Chartered Surveyors at 31 July 2011 on the same basis, and current market conditions

continued...

8. **TANGIBLE FIXED ASSETS - continued**

Company

	Other plant & machinery £
COST	
At 1 April 2012	
and 31 March 2013	57,698
DEPRECIATION	
At 1 April 2012	
and 31 March 2013	57,698
NET BOOK VALUE	
At 31 March 2013	-
At 31 March 2012	-

9. **FIXED ASSET INVESTMENTS**

	Group		**Company**	
	2013	2012	2013	2012
	£	£	£	£
Shares in group undertakings	-	-	4,265,426	4,265,430
Other investments not loans	4,091,685	4,091,685	4,091,685	4,091,685
Other loans	562,810	-	115,000	-
	4,654,495	4,091,685	8,472,111	8,357,115

Additional information is as follows:

Group

	HML Holdings plc £
COST	
At 1 April 2012	
and 31 March 2013	4,091,685
NET BOOK VALUE	
At 31 March 2013	4,091,685
At 31 March 2012	4,091,685

continued...

9. FIXED ASSET INVESTMENTS - continued

Company

	Shares in group undertakings £	HML Holdings plc £	Totals £
COST			
At 1 April 2012	4,265,430	4,091,685	8,357,115
Disposals	(4)	-	(4)
At 31 March 2013	4,265,426	4,091,685	8,357,111
NET BOOK VALUE			
At 31 March 2013	4,265,426	4,091,685	8,357,111
At 31 March 2012	4,265,430	4,091,685	8,357,115

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:	% holding
Ordinary of 50p	100.00
'A' 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

Eaton Commercial Properties Exeter Limited
Country of incorporation: Channel Islands
Nature of business: Property investment

Class of shares:	% holding
Ordinary of £1	100.00

continued...

9. FIXED ASSET INVESTMENTS - continued

Group

	Other loans £
New in year	562,810
At 31 March 2013	562,810

Company

	Other loans £
New in year	115,000
At 31 March 2013	115,000

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 2013 was £2,587,000 (2012 - £3,045,000). 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 42% (2012 - 42%) 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 £762,000 for the year ended 31 March 2013 (2012 - £456,000) and equity attributable to equity holders of £6,931,000 at that date (2012 - £6,360,000).

10. STOCKS

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Properties for resale	1,529,469	1,134,888	1,529,469	1,134,888

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Trade debtors	18,618	4,040	9,618	1,040
Amounts owed by subsidiary undertakings	-	-	3,432,019	3,774,793
Other debtors	228,432	146,121	18,058	21,078
Prepayments and accrued income	26,171	20,508	17,887	14,250
	273,221	170,669	3,477,582	3,811,161

 continued...

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans and overdrafts (see note 14)	2,542,370	-	2,542,370	-
Other loans (see note 14)	1,000,000	-	-	-
Trade creditors	111,101	105,943	9,790	15,321
Amounts owed to subsidiary undertakings	-	-	4,771,448	1,497,298
Social security and other taxes	11,594	21,409	9,588	21,114
Other creditors	230,500	66,672	4,427	2,079
Accruals and deferred income	156,447	77,899	135,298	55,300
	4,052,012	271,923	7,472,921	1,591,112

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

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans (see note 14)	-	5,325,083	-	5,325,083
Other loans (see note 14)	-	1,000,000	-	-
	-	6,325,083	-	5,325,083

14. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	2,544,287	-	2,544,287	-
Deferred finance costs	(1,917)	-	(1,917)	-
Other loans	1,000,000	-	-	-
	3,542,370	-	2,542,370	-
Amounts falling due between one and two years:				
Bank loans	-	5,350,000	-	5,350,000
Deferred finance costs	-	(24,917)	-	(24,917)
Other loans	-	1,000,000	-	-
	-	6,325,083	-	5,325,083

continued...

15. OPERATING LEASE COMMITMENTS

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

Group

	Land and buildings	
	2013	2012
	£	£
Expiring:		
Between one and five years	57,000	57,000

Company

	Land and buildings	
	2013	2012
	£	£
Expiring:		
Between one and five years	57,000	57,000

16. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans	2,542,370	5,325,083	2,542,370	5,325,083
Other loans	1,000,000	1,000,000	-	-
	3,542,370	6,325,083	2,542,370	5,325,083

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 loans are secured by second legal charges over investment properties.

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2013 £	2012 £
6,151,852	Ordinary	50p	3,075,940	3,075,940

continued...

18. RESERVES

Group

	Profit and loss account £	Share premium £	Revaluation reserve £
At 1 April 2012	1,472,632	2,780,750	3,146,445
Profit for the year	490,663		
Surplus realised on disposal	2,110,028	-	(2,110,028)
Revaluation surplus	-	-	111,347
Transfer	(883,165)	-	883,165
At 31 March 2013	3,190,158	2,780,750	2,030,929

Group

	EST capital reserve £	EST current reserve £	Totals £
At 1 April 2012	(417,598)	28,759	7,010,988
Profit for the year			490,663
Revaluation surplus	-	-	111,347
EST transactions	-	(60)	(60)
At 31 March 2013	(417,598)	28,699	7,612,938

Company

	Profit and loss account £	Share premium £	EST capital reserve £	EST current reserve £	Totals £
At 1 April 2012	936,285	2,780,750	(417,598)	28,759	3,328,196
Profit for the year	1,201,871				1,201,871
EST transactions	-	-	-	(60)	(60)
At 31 March 2013	2,138,156	2,780,750	(417,598)	28,699	4,530,007

19. CONTINGENT LIABILITIES

The company has provided a guarantee in relation to a loan amounting to £500,000 owed by a subsidiary.

Certain of the company's subsidiaries have taken advantage of the audit exemption under Section 479A of the Companies Act 2006 for the year ended 31 March 2013. Consequently the company has provided the statutory guarantee in relation to those subsidiaries' liabilities.

continued...

20. **CAPITAL COMMITMENTS**

The group has committed to further initial investment in syndicated residential property developments amounting to approximately £290,000. Further investment in these projects will be assessed on a project by project basis and are dependent upon various commercial factors as well as the group's own available resources. The amounts involved cannot be quantified at this stage.

21. **RELATED PARTY DISCLOSURES**

The group incurred costs of £25,000 (2012 - £26,000) for property lettings and management services provided by a HML subsidiary. The amounts have been paid in full.

The company has made loans amounting to £470,000 to its subsidiary, Eaton Investment Management Limited ("EIM"). The loans are unsecured, have no fixed repayment date and bear interest at 5% p.a. Interest of £3,637 has accrued at the balance sheet date.. The interests of R G Smith and G J Griggs in EIM are detailed in note 26.

22. **POST BALANCE SHEET EVENTS**

In April 2013 the company entered into a share buy-back scheme with certain shareholders and agreed the acquisition of 237,827 ordinary shares by the employee share trust for a consideration of £190,056.

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

Group

	2013	2012
	£	£
Profit/(loss) for the financial year	490,663	(725,451)
Other recognised gains and losses relating to the year (net)	111,347	(70,385)
New share capital subscribed	-	78,775
EST transactions	(60)	(1,955)
Net addition/(reduction) to shareholders' funds	601,950	(719,016)
Opening shareholders' funds	10,086,928	10,805,944
Closing shareholders' funds	10,688,878	10,086,928

Company

	2013	2012
	£	£
Profit for the financial year	1,201,871	2,415,663
New share capital subscribed	-	78,775
EST transactions	(60)	(1,955)
Net addition to shareholders' funds	1,201,811	2,492,483
Opening shareholders' funds	6,404,136	3,911,653
Closing shareholders' funds	7,605,947	6,404,136

 continued...

24. **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	Exercise price £
At 1 April 2012	579,000	396,615
Exercised in the year	-	-
At 31 March 2013 - exercisable at 68.5p up to 30 November 2014	579,000	396,615

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 2011	17 November 2010	16 January 2009	12 March 2008
Shares awarded	33,300	24,900	8,000	8,500
Vesting date	1 January 2013	1 January 2012	1 January 2011	6 April 2010
Fair value per share of shares awarded	140p	140p	140p	135p
Fair value of shares awarded	£46,620	£34,860	£11,200	£11,475

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

At 1 April 2012	41,400
Vesting in the year	-
Awarded in the year	33,300
At 31 March 2013	74,700

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:

	2013	2012
Ordinary shares of 50p each	No.	No.
Allocated but unvested	74,700	41,400
Vested but not transferred to staff	28,568	28,568
Available for future allocations	199,861	233,161
	303,129	303.129

 continued...

25. NET ASSETS PER SHARE

	Net assets £	Net shares	Net assets per share p
2013			
Basic		6,151,852	
Shares held by EST		(303,129)	
Net shares	10,688,878	5,848,723	182
Exercise of warrants	396,615	579,000	
Fully diluted	11,085,493	6,427,723	172
2012			
Basic		6,151,852	
Shares held by EST		(303,129)	
Net shares	10,086,928	5,848,723	172
Exercise of warrants	396,615	579,000	
Fully diluted	10,483,543	6,427,723	163

26. 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 2013 and 31 March 2012.

R G Smith was beneficially interested in 229,537 (2012 - 229,537) ordinary shares and 578,940 (2012 - 578,940) warrants at 31 March 2013. He was also indirectly beneficially interested in 388,463 ordinary shares at 31 March 2013 (2012 -388,463).

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 2013 and 31 March 2012. 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 2013 and 31 March 2012.