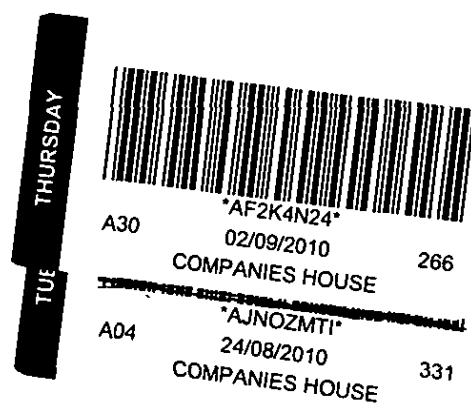


KDC Holdings Limited

Company number 06396708

Report and Financial Statements

Year ended 31 December 2009



KDC Holdings Limited

Annual report and financial statements for the year ended 31 December 2009

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Directors

I Smithson
P Highton
G Gurney

Secretary and registered office

G Gurney, Sharston Green Business Park ,1 Robeson Way, Manchester, M22 4SW

Company number

06396708

Auditors

BDO LLP, 3 Hardman Street, Spinningfields, Manchester, M3 3AT

Bankers

Yorkshire Bank, The Chancery, 58 Spring Gardens, Manchester, M2 1YB

KDC Holdings Limited

Report of the directors for the year ended 31 December 2009

The directors present their first report together with the audited financial statements for the year ended 31 December 2009

Principal activities

The principal activity of the KDC group is to engage in specialist decommissioning, demolition and land remediation in the UK. The group operates in the nuclear, petrochemical, industrial and pharmaceutical markets from offices in Manchester, Falkirk and Reading.

The company's principal activity is that of a holding company.

Results and dividends

The profit and loss account is set out on page 6 and shows the loss for the year.

The directors do not recommend the payment of a dividend (2008: £nil).

Review of the business

2009 trading results were impacted by the general downturn in the UK economy, turnover for the Group fell 35% versus 2008 on like for like sales. Actions to reduce overheads to mitigate the impact of this fall in turnover allowed the business to return an operating profit of £322k, removing the impact of the exceptional stock write down and goodwill amortisation restates the operating profit to £1.3m (2008 9mths: £1.8m). The fact that the Group services a number of market sectors has allowed it to trade profitably through the difficult trading conditions of 2009 that resulted from economic downturn.

The exceptional stock write down charged to the P&L in the year relates to salvaged equipment held on the balance sheet as stock. This equipment was part of a large amount of equipment that was sourced from a site clearance in 2008. With the economic conditions during 2009 having an adverse impact on the market for salvaged equipment, the directors believe it prudent to write down the value of the remaining equipment at the end of year.

The directors consider that operating profit is the principal financial key performance indicator by which performance of the business is monitored.

Although turnover was reduced in the year, the Group expanded its client base and again retained the status as approved contractor for a number of agencies. Further opportunities for the future have been identified in all the markets that the business operates.

Principal risks and uncertainties

All financial and operational risks inherent in contracts are managed through careful selection and appropriate due diligence when tendering for a contract. These principal risks and uncertainties, together with the actions the company undertakes to mitigate these, are summarised below.

KDC Holdings Limited

Report of the directors for the year ended 31 December 2009 (Continued)

Financial Risks

The Group's objective is to reduce the risk of financial loss due to a counter party's failure to honour its obligations. Standard payment terms for decommissioning contracts provide for regular monthly payments against the full contract value. The credit worthiness of new customers is assessed by the Group prior to entering into a contract. The Group actively manages the collection of payments to ensure that they are received promptly and in accordance with agreed terms, thereby ensuring that the Group's exposure to bad debts is not significant. The Group finances its activities with a combination of hire purchase contracts and cash deposits. Overdrafts are used to satisfy short-term cash flow requirements. Other financial assets and liabilities such as trade debtors and trade creditors, arise directly from the Group's operating activities.

Interest rate risk associated with bank debt that was taken on by the holding company is mitigated via hedging instruments which effectively fix the floating Libor rates on which this debt is based, there are two instruments in place at present which fix Libor at 6.25% for part of the debt to June 2010 and 2.75% for part of the debt through to 2012. Non bank debt is at fixed rates and so hedging is not required.

The Group does not trade outside the United Kingdom and is not exposed to any foreign currency risk.

Operational Risks

In order to ensure that the Group matches operational costs to contracts, reducing the possibility of carrying unproductive overhead, we utilise the services of third party contractors. The Group identifies contractors who have been proved to supply a high standard of service, allowing us to mitigate the risk of non-delivery by our suppliers. We vet all suppliers thoroughly prior to engaging their services, to ensure that they meet our requirements for health & safety, quality and financial stability.

We recognise our responsibility to provide our workforce and contractors with a safe place of work and provide an adequate degree of training suitable to their needs. In recognition of this, the Group holds ISO 180001 accreditation for safety procedures.

Future developments

As noted above, although turnover was reduced in 2009, the group expanded its client base and again retained the status as approved contractor for a number of agencies. The directors are optimistic for the future of the business with its client base continuing to expand and its breadth of markets allowing KDC to continue to receive a high level of enquiries and orders. The structure of the business operating from three geographically well positioned offices in Manchester, Falkirk and Reading, provide a base to develop the business through 2010.

Directors

The following directors have held office during the course of the year

I Smithson
P Higon
G Gurney

KDC Holdings Limited

Report of the directors for the year ended 31 December 2009 (Continued)

Directors' responsibilities

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 group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group'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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP were appointed as auditors of the group during the period and have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the next annual general meeting.

By order of the Board



G Gurney
Secretary

Date 21/4/10

KDC Holdings Limited

Report of the independent auditors to the members of KDC Holdings Limited

We have audited the financial statements of KDC Holdings Ltd for the year ended 31 December 2009 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. 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 auditor's 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 (APB'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 2009 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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.

KDC Holdings Limited

Report of the independent auditors to the members of KDC Holdings Limited (*Continued*)

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

BDO LLP

*Philip Storer (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester
United Kingdom*

Date 21 April 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

KDC Holdings Limited

Consolidated profit and loss account for the year ended 31 December 2009

	Note	2009 £'000	2008 9 Months £'000
Turnover	2	16,152	19,267
Cost of sales		(12,391)	(15,466)
Gross profit before charging exceptional items		3,761	3,801
Exceptional Stock Write Down	3	(537)	-
Gross profit		3,224	3,801
Administrative expenses		(2,902)	(2,289)
Operating profit	3	322	1,512
Interest receivable and similar income	6	2	53
Interest payable and similar charges	7	(1,023)	(731)
(Loss)/profit on ordinary activities before taxation		(699)	834
Taxation on profit / (loss) from ordinary activities	8	176	(211)
(Loss)/profit on ordinary activities after taxation		(523)	623

All amounts relate to continuing activities in the period

There are no recognised gains and losses other than the loss for the year

The loss on ordinary activities before taxation and the retained loss have been calculated on the historical cost basis

The notes on pages 10 to 23 form part of these financial statements

KDC Holdings Limited

Consolidated balance sheet as at 31 December 2009

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Fixed assets					
Intangible assets	10	8,826		8,755	
Tangible assets	11	3,029		3,305	
			11,855		12,060
Current assets					
Stocks	13	584		1,482	
Debtors	14	1,214		1,261	
Cash at bank and in hand		234		821	
		2,032		3,564	
Creditors: amounts falling due within one year	15	(3,952)		(4,744)	
Net current liabilities			(1,920)		(1,180)
Total assets less current liabilities			9,935		10,880
Creditors: amounts falling due after more than one year	16	(9,557)		(9,862)	
Provision for liabilities and charges	17	(178)		(295)	
			(9,735)		(10,157)
			200		723
Capital and reserves					
Called up share capital	18		100		100
Profit and loss account			100		623
Shareholders' funds	19		200		723

The financial statements were approved by the board of directors and authorised for issue on 21 April 2010

Ian Smithson
Director



The notes on pages 10 to 23 form part of these financial statements

KDC Holdings Limited
Company number 06396708

**Company balance sheet
as at 31 December 2009**

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Fixed assets					
Fixed asset investments	12		9,690		9,690
Current assets					
Debtors	14	38		256	
Cash at bank and in hand		(151)		8	
		<u>(113)</u>		<u>264</u>	
Creditors: amounts falling due within one year	15	<u>(2,423)</u>		<u>(1,564)</u>	
Net current liabilities			<u>(2,536)</u>		<u>(1,300)</u>
Total assets less current liabilities			7,154		8,390
Creditors: amounts falling due after more than one year	16		<u>(8,834)</u>		<u>(8,912)</u>
			<u>(1,680)</u>		<u>(522)</u>
Capital and reserves					
Called up share capital	18		100		100
Profit and loss account			<u>(1,780)</u>		<u>(622)</u>
Shareholders' deficit	19		<u>(1,680)</u>		<u>(522)</u>

The financial statements were approved by the board of directors and authorised for issue on 21 April 2010

Ian Smithson
Director



The notes on pages 10 to 23 form part of these financial statements

KDC Holdings Limited

Consolidated cash flow statement for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Net cash inflow from operating activities	23	1,003	1,908
Returns on investments and servicing of finance	24	(399)	(282)
Corporation tax paid		(133)	(78)
Capital expenditure	24	(1)	(124)
Acquisitions and disposals	24	-	(8,914)
Financing	24	(1,057)	8,311
(Decrease)/Increase in cash in the period		<u>(587)</u>	<u>821</u>

Reconciliation of net cash flow to movement in net debt

	Note	2009 £'000	2008 £'000
(Decrease) / Increase in cash in the period		(587)	821
Finance leases acquired		-	(1,857)
Bank loans and finance leases taken out in the period		(528)	(3,795)
Issue of loan notes		-	(6,400)
Cash repaying loans and finance leases		1,441	1,188
Non cash movements	24	(556)	(352)
Net cash at 31 December 2009	24	<u>(230)</u>	<u>(10,395)</u>

The notes on pages 10 to 23 form part of these financial statements

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2009

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable UK accounting standards

Basis of consolidation

The consolidated financial statements incorporate the results of KDC Holdings Limited and all of its subsidiary undertakings as at 31 December 2009 using the acquisition method of accounting. Results of subsidiary undertakings are included from the date of acquisition.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives, as follows:

Tenants improvements to leasehold property	-	Life of the lease
Plant and machinery	-	15% per annum straight line
Computer equipment	-	33% per annum straight line
Motor vehicles	-	20% per annum straight line

Intangible assets - goodwill

Goodwill arising on acquisitions of a business or company is the difference between consideration paid and the fair value of the assets and liabilities acquired. Goodwill arising on acquisition is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life which is 20 years.

Impairment of intangible fixed assets and goodwill

The need for any fixed asset impairment write-down is assessed by comparing the carrying value of the asset against the higher of realisable value and value in use.

Purchased goodwill and intangible assets are reviewed for impairment at the end of the first year of acquisition and at the end of each year only when there is an indication that assets are impaired.

Investments

Investments in group undertakings are stated at cost less any provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase at the latest purchase price. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2009 (*Continued*)

1 Accounting policies (*Continued*)

Finance costs

Finance costs are charged to profit over the term of the debts so that the amounts charged are at a constant rate on the carrying amounts. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Long-term contracts

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen, irrespective of the amount of work carried out at the balance sheet date.

Pension costs

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

Deferred taxation

Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date. Timing differences are differences between taxable profits and the results as stated in the financial statements which arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates which are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws which have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2009 (Continued)

2 Turnover

The turnover for the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom

3 Operating profit

	2009 £'000	2008 £'000
Operating profit is stated after charging/(crediting)		
Depreciation of tangible fixed assets	787	623
Exceptional Stock Write Down*	537	-
Amortisation of intangible fixed assets - goodwill	482	341
Fair Value Adjustment - goodwill	(553)	-
Loss on disposal of tangible fixed assets	3	18
Operating lease rentals – plant and machinery	48	98
Operating lease rentals – land and buildings	168	67
Auditors' remuneration		
- fees payable to the company's auditor for the audit of the company's annual accounts	30	30
- all other services	9	8

* The exceptional stock write down relates to salvaged equipment held on the balance sheet as stock, due to the value of the write-down this has been disclosed separately on the face of the profit and loss account to allow for a better understanding of the performance of the group in the year. This equipment was sourced from a site clearance in 2008 and had previously been held on the balance sheet at cost. As a result of the current economic conditions the realisable value of this stock has prudently been viewed to have fallen below cost. As a result the directors have reduced the value on the balance sheet to the current net realisable value, leading to an exceptional write down to the profit and loss account in the year.

4 Employees

	2009 Group £'000	2009 Company £'000	2008 Group £'000	2008 Company £'000
Staff costs, including directors, consist of				
Wages and salaries	6,047	-	4,365	-
Social security costs	628	-	403	-
Other pension costs	55	-	33	-
	<u>6,730</u>	<u>-</u>	<u>4,801</u>	<u>-</u>

The average number of employees of the group including directors, during the period was as follows

	2009 Group Number	2009 Company Number	2008 Group Number	2008 Company Number
Site Management & Operatives	112	-	83	-
Administration	23	-	36	-
	<u>135</u>	<u>-</u>	<u>119</u>	<u>-</u>

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2009 (Continued)

5 Directors

Included in the employee cost for Group are the following costs for directors

	2009 £'000	2008 £000
Emoluments for qualifying services	728	418
Company pension contributions to money purchase schemes	36	21
	<u>764</u>	<u>439</u>

The number of directors for whom retirement benefits were accruing at 31 December 2009 under money purchase pension schemes amounted to 5

Emoluments disclosed above include the following amounts paid to the highest paid director

	£000
Emoluments for qualifying services	143
Company pension contributions to money purchase schemes	5
	<u>148</u>

The Directors of KDC Holdings Limited are paid for their services by KDC Contractors Limited, details of which are contained in the report and accounts of that company

6 Interest receivable and similar income

	2009 £'000	2008 £'000
Bank interest	2	47
Other interest received	-	6
	<u>2</u>	<u>53</u>

7 Interest payable and similar charges

	2009 £'000	2008 £'000
Bank loans and overdrafts	778	601
Hire purchase	131	87
Other charges (unwinding of bank arrangement fee)	114	43
	<u>1,023</u>	<u>731</u>

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2009 (Continued)

8 Taxation on profit from ordinary activities

	2009 £'000	2008 £'000
<i>Current tax</i>		
UK corporation tax on profit for the period	(59)	379
	<u> </u>	<u> </u>
Total current tax	(59)	379
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 17)	(117)	(168)
	<u> </u>	<u> </u>
Taxation on profit on ordinary activities	<u>(176)</u>	<u>211</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to the profit before tax. The differences are explained below:

	2009 £'000	2008 £'000
(Loss) / Profit on ordinary activities before tax	(699)	834
	<u> </u>	<u> </u>
(Loss) / Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 – 28%)	(196)	234
Effect of:		
Expenses not deductible for tax purposes	87	5
Capital allowances in deficit of depreciation	150	152
Adjustment in respect of previous periods	(57)	-
Additional Deduction for R&D Expenditure	(38)	-
Group adjustments	(5)	(12)
	<u> </u>	<u> </u>
Current tax charge for the period	<u>(59)</u>	<u>379</u>

9 Profit for the financial year

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company has not been presented as part of these accounts. The parent company's loss after tax for the year was £1,158,000 (2008: 9 Months £622,000).

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2009 (Continued)

10 Intangible assets

Group

	Goodwill £'000
<i>Cost</i>	
At 1 January 2009	9,096
Adjustments to fair value (note 30)	553
At 31 December 2009	9,649
<i>Amortisation</i>	
At 1 January 2009	(341)
Provided for in the year	(482)
At 31 December 2009	(823)
<i>Net book value</i>	
At 31 December 2009	8,826
At 31 December 2008	8,755

11 Tangible assets

Group	Tenants improvements to leasehold property £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
<i>Cost or valuation</i>				
At 1 January 2009	111	3,384	396	3,891
Additions	33	510	82	625
Disposals	(33)	(184)	(108)	(325)
At 31 December 2009	111	3,710	370	4,191
<i>Depreciation</i>				
At 1 January 2009	17	508	61	586
Provided for the period	10	692	85	787
Disposals	(17)	(128)	(66)	(211)
At 31 December 2009	10	1,072	80	1,162
<i>Net book value</i>				
At 31 December 2009	101	2,638	290	3,029
At 31 December 2008	94	2,876	335	3,305

The company has no fixed assets

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2009 (Continued)

11 Tangible assets (continued)

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery £'000	Motor vehicles £'000	Total £'000
<i>Net book value</i>			
At 31 December 2009	2,085	289	2,374
At 31 December 2008	1,637	315	1,952
<i>Depreciation charge for the year</i>			
At 31 December 2009	468	74	542
At 31 December 2008	261	30	291

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired

12 Fixed asset investments

	Group undertakings £'000
<i>Cost</i>	
At 1 January 2009	9,690
At 31 December 2009	9,690

The principal undertakings in which the company's interest at the year end is 20% or more are as follows

Subsidiary undertakings	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
KDC Contractors Limited	England	100%	Specialist decommissioning, demolition and land remediation contractors
K-Land Solutions Limited	England	100%*	Civil engineers and land remediation contractors

The results of the above companies are included within these consolidated financial statements

*Shareholding owned by KDC Contractors Limited

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2009 (Continued)

13 Stocks

	2009 Group £'000	2009 Company £'000	2008 Group £'000	2008 Company £'000
Raw materials and consumables	-	-	388	-
Salvaged equipment for resale	584	-	1,094	-
	<u>584</u>	<u>-</u>	<u>1,482</u>	<u>-</u>

There is no material difference between the replacement cost of stocks and the amounts stated above

14 Debtors

	2009 Group £'000	2009 Company £'000	2008 Group £'000	2008 Company £'000
Work in progress	29	-	-	-
Trade debtors	768	-	835	-
Other taxation	-	-	-	2
Prepayments	277	13	321	254
Other debtors	140	25	105	-
	<u>1,214</u>	<u>38</u>	<u>1,261</u>	<u>256</u>

All amounts shown under debtors fall due for payment within one year

15 Creditors: amounts falling due within one year

	2009 Group £'000	2009 Company £'000	2008 Group £'000	2008 Company £'000
Bank loans and overdrafts (secured - see note 16)	465	465	480	480
Trade creditors	1,207	-	601	-
Amounts received on account	145	-	538	-
Amounts owed to group undertakings	-	1,739	-	842
Other taxation and social security	592	-	403	-
Corporation tax	392	-	583	-
Obligations under finance leases and hire purchase contracts-	668	-	874	-
Accruals and deferred income	124	-	488	23
Deferred consideration	219	219	219	219
Other creditors	140	-	558	-
	<u>3,952</u>	<u>2,423</u>	<u>4,744</u>	<u>1,564</u>

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (Continued)

16 Creditors: amounts falling due after more than one year

	2009 Group £'000	2009 Company £'000	2008 Group £'000	2008 Company £'000
Bank loans (secured)	1,646	1,646	2,160	2,160
Obligations under finance leases	723	-	950	-
Loan notes (secured)	7,188	7,188	6,752	6,752
	<u>9,557</u>	<u>8,834</u>	<u>9,862</u>	<u>8,912</u>
Group	Loans and overdrafts 2009 £'000	Finance leases 2009 £'000	Loan notes 2009 £'000	Total 2009 £'000
In one year or less, or on demand	<u>465</u>	<u>668</u>	<u>-</u>	<u>1,133</u>
In more than one year but not more than two years	465	511	315	1,361
In more than two years but not more than five years	1,181	212	6,703	8,026
In more than five years	-	-	170	170
	<u>1,646</u>	<u>723</u>	<u>7,188</u>	<u>9,557</u>

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2009 (Continued)

16 Creditors' amounts falling due after more than one year (continued)

Company	Loans and overdrafts 2009 £'000	Finance leases 2009 £'000	Loan notes 2009 £'000	Total 2009 £'000
In one year or less, or on demand	465	-	-	480
In more than one year but not more than two years	465	-	315	850
In more than two years but not more than five years	1,181	-	6,703	7,814
In more than five years	-	-	170	170
	1,646	-	7,188	8,834

Bank loans comprise an A loan of £1,560,000 and a B loan of £600,000, the A loan is repayable by quarterly instalments through to March 2013, the B loan is a bullet repayment loan of £600,000 which is due in September 2013. The bank debt is secured by a fixed and floating charge over the property and assets of the Group.

Details of Loan notes are as follows

- £6,092,366 of loan notes which are repayable by three equal instalments in December of 2012, 2013 & 2014, these are secured by a fixed and floating charge on property and assets of the Group
- £1,047,368 of loan notes which are repayable by six equal instalments over the period from March 2010 to September 2012, these are secured by a fixed and floating charge on property and assets of the Group
- £169,957 of loan notes that are unsecured and repayable only when the ownership of the Group changes

17 Provisions for liabilities and charges

	Group £'000	Company £'000
<i>Deferred taxation</i>		
At 1 January 2009	295	-
Credited to profit and loss account	(162)	-
Adjustment for prior years	45	-
	178	-
At 31 December 2009	178	-
	2009 Group £'000	2009 Company £'000
Accelerated capital allowances	178	-
	2008 Group £'000	2008 Company £'000
	295	-

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2009 (Continued)

18 Share capital

	Authorised 2009 Number	2009 £	Authorised 2008 Number	2008 £
Ordinary shares of £1 each	100,000	100,000	100,000	100,000
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
	2009 Number	Allotted, called up and fully paid 2009 £	2008 Number	Allotted, called up and fully paid 2008 £
Ordinary A shares of £1 each	43,000	43,000	43,000	43,000
Ordinary B shares of £1 each	53,500	53,500	53,500	53,500
Ordinary C shares of £1 each	3,500	3,500	3,500	3,500
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

19 Reserves

	Group profit and loss account £'000	Company profit and loss account £'000
At 1 January 2009	723	(522)
Issue of shares	-	-
Retained (loss) for the year	(523)	(1,158)
	<u>200</u>	<u>(1,680)</u>
At 31 December 2009	200	(1,680)

20 Pensions

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge represents contributions payable by the Group to the fund and amounted to £56,000.

21 Related party transactions

There were no related party transactions during the period.

22 Transactions with directors

In January 2009 KDC Contractors Ltd disposed of two cars, of which Mr G Gurney, a director, purchased one, the amount paid was the book value of the car and the market value at that time.

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (Continued)

23 Reconciliation of group operating profit to net cash inflow from operating activities

	2009 £'000	2008 £'000
Operating profit	322	1,512
Depreciation	787	623
Amortisation	482	341
Loss on fixed asset disposals	3	18
Increase in stocks	898	(1,482)
Increase in debtors	(157)	(1,261)
Increase in creditors	(779)	2,157
Fair value adjustment	(553)	-
	<u>1,003</u>	<u>1,908</u>
Net cash inflow from operating activities	<u>1,003</u>	<u>1,908</u>

24 Notes to the cash flow statement

i) Gross cash flows

	2009 £'000	2008 £'000
Returns on investment and servicing of finance		
Interest paid	(401)	(329)
Interest received	2	47
	<u>(399)</u>	<u>(282)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(96)	(246)
Proceeds from sale of tangible fixed assets	95	122
	<u>(1)</u>	<u>(124)</u>
Acquisitions and disposals		
Purchase of subsidiary undertaking	-	(9,310)
Cash acquired with subsidiary undertaking	-	396
	<u>-</u>	<u>(8,914)</u>
Financing		
New bank loans taken out during the period	-	3,000
Capital element of finance leases repaid	(577)	(829)
Repayment of loans	(480)	(360)
Loan notes issued	-	6,400
Issue of ordinary and preferred ordinary shares	-	100
	<u>(1,057)</u>	<u>8,311</u>

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (Continued)

24 Notes to the cash flow statement (continued)

ii) Analysis of changes in net debt

	At 31 December 2008 £000	Cash flows £000	Non-cash movements* £000	At 31 December 2009 £000
Cash at bank and in hand	821	(587)	-	234
Bank loans				
- due within one year	(480)	-	-	(480)
- due after one year	(2160)	480	-	(1,680)
Loan notes				
- due after one year	(6,752)	-	(556)	(7,308)
Finance leases				
- due within one year	(874)	206	-	(668)
- due after one year	(950)	227	-	(723)
Total	(10,395)	326	(556)	(10,625)

* Non cash movement is accrued interest on loan notes

25 Contingent liabilities

Neither the group nor any of its wholly owned subsidiaries have any contingent liabilities at 31 December 2009

26 Financial commitments

As at 31 December 2009, the group and company were committed to making the following payments under non-cancellable operating leases

	2009 Land and buildings £000	Group 2009 Other £000	2008 Land and buildings £000	Company 2008 Other £000
Operating leases which expire				
Within one year	-	-	-	-
In two to five years	140	15	140	108
	<u>140</u>	<u>15</u>	<u>140</u>	<u>108</u>

27 Post balance sheet event

There were no post balance events

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2009 (Continued)

28 Capital commitments

There were no capital commitments as at the balance sheet date

29 Control

The directors are deemed to be the ultimate controlling party by virtue of their directorship and shareholdings

30 Goodwill on acquisition of KDC Contractors Limited and K-Land Solutions Limited

On 31 March 2008 the company acquired KDC Contractors Limited and its subsidiary, K – Land Solutions Limited, for an overall consideration of £9,690,000. During the year the company finalised the assessment of the fair value of net assets acquired and made further adjustments to the provisional fair values where necessary. These are summarised in the following table:

	Provisional fair value to the Group £'000	Completion and hindsight period adjustments £'000	Final fair value to the Group £'000
Fixed assets			
Tangible	2,934	-	2,934
Investments	-	-	-
Current assets			
Stocks	-	-	-
Debtors	2,894	(553)	2,341
Cash at bank and in hand	396	-	396
Total assets	6,224	(553)	5,671
Creditors			
Due within one year	(3,309)	-	(3,309)
Creditors			
Due after one year	(1,857)	-	(1,857)
Provisions for liabilities and charges	(464)	-	(464)
Total liabilities	(5,630)	-	(5,630)
Net assets	594	(553)	41
			£'000
Consideration			
Cash (including expenses of £942,000)			9,690
Final fair value of net assets acquired			(41)
Revised goodwill arising on acquisition (note 10)			9,649

Adjustments to fair value in the year relate to the finalisation of the fair value adjustments associated with acquisition of KDC Contractors Ltd and its subsidiary K-Land Solution Ltd as at 31 March 2008, as detailed in the 2008 Report and Financial Statements. The adjustments relate to a restatement of work in progress to reflect the conditions that existed at the date of acquisition.