

Registered number: 1784931

LONDON AND DEVONSHIRE TRUST LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010



LONDON AND DEVONSHIRE TRUST LIMITED

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LONDON AND DEVONSHIRE TRUST LIMITED

COMPANY INFORMATION

DIRECTORS	Rt. Hon. D P Heathcoat Amory D F Stephenson D J I Milne M F Heathcoat Amory Sir Ian Heathcoat Amory Bt P Boros E F Heathcoat Amory	<i>Chairman</i> <i>Managing Director</i> <i>Finance Director</i>
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COMPANY SECRETARY	D J I Milne
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AUDITORS	Bishop Fleming Chartered Accountants & Statutory Auditors 16 Queen Square Bristol BS1 4NT
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BANKERS	National Westminster Bank Plc 3 Temple Back East Bristol BS1 9BX
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REGISTERED OFFICE	The Island Lowman Green Tiverton Devon EX16 4LA
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LONDON HEADQUARTERS	Heathcoat House 20 Savile Row London W1S 3PR
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REGISTERED COMPANY NUMBER	1784931
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PRINCIPAL UNDERTAKINGS

	% of ordinary share capital
DEVONSHIRE HOMES LIMITED Property Development	100%
DRAGON HOTEL LIMITED Hotel Development	100%
DEVONSHIRE HOMES (BRACKEN) LIMITED Property Development	55%
TRILOGIE CORPORATE REAL ESTATE LIMITED Property Management and Consultancy	45%

LONDON AND DEVONSHIRE TRUST LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

The chairman presents his statement for the period.

2010 was a year of low economic growth, and the national economy actually shrank in the fourth quarter. Property prices generally remained very flat, and the banks were risk-averse to lending in this sector. LDT made a Group Profit before Exceptional Items of £2,285,993. This resulted in a Group Profit before Tax of £242,432, after writing off nearly £2 million of Work In Progress, as explained below under Devonshire Homes. The Board does not at this stage recommend the payment of a dividend, in order to conserve cash for identified developments in 2011, but this will be kept under review.

LDT completed the refurbishment, letting and sale of One Portbury, an 86,000 sq ft industrial building near Bristol Docks. This warehouse was substantially upgraded before letting to a single tenant on a 16-year lease, and then sold to Invista, a property investment company at a profit of £1.3m. This is the third such project we have successfully completed along the M5 corridor and confirms our reputation as a market leader for developments of this size. At Mid Devon Business Park, Willand, our small business units at Ethmar Court are substantially tenanted or sold. We completed the second phase, Highmount Court, during the year and this comprised slightly larger units. Other land is available as demand arises on this site which has the enduring advantage of good access to the M5 motorway.

Devonshire Homes sold 47 units during the year which was seven fewer than the previous year, but at a higher profit margin. This commendable performance would have created a profit of some £1.2 million, but an exceptional cost of £1.963 million has been charged in respect of two sites, Tiverton and District Hospital, and Belmont Hospital. This relates to the write down of Work in Progress on these sites which were held under licence from the Homes & Communities Agency (HCA) and which cannot proceed in the foreseeable future. The company is concentrating on building on other sites which we own. During the year, we formed a 55% subsidiary of Devonshire Homes, Devonshire Homes (Bracken) Limited, which purchased a five acre site in Leigh Wood, Bristol, with planning permission for 18 high value houses and flats. Devonshire Homes is the appointed Development Manager for the project which is run with a group of outside investors. The reputation of Devonshire Homes for quality was again recognised by the award of an NHBC Quality Award and a Seal of Excellence.

The Dragon Hotel made a Loss Before Tax for the year of £31,731, partly because of heavy snow in the busy period just before Christmas when the hotel had to temporarily shut. Nonetheless this was an improved performance on the loss of £164,979 in 2009. Trading conditions remain difficult in Swansea, with some overcapacity evident, but we have maintained our reputation for quality and service, and our room and conference bookings remain high for the area. Negotiations are still in hand on extending the lease of the hotel which will help secure our investment.

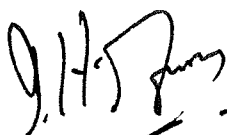
Trilogie Corporate Real Estate, of which LDT owns 44.9%, made a Profit Before Tax of £142,709 which was below budget. The Board was streamlined during the year and the overheads of the business reduced accordingly. Trilogie continues to offer an exciting breadth of advisory services and increased the areas of specialism provided during the year.

Country Homes and Gardens, in which LDT has a £1m investment, had a profitable trading year which more than adequately supports the value of our shares.

The uncertain outlook for the economy as a whole is magnified in the property sector. The banks have become extremely cautious in their lending criteria, which makes it difficult for a company of our size to take on projects which we know we could make successful if we had access to more capital. We are therefore making more use of outside equity investors, as with the Bristol housing development reported above, and we are also considering a number of projects where LDT will act as development managers for institutional investors.

As I forecast last year, I do not expect LDT to return quickly to the profit levels seen in the years before the 2008 credit crunch. 2011 will be a particular challenge, but our borrowings are well under control, we have excellent staff, and we can adapt to take advantage of a property market where new opportunities constantly arise.

Name David Heathcoat-Amory
Chairman



Date 14 April 2011

LONDON AND DEVONSHIRE TRUST LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report and the financial statements for the year ended 31 December 2010.

REVIEW OF BUSINESS

The principal activities of the Group are residential and commercial property development, property management, and hotel development and management.

A full review of the business is contained in the Chairman's statement on page 2.

The Board's key performance indicators are revenue, profit, net assets and cash balances. These are kept regularly under review and changes in these indicators are shown in the financial accounts on pages 8 to 11.

Business risk - The Group is subject to risks within the property market and seeks to manage these risks through a diverse portfolio including a hotel, house building, industrial property development, and property consultancy. Returns to shareholders and the Group's risk profile are kept under review.

Financial risk - The Group is principally financed from retained profits but also makes use of debt funding where necessary. Debt funding is reviewed for appropriate length of facility and interest rate.

RESULTS

The profit for the year, after taxation and minority interests, amounted to £39,497 (2009: £281,777).

DIRECTORS

The directors who served during the year were:

Rt. Hon. D P Heathcoat Amory
D F Stephenson
D J I Milne
M F Heathcoat Amory
Sir Ian Heathcoat Amory Bt
P Boros
E F Heathcoat Amory

In accordance with the Articles of Association, E F Heathcoat Amory and D J I Milne, being eligible, offer themselves for re-election.

All directors have personal indemnity insurance.

LONDON AND DEVONSHIRE TRUST LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

PROVISION OF INFORMATION TO AUDITORS

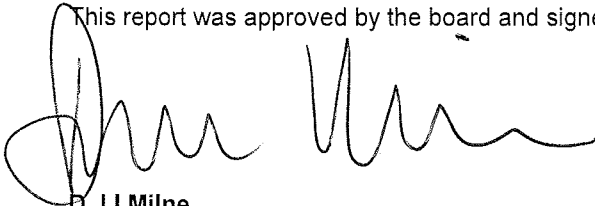
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company and the Group's auditors in connection with preparing their report and to establish that the Company and the Group's auditors are aware of that information.

AUDITORS

The auditors, Bishop Fleming, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



D J I Milne
Secretary

Date:

14/4/11

LONDON AND DEVONSHIRE TRUST LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2010**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of 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.

LONDON AND DEVONSHIRE TRUST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LONDON AND DEVONSHIRE TRUST LIMITED

We have audited the Group and parent company financial statements (the "financial statements") of London and Devonshire Trust Limited for the year ended 31 December 2010, set out on pages 8 to 27. 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 an Auditors' Report 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2010 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

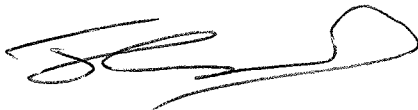
LONDON AND DEVONSHIRE TRUST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LONDON AND DEVONSHIRE TRUST LIMITED

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.



Joseph Scaife FCA (Senior statutory auditor)

for and on behalf of

Bishop Fleming

Chartered Accountants

Statutory Auditors

16 Queen Square

Bristol

BS1 4NT

Date: 15/4/11

LONDON AND DEVONSHIRE TRUST LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	2009 £
TURNOVER	1,2	19,189,950	17,996,235
Cost of development property sold		(12,250,796)	(11,991,301)
Total other operating charges		(1,248,126)	(1,873,689)
Staff costs		(2,993,746)	(3,043,049)
Depreciation and amortisation		(411,289)	(413,917)
OPERATING PROFIT	3	2,285,993	674,279
EXCEPTIONAL ITEMS			
Exceptional items	7	(1,962,584)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		323,409	674,279
Income from interests in associated undertakings		73,844	129,422
Interest receivable and similar income		6,728	16,917
Interest payable and similar charges	6	(171,549)	(238,655)
Other income		10,000	9,693
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		242,432	591,656
Tax on profit on ordinary activities	8	(203,269)	(309,879)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		39,163	281,777
Minority interests		334	-
PROFIT FOR THE FINANCIAL YEAR	20	39,497	281,777

All amounts relate to continuing operations.

There were no recognised gains and losses for 2010 or 2009 other than those included in the Profit and Loss Account.

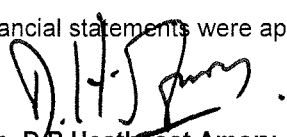
The notes on pages 12 to 27 form part of these financial statements.

LONDON AND DEVONSHIRE TRUST LIMITED
REGISTERED NUMBER: 1784931

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	£	2010 £	£	2009 £
FIXED ASSETS					
Intangible assets	9		531,064		477,951
Tangible assets	10		6,782,810		6,950,546
Investments in associates	11		1,426,881		1,405,968
			<u>8,740,755</u>		<u>8,834,465</u>
CURRENT ASSETS					
Stocks	12	16,121,779		14,324,528	
Debtors	13	1,171,808		1,031,634	
Investments	14	1,000,000		1,000,000	
Cash at bank and in hand		2,232,259		1,449,747	
		<u>20,525,846</u>		<u>17,805,909</u>	
CREDITORS: amounts falling due within one year	15		<u>(2,527,943)</u>		<u>(2,310,794)</u>
NET CURRENT ASSETS			<u>17,997,903</u>		<u>15,495,115</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>26,738,658</u>		<u>24,329,580</u>
CREDITORS: amounts falling due after more than one year	16		(4,984,541)		(4,536,652)
PROVISIONS FOR LIABILITIES					
Other provisions	18		(4,699)		(10,767)
NET ASSETS			<u>21,749,418</u>		<u>19,782,161</u>
CAPITAL AND RESERVES					
Called up share capital	19		1,332,904		1,332,904
Share premium account	20		6,083,634		6,083,634
Capital redemption reserve	20		1,835,420		1,835,420
Other reserves	20		124,749		109,155
Profit and loss account	20		10,460,545		10,421,048
SHAREHOLDERS' FUNDS	21		<u>19,837,252</u>		<u>19,782,161</u>
MINORITY INTERESTS	23		<u>1,912,166</u>		<u>-</u>
			<u>21,749,418</u>		<u>19,782,161</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:


Rt. Hon. D P Heathcoat Amory
Director


D J I Milne
Director

Date: 14/4/11

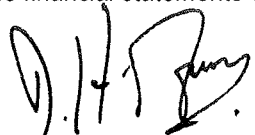
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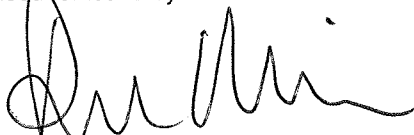
LONDON AND DEVONSHIRE TRUST LIMITED

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	£	2010 £	£	2009 £
FIXED ASSETS					
Tangible assets	10		98,143		119,554
Investments	11		6,441,091		6,441,091
			<u>6,539,234</u>		<u>6,560,645</u>
CURRENT ASSETS					
Stocks	12	4,740,386		7,568,828	
Debtors	13	3,070,100		3,200,423	
Investments	14	1,000,000		1,000,000	
Cash at bank		1,969,822		286,266	
		<u>10,780,308</u>		<u>12,055,517</u>	
CREDITORS: amounts falling due within one year	15	<u>(2,249,681)</u>		<u>(5,031,865)</u>	
NET CURRENT ASSETS			<u>8,530,627</u>		<u>7,023,652</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>15,069,861</u>		<u>13,584,297</u>
CREDITORS: amounts falling due after more than one year	16		-		(80,413)
PROVISIONS FOR LIABILITIES					
Deferred tax	17		-		(6,440)
NET ASSETS			<u>15,069,861</u>		<u>13,497,444</u>
CAPITAL AND RESERVES					
Called up share capital	19		1,332,904		1,332,904
Share premium account	20		6,083,634		6,083,634
Capital redemption reserve	20		1,835,420		1,835,420
Profit and loss account	20		5,817,903		4,245,486
SHAREHOLDERS' FUNDS	21		<u>15,069,861</u>		<u>13,497,444</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:


Rt. Hon. D P Heathcoat Amory
Director


D J I Milne
Director

Date: 14/4/11

The notes on pages 12 to 27 form part of these financial statements.

LONDON AND DEVONSHIRE TRUST LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	2009 £
Net cash flow from operating activities	24	(1,206,020)	2,043,661
Returns on investments and servicing of finance	25	(101,890)	(212,045)
Taxation		(57,163)	(393,248)
Capital expenditure and financial investment	25	(296,666)	(195,299)
Equity dividends paid		-	(746,426)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(1,661,739)	496,643
Financing	25	2,444,251	(392,856)
INCREASE IN CASH IN THE YEAR		782,512	103,787

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010 £	2009 £
Increase in cash in the year	782,512	103,787
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(531,751)	392,856
MOVEMENT IN NET FUNDS IN THE YEAR	250,761	496,643
Net debt at 1 January 2010	(3,264,541)	(3,761,184)
NET FUNDS AT 31 DECEMBER 2010	(3,013,780)	(3,264,541)

The notes on pages 12 to 27 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. A summary of the more important group accounting policies is set out below.

1.2 BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of London and Devonshire Trust Limited and all of its subsidiary undertakings ('subsidiaries').

The Group is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions between group entities.

1.3 TURNOVER

Turnover represents development property sales and income derived from hotel operations.

Sales of residential property developments are recognised when the property sale is legally completed.

1.4 CAPITALISATION OF INTEREST

Interest occurred on borrowings to finance a commercial property development is capitalised from the date of commencement of development of the property to the date the property is sold or rental payments commence. Interest on residential developments is capitalised in accordance with SSAP9.

1.5 INTANGIBLE FIXED ASSETS AND AMORTISATION

Subsidiary undertakings are incorporated into the financial statements at their fair value from the date of acquisition. Any excess of consideration paid over the fair values of the net assets acquired is capitalised as goodwill and shown under the balance sheet heading 'Intangible Assets' and amortised equally over its expected useful economic life which does not exceed 20 years. Where the acquisition is less than the fair value of the assets acquired, negative goodwill arises. This is carried in the balance sheet and will be written back to the profit and loss account as the assets acquired are disposed of by the group.

The financial results of the subsidiary undertakings acquired during the year are included within the consolidated financial statements from the date of acquisition.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All fixed assets are stated at the lower of cost and their net realisable value. Provision is made for depreciation of fixed assets on a straight line basis at rates which the directors consider will provide fairly for the diminution in the value of the assets over their anticipated useful lives, which are as follows:

Leasehold property	-	50 years straight line
Motor vehicles	-	4 years
Fixtures, fittings and equipment	-	4-10 years

Additional provision for impairment is made where the directors consider that the recoverable value of a fixed asset is below historic cost.

1. ACCOUNTING POLICIES (continued)

1.7 OPERATING LEASES

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

1.8 INVESTMENTS

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Associated undertakings**
Investments in associates are stated at the amount of the Company's share of net assets. The Profit and Loss Account includes the Company's share of the associated Company's profits after taxation using the equity accounting basis.

1.9 STOCKS AND WORK IN PROGRESS

Stocks and work in progress, comprising property development projects including land, are stated at the lower of cost and net realisable value.

1.10 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.11 PENSIONS

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

1.12 PROVISIONS

The provision for repairs to houses sold under warranty is estimated based on the historical level of claims. The typical warranty period is 2 years consequently the provision is not discounted.

1.13 JOINT ARRANGEMENTS

The Group has certain contractual arrangements with other participants to engage in joint activities that do not create an entity carrying on a trade or business of its own. The Group includes its share of assets, liabilities and cash flows in such joint arrangements, measured in accordance with the terms of each arrangement.

1.14 GOVERNMENT GRANTS

Government grants are treated as deferred income and released to the Profit and Loss Account over the expected useful lives of the assets concerned.

LONDON AND DEVONSHIRE TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1. ACCOUNTING POLICIES (continued)

1.15 SHARE BASED PAYMENT

Devonshire Homes Limited has issued share options to certain directors which have been classified and have been accounted for as equity share based payments in accordance with FRS20. The fair value of the options has been estimated by the holding company directors and has been accrued over the period between the grant and the date on which the recipients become unconditionally entitled to the shares.

2. TURNOVER

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2010 £	2009 £
Amortisation - intangible fixed assets	(53,113)	(101,796)
Depreciation of tangible fixed assets:		
- owned by the group	482,209	507,901
- held under finance leases	3,919	7,812
Auditors' remuneration	25,945	29,058
Auditors' remuneration - non-audit	5,500	6,250
Operating lease rentals:		
- other operating leases	249,082	247,403
	<u>249,082</u>	<u>247,403</u>

Auditors fees for the Company were £7,327 (2009: £9,045)

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2010 £	2009 £
Wages and salaries	2,634,676	2,699,863
Social security costs	258,255	256,073
Other pension costs	100,815	87,113
	<u>2,993,746</u>	<u>3,043,049</u>

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

	2010 No.	2009 No.
	<u>150</u>	<u>154</u>

LONDON AND DEVONSHIRE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

5. DIRECTORS' REMUNERATION

	2010 £	2009 £
Emoluments	<u>502,295</u>	<u>483,755</u>
Company pension contributions to defined contribution pension schemes	<u>38,929</u>	<u>44,533</u>

During the year retirement benefits were accruing to 5 directors (2009: 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £214,364 (2009: £164,613).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £18,974 (2009: £18,450).

There is a Senior Executive Incentive Scheme in place payable in 2012. The three directors that benefit from the scheme are DP Heathcoat Amory, DF Stephenson and D J I Milne. No provisions are required for the year.

6. INTEREST PAYABLE

	2010 £	2009 £
On bank loans	159,744	221,621
Interest payable by associated undertaking	11,052	17,034
On finance leases and hire purchase contracts	753	-
	<u>171,549</u>	<u>238,655</u>

7. EXCEPTIONAL ITEMS

	2010 £	2009 £
Write down of land costs and associated expenses	<u>1,962,584</u>	<u>-</u>

During the year in Devonshire Homes Limited, it became apparent that two sites were no longer financially viable. As a result the costs associated with the sites including the corresponding planning application expenditure included in work in progress have been written down.

LONDON AND DEVONSHIRE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

8. TAXATION

	2010 £	2009 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profit for the year	195,663	40,024
Adjustments in respect of prior periods	(25,235)	(26,625)
	<u>170,428</u>	<u>13,399</u>
Share of associates' current tax	41,879	42,097
TOTAL CURRENT TAX	<u>212,307</u>	<u>55,496</u>
DEFERRED TAX (see note 17)		
Origination and reversal of timing differences	(9,038)	254,383
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>203,269</u>	<u>309,879</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2009: lower than) the standard rate of corporation tax in the UK of 28% (2009: 21%). The differences are explained below:

	2010 £	2009 £
Profit on ordinary activities before tax	<u>242,432</u>	<u>591,656</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009: 21%)	67,881	124,248
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(12,796)	(177,070)
Capital allowances for year in excess of depreciation	24,435	8,187
Adjustments to tax charge in respect of prior periods	(19,379)	(26,625)
Short term timing difference leading to a decrease/(increase) in taxation	-	(1,517)
Other timing differences leading to a decrease/(increase) in taxation	164,021	128,273
Effect of difference of rate from 28% to 21%	(11,855)	-
CURRENT TAX CHARGE FOR THE YEAR (see note above)	<u>212,307</u>	<u>55,496</u>

LONDON AND DEVONSHIRE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

9. INTANGIBLE FIXED ASSETS

GROUP	Goodwill £	Negative goodwill £	Total £
COST			
At 1 January 2010	732,502	(294,848)	437,654
Disposals	-	294,848	294,848
At 31 December 2010	<u>732,502</u>	<u>-</u>	<u>732,502</u>
AMORTISATION			
At 1 January 2010	128,188	(168,485)	(40,297)
Charge for the year	73,250	(126,363)	(53,113)
On disposals	-	294,848	294,848
At 31 December 2010	<u>201,438</u>	<u>-</u>	<u>201,438</u>
NET BOOK VALUE			
At 31 December 2010	<u>531,064</u>	<u>-</u>	<u>531,064</u>
At 31 December 2009	<u>604,314</u>	<u>(126,363)</u>	<u>477,951</u>

10. TANGIBLE FIXED ASSETS

GROUP	Leasehold property £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
COST				
At 1 January 2010	6,454,702	245,835	2,502,588	9,203,125
Additions	151,853	64,940	117,974	334,767
Disposals	-	(79,765)	(183,844)	(263,609)
At 31 December 2010	<u>6,606,555</u>	<u>231,010</u>	<u>2,436,718</u>	<u>9,274,283</u>
DEPRECIATION				
At 1 January 2010	648,835	140,854	1,462,890	2,252,579
Charge for the year	129,483	50,984	305,661	486,128
On disposals	-	(69,620)	(177,614)	(247,234)
At 31 December 2010	<u>778,318</u>	<u>122,218</u>	<u>1,590,937</u>	<u>2,491,473</u>
NET BOOK VALUE				
At 31 December 2010	<u>5,828,237</u>	<u>108,792</u>	<u>845,781</u>	<u>6,782,810</u>
At 31 December 2009	<u>5,805,867</u>	<u>104,981</u>	<u>1,039,698</u>	<u>6,950,546</u>

The net book value of assets held under finance leases or hire purchase contracts, included above is £Nil (2009: £3,919).

LONDON AND DEVONSHIRE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

10 TANGIBLE FIXED ASSETS (continued)

COMPANY	Motor vehicles £	Fixtures, fittings and equipment £	Total £
COST			
At 1 January 2010	50,330	399,545	449,875
Additions	-	9,178	9,178
Disposals	(24,659)	(3,505)	(28,164)
	<u>25,671</u>	<u>405,218</u>	<u>430,889</u>
At 31 December 2010	25,671	405,218	430,889
DEPRECIATION			
At 1 January 2010	33,217	297,104	330,321
Charge for the year	6,418	22,535	28,953
On disposals	(24,659)	(1,869)	(26,528)
	<u>14,976</u>	<u>317,770</u>	<u>332,746</u>
At 31 December 2010	14,976	317,770	332,746
NET BOOK VALUE			
At 31 December 2010	<u>10,695</u>	<u>87,448</u>	<u>98,143</u>
At 31 December 2009	<u>17,113</u>	<u>102,441</u>	<u>119,554</u>

11. FIXED ASSET INVESTMENTS

GROUP	Investments in associates £
COST OR VALUATION	
At 1 January 2010	1,405,968
Share of profit/(loss)	20,913
	<u>1,426,881</u>
At 31 December 2010	1,426,881
NET BOOK VALUE	
At 31 December 2010	<u>1,426,881</u>
At 31 December 2009	<u>1,405,968</u>

PARTICIPATING INTERESTS

The company owns 45% of Trilogie Corporate Real Estate Limited whose principal activity is that of property management and consultancy.

LONDON AND DEVONSHIRE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

11. FIXED ASSET INVESTMENTS (continued)

COMPANY COST OR VALUATION	Investments in subsidiary and associate undertakings £
At 1 January 2010 and 31 December 2010	<u>6,441,091</u>
NET BOOK VALUE	
At 31 December 2010	<u>6,441,091</u>
At 31 December 2009	<u>6,441,091</u>

The Company's subsidiaries and associate are listed below. All companies below are registered and operate in England and Wales.

The principal activity of Devonshire Homes Limited is residential property development. This subsidiary was 100% owned at the year end by the Company. Devonshire Homes Limited also owns 55% of Devonshire Homes (Bracken) Limited.

The Dragon Hotel Limited is situated in Swansea and is 100% owned by the Company.

The Company owns 45% of Trilogie Corporate Real Estate Limited whose principal activity is that of property management and consultancy.

Central and Provincial Management Limited is non trading.

12. STOCKS

	<u>GROUP</u>		<u>COMPANY</u>	
	2010 £	2009 £	2010 £	2009 £
Land for development - residential and commercial	9,075,552	3,030,808	315,980	553,000
Other costs	7,046,227	11,293,720	4,424,406	7,015,828
	<u>16,121,779</u>	<u>14,324,528</u>	<u>4,740,386</u>	<u>7,568,828</u>

In the opinion of the directors, the current market value of land for development is in excess of cost.

LONDON AND DEVONSHIRE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

13. DEBTORS

	GROUP		COMPANY	
	2010 £	2009 £	2010 £	2009 £
DUE AFTER MORE THAN ONE YEAR				
Trade debtors	443,610	57,000	-	-
DUE WITHIN ONE YEAR				
Trade debtors	314,149	108,197	32,732	11,886
Amounts owed by group undertakings	-	-	2,796,380	2,484,964
Other debtors	205,573	644,548	169,093	582,286
Prepayments and accrued income	182,279	204,730	71,895	121,287
Deferred tax asset (see note 17)	26,197	17,159	-	-
	1,171,808	1,031,634	3,070,100	3,200,423

14. CURRENT ASSET INVESTMENTS

	GROUP		COMPANY	
	2010 £	2009 £	2010 £	2009 £
Shares in group undertakings	1,000,000	1,000,000	1,000,000	1,000,000

The current asset investment represents 1,000,000 'B' ordinary shares in Country Homes and Gardens plc, a 7.74% shareholding. These shares are not quoted and therefore there is no readily ascertainable market value for them. The investment is held at cost, being in the opinion of the directors, the lower of cost and net realisable value.

15. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	2010 £	2009 £	2010 £	2009 £
Bank loans	392,856	392,856	-	-
Trade creditors	644,692	772,585	215,644	127,219
Amounts owed to group undertakings	-	-	1,512,753	4,480,428
Corporation tax	195,952	40,518	186,732	21,000
Social security and other taxes	132,820	101,238	46,842	32,740
Other creditors	337,334	506,451	156,527	250,026
Accruals and deferred income	824,289	497,146	131,183	120,452
	2,527,943	2,310,794	2,249,681	5,031,865

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 201016. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		COMPANY	
	2010 £	2009 £	2010 £	2009 £
Bank loans	4,853,183	4,321,432	-	-
Other creditors	-	80,413	-	80,413
Government grants received	131,358	134,807	-	-
	4,984,541	4,536,652	-	80,413

During 2007 LDT arranged a revolving credit facility (RCF) of £6m. Any draw downs on the RCF during 2010 had been repaid by the end of the year. Dragon Hotel Limited has a bank facility of £5.5m that is secured on the assets of the company. In accordance with the terms of the facility, the full £5.5m was drawn down in 2008. In order to mitigate any financial risk the company has entered into a base rate swap on 31 January 2010 at a rate of 2.3% on £2m for 2 years, dropping to £1m for a 3rd year. This replaced the previous base rate collar with a cap strike price at 5.5% and a floor at 3.7%. The loan is to be reduced to £2.75m and repaid on 31 December 2014.

17. DEFERRED TAXATION

	GROUP		COMPANY	
	2010 £	2009 £	2010 £	2009 £
At beginning of year	17,159	271,542	(6,440)	-
Released during/(charge for) the year	9,038	(254,383)	6,440	(6,440)
At end of year	26,197	17,159	-	(6,440)

The deferred taxation balance is made up as follows:

	GROUP		COMPANY	
	2010 £	2009 £	2010 £	2009 £
Accelerated capital allowances	-	(4,278)	-	(4,203)
Short-term timing differences	26,197	19,777	-	(2,237)
Pension provision	-	1,660	-	-
	26,197	17,159	-	(6,440)

LONDON AND DEVONSHIRE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

18. PROVISIONS

GROUP	Maintenance provision £
At 1 January 2010	10,767
Additions	9,400
Amounts used	(15,468)
At 31 December 2010	<u>4,699</u>

MAINTENANCE PROVISION

The maintenance provision represents the group's estimated liability to repair houses sold under warranty. It is based on the historical level of claims / expenditure on houses sold during the year.

The Company has no provisions.

19. SHARE CAPITAL

	2010 £	2009 £
ALLOTTED, CALLED UP AND FULLY PAID		
5,331,615 Ordinary shares of £0.25 each	<u>1,332,904</u>	<u>1,332,904</u>

20. RESERVES

GROUP	Share premium account £	Capital redemption reserve £	Equity reserve £	Profit and loss account £
At 1 January 2010	6,083,634	1,835,420	109,155	10,421,048
Profit for the year	-	-	-	39,497
Movement on other reserves	-	-	15,594	-
At 31 December 2010	<u>6,083,634</u>	<u>1,835,420</u>	<u>124,749</u>	<u>10,460,545</u>

In May 2007 a share option scheme was established for certain directors of Devonshire Homes Limited giving them the option after a period of five years to purchase 8% of that Company's share capital at a price of £98.38 a share. The equity reserve has therefore been established in respect of these equity settled share based payments. Two directors have left in the year resulting in options now existing over 6% of the Company's share capital and the equity reserve has been adjusted accordingly.

COMPANY	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 January 2010	6,083,634	1,835,420	4,245,486
Profit for the year	-	-	1,572,417
At 31 December 2010	<u>6,083,634</u>	<u>1,835,420</u>	<u>5,817,903</u>

LONDON AND DEVONSHIRE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010	2009
	£	£
GROUP		
Opening shareholders' funds	19,782,161	20,220,821
Profit for the year	39,497	281,777
Dividends (Note 22)	-	(746,426)
Equity - settled share-based payments	15,594	25,989
	<u>19,837,252</u>	<u>19,782,161</u>
	2010	2009
	£	£
COMPANY		
Opening shareholders' funds	13,497,444	13,548,550
Profit for the year	1,572,417	695,320
Dividends (Note 22)	-	(746,426)
	<u>15,069,861</u>	<u>13,497,444</u>

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss Account.

The profit for the year dealt with in the accounts of the Company was £1,572,417 (2009: £695,320).

22. DIVIDENDS

	2010	2009
	£	£
Dividends paid on equity capital	-	746,426
	<u>-</u>	<u>746,426</u>

23. MINORITY INTERESTS

	£
EQUITY	
At 1 January 2010	-
Proportion of profit/(loss) after taxation for the year	(334)
Proportion of share capital issued in year	1,912,500
	<u>1,912,166</u>
At 31 December 2010	<u>1,912,166</u>

LONDON AND DEVONSHIRE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

24. NET CASH FLOW FROM OPERATING ACTIVITIES

	2010	2009
	£	£
Operating profit	2,285,993	674,279
Exceptional items	(1,962,584)	-
Amortisation of intangible fixed assets	(53,113)	(101,796)
Depreciation of tangible fixed assets	486,128	515,713
Impairments of fixed assets	-	250,000
Profit on disposal of tangible fixed assets	(21,726)	(23,870)
(Increase)/decrease in stocks	(1,797,251)	1,836,535
Increase in debtors	(130,847)	(248,083)
Decrease in creditors	(22,146)	(940,721)
Decrease in provisions	(6,068)	(3,516)
Equity based share payment	15,594	25,989
Associate undertaking	-	59,131
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(1,206,020)	2,043,661

LONDON AND DEVONSHIRE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2010 £	2009 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	6,728	69,761
Interest paid	(170,796)	(290,209)
Hire purchase interest	(753)	(1,290)
Income from investments in associated companies	52,931	-
Other income	10,000	9,693
	<u>(101,890)</u>	<u>(212,045)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
	2010 £	2009 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(334,767)	(252,845)
Sale of tangible fixed assets	38,101	57,546
	<u>(296,666)</u>	<u>(195,299)</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		
	2010 £	2009 £
FINANCING		
New secured loans	924,607	-
Repayment of loans	(392,856)	(392,856)
Investment from minority interest	1,912,500	-
	<u>2,444,251</u>	<u>(392,856)</u>
NET CASH INFLOW/(OUTFLOW) FROM FINANCING		

26. ANALYSIS OF CHANGES IN NET FUNDS

	1 January 2010 £	Cash flow £	Other non-cash changes £	31 December 2010 £
Cash at bank and in hand	1,449,747	782,512	-	2,232,259
DEBT:				
Debts due within one year	(392,856)	(531,751)	531,751	(392,856)
Debts falling due after more than one year	(4,321,432)	-	(531,751)	(4,853,183)
NET FUNDS	<u>(3,264,541)</u>	<u>250,761</u>	<u>-</u>	<u>(3,013,780)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

27. CONTINGENT LIABILITIES

At 31 December 2010, the Group had agreed to indemnities totalling £641,324 (2009: £576,322) in respect of performance bonds.

28. CAPITAL COMMITMENTS

At 31 December 2010 the Group and Company had capital commitments as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
	£	£	£	£
Contracted for but not provided in these financial statements	-	51,907	-	-

29. PENSION COMMITMENTS

The Company contributes to an approved personal pension scheme. The scheme covers the majority of the employees. Contributions to the scheme are charged against the profit in the year in which they are incurred. Contributions are invested to accumulate capital sums to provide the members with retirement and death benefits. The benefits which each member will receive at the retirement depend upon the size of his or her capital sum and the financial conditions prevailing at the time. There are therefore no unfunded actuarial liabilities of the scheme. The amount contributed to the pension scheme was £80,587 (2009: £87,113).

30. OPERATING LEASE COMMITMENTS

At 31 December 2010 the Group had annual commitments under non-cancellable operating leases as follows:

GROUP	Land and buildings	
	2010	2009
	£	£
EXPIRY DATE:		
Within 1 year	39,000	61,507
Between 2 and 5 years	170,403	186,787
After more than 5 years	54,500	54,500

At 31 December 2010 the Company had annual commitments under non-cancellable operating leases as follows:

COMPANY	Land and buildings	
	2010	2009
	£	£
EXPIRY DATE:		
Within 1 year	-	9,600
Between 2 and 5 years	170,403	147,787

LONDON AND DEVONSHIRE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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31. RELATED PARTY TRANSACTIONS

During 2010 the Company carried out a number of transactions with its associated company, Trilogie Corporate Real Estate Limited, in the normal course of business and on an arm's length basis.

Trilogie Corporate Real Estate Limited invoiced the Company amounts of £30,158 as follows:

	2010	2009
	£	£
Provision of administration services	12,140	12,140
Fees for projects	17,863	4,253
Travel expenses	155	287
	<u>30,158</u>	<u>16,680</u>

The Company provided administration services at a cost of £10,104 (2009: £3,828).

At the year end Trilogie Corporate Real Estate Limited owed £2,971 (2009: £Nil) to the Company.