LTC Holdings Plc

Report and Accounts 31 March 2009

COMPANY INFORMATION
for the year ended 31 March 2009

DIRECTORS:	Richard Smith – Executive Chairman Geoffrey Griggs – Part Time Executive Adrian Collins – Non-executive
SECRETARIES:	Geoffrey Griggs Duncan Sweetland
REGISTERED OFFICE:	28 Old Church Street London SW3 5BY
REGISTERED NUMBER:	2570517 (England and Wales)
AUDITORS:	Thorne Lancaster Parker Chartered Accountants & Registered Auditors 8th Floor Aldwych House 81 Aldwych London WC2B 4HN

CHAIRMAN'S STATEMENT
for the year ended 31 March 2009

The year to 31 March 2009 has been an exceptionally turbulent period due to the banking meltdown which has in turn exacerbated the economic recession. This combination has had a severe effect on the property sector which will take some time to rebalance. The harsh contraction in property lending has combined with a reduction in capital and rental values and created a very difficult environment for property companies. LTC has faired reasonably well during this difficult time having reduced its borrowing in advance of the main downswing and has benefitted from the sector spread in its portfolio. However, we have suffered a decline in the valuation of our portfolio as a result of which our basic Net Asset Value per share has decreased by 22% to 140p from 180p. By comparison with other operators, including the major quoted real estate players, this is a relatively respectable performance.

We continued to make selective disposals of non-core properties during the year including a sizeable portfolio of Ground Rents. In addition, we sold our serviced apartment block in Kensington, above its valuation, prior to the year end. In total these sales realised almost £5.9m with £4.71m being applied to loan repayment. At the year end our cash position had increased significantly to £683,000 (2008 - £20,000). The losses for the year of £1.788m (2008 – losses of £319,000) were mostly attributable to the reduction in value of one of our commercial properties located in Exeter.

LTC has a significant minority stake (48%) in HML Holdings plc its formerly wholly owned property services subsidiary which is quoted on the London Stock Exchange AIM market. HML continues to expand and whilst also challenged by the downturn has increased its core management business during the year. It now manages over 27,000 residential units in London, the South East and the South West. LTC has sold its specialist property management software to HML to enable the company to invest in the further development and optimisation of the system.

There is an emerging consensus that certain sectors of the property market have bottomed out - in particular the prime commercial market and prime central London residential. It is evident that a number of the recently recapitalised house-builders are now adding to their landbanks. Also a number of opportunity funds have made significant acquisitions in the commercial sector. There remain fears that a second dip may result from the banks starting to divest distressed property too quickly but this approach is considered not to be in their best interests. Interest rates may stay low or relatively low for some time yet and if so this will help stabilise the market. However, certain secondary markets may continue to be weak for some time to come.

The company’s board is reasonably optimistic for the future. Our portfolio is comprised of properties to which we can add value and we are satisfactorily positioned in those sectors which appear to have bottomed out. The company is well advanced with plans to redevelop two central London residential properties, one of which is located in Chelsea and which has benefitted from recent improvements in the prime residential market. I take the view that we are now facing the next upward phase of the property cycle. It will take some time for the market to adjust to recent events and new sources of finance will be needed. However, the best deals are always to be found close to the bottom of the curve and I believe the company can take advantage of this going forward.

I would like to take this opportunity to extend my thanks to all my colleagues and staff for their resilience, support and hard work during the year

Richard Smith
Chairman
26 October 2009

CORPORATE GOVERNANCE
for the year ended 31 March 2009

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 notes to the financial statements.

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

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 on ordinary activities after taxation attributable to shareholders of £1,788,000 (2008 - £319,000 loss). The directors do not recommend a dividend. The net result has been transferred to reserves.

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

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

The group generated historical cost pre tax profits on capital disposals of £2,184,000 during the year of which £378,000 is dealt with in the profit and loss account and £1,806,000 is dealt with in reserves. The proceeds were principally used to reduce debt. We benefitted from low and stable interest rates during the year, and accordingly did not consider it necessary to hedge the group's borrowings, At the year end the ratio of loan to property values stood at 69.4%.

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

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 2008 to the date of this report.

R G Smith
G J Griggs
A J R Collins

A J R Collins and G J Griggs were beneficially interested in 16 and 1,000 ordinary shares respectively at both 31 March 2009 and 31 March 2008.

R G Smith was beneficially interested in 229,537 ordinary shares and 693,940 warrants at both 31 March 2009 and 31 March 2008. He was also interested as a trustee in 273,463 ordinary shares at both 31 March 2009 and 31 March 2008.

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 2009 and 31 March 2008. 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 2009 and 31 March 2008.

The company has entered into deeds of indemnity with the directors and company secretaries, under which the company would be obliged to provide the relevant individual with funds to meet expenditure incurred or to be incurred in defending criminal or civil proceedings or in applying for relief under section 309B of the Companies Act 1985.

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 13 days at 31 March 2009 (2008 - 24 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 theses risks through regular portfolio reviews and the review of covenant forecasts.

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and 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 234ZA of the Companies Act 1985) 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:

D B J Sweetland - Secretary

26 October 2009

We have audited the group and company financial statements of LTC Holdings plc for the year ended 31 March 2009 on pages nine to thirty three. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion:

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

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

Date: 26 October 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2009

	Notes	2009 £'000	2008 £'000
TURNOVER	2	840	3,228
Cost of sales		(222)	(1,953)
GROSS PROFIT		618	1,275
Administrative expenses		(1,004)	(1,141)
		(386)	134
Other operating income		3	73
OPERATING (LOSS)/PROFIT	4	(383)	207
Provision against current asset investment		(1,490)	-
Disposal of intangible fixed assets		(8)	-
Disposal of tangible fixed assets		378	4
		(1,503)	211
Interest receivable and similar income		196	189
		(1,307)	400
Interest payable and similar charges	5	(597)	(719)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,904)	(319)
Tax on loss on ordinary activities	6	116	-
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(1,788)	(319)

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

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2009

	2009 £'000	2008 £'000
LOSS FOR THE FINANCIAL YEAR	(1,788)	(319)
(Deficit)/Surplus on revaluation of investment properties	(518)	448
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(2,306)	129

NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the year ended 31 March 2009

	2009 £'000	2008 £'000
REPORTED LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(1,904)	(319)
Realisation of property revaluation gains of previous years	1,806	370
HISTORICAL COST (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(98)	51
HISTORICAL COST PROFIT FOR THE YEAR RETAINED AFTER TAXATION	18	51

The notes form part of these financial statements

LTC HOLDINGS PLC (REGISTERED NUMBER: 2570517)

CONSOLIDATED BALANCE SHEET
31 March 2009

	Notes	2009 £'000	2009 £'000	2008 £'000	2008 £'000
FIXED ASSETS					
Intangible assets	8		93		631
Tangible assets	9		6,681		12,529
Investments	10		4,092		4,092
			10,866		17,252
CURRENT ASSETS					
Stocks	11	975		1,000	
Debtors	12	158		124	
Investments	13	2,643		4,231	
Cash at bank		683		20	
		4,459		5,375	
CREDITORS					
Amounts falling due within one year	14	(310)		(1,016)	
NET CURRENT ASSETS			4,149		4,359
TOTAL ASSETS LESS CURRENT LIABILITIES			15,015		21,611
CREDITORS					
Amounts falling due after more than one year	15		(6,957)		(11,180)
NET ASSETS			8,058		10,431
CAPITAL AND RESERVES					
Called up share capital	19		3,019		3,019
Share premium	20		2,760		2,760
Revaluation reserve	20		2,553		4,153
EST capital reserve	20		(416)		(350)
EST current reserve	20		33		34
Profit and loss account	20		109		815
SHAREHOLDERS' FUNDS	22		8,058		10,431

The financial statements were approved by the Board of Directors on 26 October 2009 and were signed on its behalf by:

R G Smith - Director

COMPANY BALANCE SHEET
31 March 2009

	Notes	2009 £'000	2009 £'000	2008 £'000	2008 £'000
FIXED ASSETS					
Intangible assets	8		-		528
Tangible assets	9		1,306		1,966
Investments	10		22,785		22,785
			24,091		25,279
CURRENT ASSETS					
Stocks	11	975		1,000	
Debtors	12	175		2,221	
Investments	13	2,643		4,231	
Cash at bank		630		-	
		4,423		7,452	
CREDITORS					
Amounts falling due within one year	14	(18,800)		(15,376)	
NET CURRENT LIABILITIES			(14,377)		(7,924)
TOTAL ASSETS LESS CURRENT LIABILITIES			9,714		17,355
CREDITORS					
Amounts falling due after more than one year	15		(6,957)		(11,180)
NET ASSETS			2,757		6,175
CAPITAL AND RESERVES					
Called up share capital	19		3,019		3,019
Share premium	20		2,760		2,760
Revaluation reserve	20		-		(57)
EST capital reserve	20		(416)		(350)
EST current reserve	20		33		34
Profit and loss account	20		(2,639)		769
SHAREHOLDERS' FUNDS	22		2,757		6,175

The financial statements were approved by the Board of Directors on 26 October 2009 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 2009

	Notes	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Net cash (outflow)/inflow from operating activities	1		(499)		1,896
Returns on investments and servicing of finance	2		(401)		(518)
Taxation			-		9
Capital expenditure	2		6,210		602
			5,310		1,989
Management of liquid resources	2		98		(4,216)
Financing	2		(4,290)		1,884
Increase/(Decrease) in cash in the period			1,118		(343)

	Notes	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Reconciliation of net cash flow to movement in net debt	3				
Increase/(Decrease) in cash in the period		1,118		(343)	
Cash (inflow)/outflow from (decrease)/increase in liquid resources		(98)		4,231	
Cash outflow/(inflow) from decrease/(increase) in debt		4,223		(1,930)	
Change in net debt resulting from cash flows			5,243		1,958
Non-cash change in current asset investments			(1,490)		-
Movement in net debt in the period			3,753		1,958
Net debt at 1 April			(7,384)		(9,342)
Net debt at 31 March			(3,631)		(7,384)

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2009

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

	2009 £'000	2008 £'000
Operating (loss)/profit	(383)	207
Depreciation charges	28	96
Investment write down	-	1
Investment property write downs	-	92
Decrease in stocks	25	1,390
(Increase)/Decrease in debtors	(34)	332
Decrease in creditors	(135)	(222)
Net cash (outflow)/inflow from operating activities	(499)	1,896

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

	2009 £'000	2008 £'000
Returns on investments and servicing of finance		
Interest received	196	189
Interest paid	(597)	(707)
Net cash outflow for returns on investments and servicing of finance	(401)	(518)
Capital expenditure		
Purchase of intangible fixed assets	-	(126)
Purchase of tangible fixed assets	(25)	(59)
Sale of intangible fixed assets	520	-
Sale of tangible fixed assets	5,715	787
Net cash inflow for capital expenditure	6,210	602
Management of liquid resources		
Purchase of current asset investment	-	(4,216)
Disposal of current asset investment	98	-
Net cash inflow/(outflow) from management of liquid resources	98	(4,216)
Financing		
New loans in year	-	11,250
Loan repayments in year	(4,257)	(9,250)
Deferred finance costs	34	(97)
Share issue	-	3
Employee Share Trust transactions	(67)	(22)
Net cash (outflow)/inflow from financing	(4,290)	1,884

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.08 £'000	Cash flow £'000	Other non-cash changes £'000	At 31.3.09 £'000
Net cash:				
Cash at bank	20	663	-	683
Bank overdraft	(455)	455	-	-
	(435)	1,118	-	683
Liquid resources:				
Current asset investments	4,231	(98)	(1,490)	2,643
	4,231	(98)	(1,490)	2,643
Debt:				
Debts falling due after one year	(11,180)	4,223	-	(6,957)
	(11,180)	4,223	-	(6,957)
Total	(7,384)	5,243	(1,490)	(3,631)

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 230 of the Companies Act 1985. Investments in companies which are not subsidiaries are carried at cost unless the entity concerned ranks as an associate, in which case equity accounting is used.

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

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

Rental revenues are recognised on the accruals basis.

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

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

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

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

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

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1. **ACCOUNTING POLICIES - continued**

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

(i) when they are acquired by the group either individually or as part of a portfolio with a view to resale, and

(ii) when they are held primarily with a view to material development.

Stocks are stated at the lower of cost to the group (determined where necessary by reference to the fair value attributed to them in the course of corporate acquisitions) and net realisable value, except where they have previously been held as investment properties, in which case they are stated at the lower of current valuation and net realisable value. The policy on transfer from investment properties, which departs from the requirements of the Companies Act, is necessary for the accounts to give a true and fair view, as otherwise the transfer would trigger a reduction in the net assets of the group which have not, in practice, been altered by the transfer. The effect of this departure on the group balance sheet is to increase stocks and net assets by £nil (2008 - £Nil).

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or right to pay less or receive more tax, with the following exceptions:

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

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

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

(i) investment properties are 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.

continued...

1. ACCOUNTING POLICIES - continued

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

Capitalisation of interest
Interest charges are capitalised under the following circumstances:

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

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

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

Capital instruments
Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits; 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. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2009	2008
	£'000	£'000
Property disposals	-	2,217
Rents	840	1,011
	840	3,228

3. STAFF COSTS

	2009	2008
	£'000	£'000
Wages and salaries	516	490
Social security costs	60	51
	576	541

continued...

3. STAFF COSTS - continued

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

	2009	2008
Directors	2	2
Property development and investment	5	5
Other operations	5	5
	12	12

4. OPERATING (LOSS)/PROFIT

The operating loss (2008 - operating profit) is stated after charging:

	2009 £'000	2008 £'000
Other operating leases	57	57
Depreciation - owned assets	18	24
Goodwill amortisation	10	11
Software amortisation	-	61
Auditors' remuneration	7	15
Audit of the company's subsidiaries	8	17
Other services relating to taxation	3	-
Payments to third parties for directors' services	16	15
Share based payments	30	2

	2009 £	2008 £
Directors' emoluments	199,000	176,000

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £'000	2008 £'000
Bank loans & overdrafts	563	692
Other interest	-	2
Amortisation of finance costs	34	25
	597	719

continued...

6. TAXATION

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

	2009 £'000	2008 £'000
Current tax:		
UK corporation tax	55	-
Adjustment in respect of previous periods	(171)	-
Tax on loss on ordinary activities	(116)	-

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:

	2009 £'000	2008 £'000
Loss on ordinary activities before tax	(1,904)	(319)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 30%)	(533)	(96)
Effects of:		
Expenses not deductible for tax purposes (primarily investment provision)	421	6
Wear and tear allowances	(20)	(19)
Short term timing differences	(6)	(5)
Capital disposals treated differently for tax purposes	236	83
Tax losses (utilised)/not utilised	(43)	43
Adjustment in respect of previous periods	(171)	(14)
Other items	-	2
Current tax credit	(116)	-

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:

	2009 £000	2008 £000
Deferred tax liability on revaluation surpluses on investment properties	603	872
Deferred taxation asset on losses carried forward	409	618

continued...

7. LOSS OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(2,684,000) (2008 - £(297,000)).

8. INTANGIBLE FIXED ASSETS

Group

	Goodwill £'000	Software £'000	Totals £'000
COST			
At 1 April 2008	209	614	823
Disposals	-	(614)	(614)
At 31 March 2009	209	-	209
AMORTISATION			
At 1 April 2008	106	86	192
Amortisation for year	10	-	10
Eliminated on disposal	-	(86)	(86)
At 31 March 2009	116	-	116
NET BOOK VALUE			
At 31 March 2009	93	-	93
At 31 March 2008	103	528	631

Company

	Software £'000
COST	
At 1 April 2008	614
Disposals	(614)
At 31 March 2009	-
AMORTISATION	
At 1 April 2008	86
Eliminated on disposal	(86)
At 31 March 2009	-
NET BOOK VALUE	
At 31 March 2009	-
At 31 March 2008	528

continued...

9. TANGIBLE FIXED ASSETS

Group

	Investment properties £'000	Other plant & machinery £'000	Furniture, fixtures & fittings £'000	Totals £'000
COST OR VALUATION				
At 1 April 2008	12,497	62	135	12,694
Additions	23	1	1	25
Disposals	(5,327)	(5)	(42)	(5,374)
Revaluations	(518)	-	-	(518)
At 31 March 2009	6,675	58	94	6,827
DEPRECIATION				
At 1 April 2008	-	46	119	165
Charge for year	-	11	7	18
Eliminated on disposal	-	(5)	(32)	(37)
At 31 March 2009	-	52	94	146
NET BOOK VALUE				
At 31 March 2009	6,675	6	-	6,681
At 31 March 2008	12,497	16	16	12,529

The total investment property value is made up of:

	2009 £000	2008 £000
Group		
Freehold	3,300	9,103
Long leasehold	3,375	3,020
Short leasehold	-	374
	6,675	12,497

The historical cost of investment properties includes capitalised interest of:		
Group	Nil	57

Cost or valuation at 31 March 2009 is represented by:

	Investment properties £'000	Other plant & machinery £'000	Furniture, fixtures & fittings £'000	Totals £'000
Valuation in 2009	1,850	-	-	1,850
Cost	4,825	57	94	4,976
	6,675	57	94	6,826

continued...

9. TANGIBLE FIXED ASSETS - continued

Group

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

	2009 £'000	2008 £'000
Cost	4,825	8,494

Company

	Investment properties £'000	Other plant & machinery £'000	Totals £'000
COST OR VALUATION			
At 1 April 2008	1,950	57	2,007
Additions	17	1	18
Revaluations	(667)	-	(667)
At 31 March 2009	1,300	58	1,358
DEPRECIATION			
At 1 April 2008	-	41	41
Charge for year	-	11	11
At 31 March 2009	-	52	52
NET BOOK VALUE			
At 31 March 2009	1,300	6	1,306
At 31 March 2008	1,950	16	1,966

The total investment property value is made up of:

	2009 £000	2008 £000
Freehold	1,300	1,950

Cost or valuation at 31 March 2009 is represented by:

	Investment properties £'000	Other plant & machinery £'000	Totals £'000
Valuation in 2009	(724)	-	(724)
Cost	2,024	58	2,082
	1,300	58	1,358

continued...

9. TANGIBLE FIXED ASSETS - continued

Company

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

	2009	2008
	£'000	£'000
Cost	2,024	2,007

Investment properties were valued on an open market basis, assuming vacant possession where appropriate, at 31 March 2009 by the directors, taking account of independent professional valuations carried out by DTZ Debenham Tie Leung and Drivers Jonas, Chartered Surveyors, on the same basis.

10. FIXED ASSET INVESTMENTS

Group

	HML Holdings plc £'000
COST	
At 1 April 2008 and 31 March 2009	4,092
NET BOOK VALUE	
At 31 March 2009	4,092
At 31 March 2008	4,092

Company

	Shares in group undertakings £'000	HML Holdings plc £'000	Totals £'000
COST			
At 1 April 2008 and 31 March 2009	18,693	4,092	22,785
NET BOOK VALUE			
At 31 March 2009	18,693	4,092	22,785
At 31 March 2008	18,693	4,092	22,785

continued...

10. FIXED ASSET INVESTMENTS - continued

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

Secure Residential Investments Limited
Nature of business: Property investment

Class of shares:	% holding
Ordinary of £1	100.00

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
'A' ordinary of £1	100.00

Second Hunter Properties Limited
Nature of business: Dormant

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

continued...

10. FIXED ASSET INVESTMENTS - continued

Third Hunter Properties Limited
Nature of business: Dormant

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

Fourth Hunter Properties Limited
Nature of business: Dormant

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

Fifth Hunter Properties Limited
Nature of business: Dormant

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

Sixth Hunter Properties Limited
Nature of business: Dormant

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

info-linc Limited
Nature of business: Dormant

Class of shares:	% holding
Ordinary of 10p	87.38

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 2009 was £1,090,000 (2008 - £3,308,000). 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, comprising 48% of the issued ordinary shares of 1.5p each. 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 loss before tax of £1,247,000 for the year ended 31 March 2009 (2008 - profit £312,000) and equity attributable to equity holders of £5,145,000 at that date (2008 - £6,270,000).

11. STOCKS

	Group		**Company**	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Properties for resale	975	1,000	975	1,000

continued...

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Trade debtors	-	21	-	30
Amounts owed by subsidiary undertakings	-	-	33	2,097
Other debtors	144	89	128	80
Prepayments and accrued income	14	14	14	14
	158	124	175	2,221

13. CURRENT ASSET INVESTMENTS

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
UK investment	2,643	4,231	2,643	4,231

The UK investment comprises the company's investment in Eaton Commercial Properties Exeter Limited ("CPE"). The company owns 100% of CPE's shares, being ordinary shares of £1 each, but has treated CPE as an investment because it is expected that the company's investment will be short term. CPE is a Guernsey registered company that owns a freehold interest in a commercial property, Portland House, Exeter. The company provided 100% financing to CPE to make this acquisition and the balance outstanding at 31 March 2009 is £4,133,000. The company has provided £1,490,000 against this amount due to the fall in value of the underlying property asset. CPE has paid interest to the company at 1.2% over base amounting to £197,000 during the year.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 16)	-	455	-	455
Trade creditors	69	105	17	34
Amounts owed to subsidiary undertakings	-	-	18,592	14,691
Corporation tax	55	169	-	-
Social security and other taxes	19	27	19	19
Other creditors	56	57	82	57
Accruals and deferred income	111	203	90	123
	310	1,016	18,800	15,379

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

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Bank loans (see note 16)	6,957	11,180	6,957	11,180

continued...

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Amounts falling due within one year or on demand:				
Bank overdrafts	-	455	-	455
Amounts falling due between two and five years:				
Bank loans	6,993	11,250	6,993	11,250
Deferred finance costs	(36)	(70)	(36)	(70)
	6,957	11,180	6,957	11,180

17. OPERATING LEASE COMMITMENTS

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

Company

	Land and buildings	
	2009	2008
	£'000	£'000
Expiring:		
Within one year	-	14
Between one and five years	57	-
	57	14

18. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Bank overdraft	-	455	-	455
Bank loans	6,957	11,180	6,957	11,180
	6,957	11,635	6,957	11,635

The bank loans are secured by fixed and floating charges over the group's assets.

continued...

19. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	2009 £'000	2008 £'000
20,000,000	Ordinary	50p	10,000	10,000

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2009 £'000	2008 £'000
6,036,852	Ordinary	50p	3,019	3,019

20. RESERVES

Group

	Profit and loss account £'000	Share premium £'000	Revaluation reserve £'000
At 1 April 2008	815	2,760	4,153
Deficit for the year	(1,788)	-	-
Surplus realised on disposal	1,806	-	(1,806)
Revaluation deficit	-	-	(518)
Written off in the year	(724)	-	724
At 31 March 2009	109	2,760	2,553

Group

	EST capital reserve £'000	EST current reserve £'000	Totals £'000
At 1 April 2008	(350)	34	7,412
Deficit for the year	-	-	(1,788)
Revaluation deficit	-	-	(518)
EST transactions	(66)	(1)	(67)
At 31 March 2009	(416)	33	5,039

continued...

20. RESERVES - continued

Company

	Profit and loss account £'000	Share premium £'000	Revaluation reserve £'000
At 1 April 2008	769	2,760	(57)
Deficit for the year	(2,684)	-	-
Revaluation deficit	-	-	(667)
Written off in the year	(724)	-	724
At 31 March 2009	(2,639)	2,760	-

Company

	EST capital reserve £'000	EST current reserve £'000	Totals £'000
At 1 April 2008	(350)	34	3,156
Deficit for the year	-	-	(2,684)
Revaluation deficit	-	-	(667)
EST transactions	(66)	(1)	(67)
At 31 March 2009	(416)	33	(262)

21. RELATED PARTY DISCLOSURES

The group sold its majority software interests to its investment company HML Holdings plc ("HML"). Total sales proceeds were £520,000, of which £120,000 was outstanding at 31 March 2009. This transaction was conducted on an arm’s length basis and on normal commercial terms.

The group shared head office premises with HML during the year until December 2008. The company paid the full cost of the premises and recharged HML their share being £36,140 for the period. This amount was paid in full.

The group incurred costs of £34,000 (2008 - £33,000) for property lettings and management services provided by a HML subsidiary. The amounts were paid in full.

continued...

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2009 £'000	2008 £'000
Loss for the financial year	(1,788)	(319)
Other recognised gains and losses relating to the year (net)	(518)	448
Other revaluation reserve movements	-	(30)
Issue of shares	-	3
EST transactions	(67)	(22)
Goodwill write back	-	117
Net (reduction)/addition to shareholders' funds	(2,373)	197
Opening shareholders' funds	10,431	10,234
Closing shareholders' funds	8,058	10,431

Company

	2009 £'000	2008 £'000
Loss for the financial year	(2,684)	(297)
Other recognised gains and losses relating to the year (net)	(667)	(251)
Other revaluation reserve movements	-	(22)
Issue of shares	-	3
EST transactions	(67)	(22)
Net reduction of shareholders' funds	(3,418)	(589)
Opening shareholders' funds	6,175	6,764
Closing shareholders' funds	2,757	6,175

continued...

23. 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
	000	£000
At 1 April 2008	694	475
Exercised in the year	-	-
At 31 March 2009 - exercisable at 68.5p up to 28 February 2010	694	475

Conditional shares

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

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

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

At 1 April 2008	24,150
Vesting in the year	(6,400)
Awarded in the year	2,000
At 31 March 2009	19,750

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:

	2009	2008
Ordinary shares of 50p each	No.	No.
Allocated but unvested	19,750	24,150
Vested but not transferred to staff	25,318	18,918
Available for future allocations	256,561	209,511
	301,629	252,579

continued...

24. NET ASSETS PER SHARE

	Net assets £000	Net shares 000	Net assets per share p
2009			
Basic	8,058	5,735	140
Exercise of warrants	475	694	
Fully diluted	8,533	6,429	133
2008			
Basic	10,431	5,784	180
Exercise of warrants	475	694	
Fully diluted	10,906	6,478	168

LTC HOLDINGS PLC

NOTICE OF ANNUAL GENERAL MEETING

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 Wednesday 2 December 2009, at 11.00am for the following purposes:

Ordinary Business

To consider and, if though fit, pass the following resolutions, each of which will be proposed as an Ordinary Resolution:

1. To re-appoint the auditors Thorne Lancaster Parker and authorise the Directors to determine their remuneration.

2. To re-elect Richard Smith who retires by rotation and offers himself for re-election.

BY ORDER OF THE BOARD

Duncan Sweetland
Secretary

30 October 2009

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

FORM OF PROXY FOR USE AT ANNUAL GENERAL MEETING
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 at 11.00 am on Wednesday 2 December 2009 and at every adjournment thereof. I request such proxy to vote on the following resolutions as indicated below:

Ordinary Resolutions		**FOR**	**AGAINST**
1.	To re-appoint the auditors Thorne Lancaster Parker and authorise the Directors to fix their remuneration	☐	☐
2.	To re-elect Richard Smith who retires by rotation and offers himself for re-election	☐	☐

Names of holder…………………..
(Please Print)

Signed this .... day of ....20..................

Signature ....

Notes:

1. 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.

2. 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.

3. 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 deposited at the company's registered office, 28 Old Church Street, London SW3 5BY not less than 48 hours before the time for holding the meeting.

4. 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.

5. 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.