

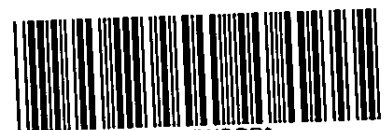
KDC Holdings Limited

Company number 06396708

Report and Financial Statements

Year ended 31 December 2010

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KDC Holdings Limited

Annual report and financial statements for the year ended 31 December 2010

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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 2010

The directors present their report together with the audited financial statements for the year ended 31 December 2010

Principal activities

The principal activity of the 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 Group 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.

Review of the business

The Group has seen positive growth in 2010, following the tough economic climate that existed in 2009 and resulted in the large fall off in turnover. Although the economic climate has not dramatically improved during the year, the company did see a pick up in enquiries and workload through 2010 which contributed to the turnover for year increasing by 9% to £17.6m. The difficult market conditions at the start of the year resulted in contract margins being pressured in the first half of 2010. Overheads in the year continued to be tightly managed and were as per 2009. The result of the increased turnover and control of overhead cost was for the Group to produce an operating profit of £1.1m, after adding back goodwill amortisation (2009 £0.8m).

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

The positive growth in turnover during the year resulted from contracts won during the year and retention of the status as approved contractor for a number of agencies. Further opportunities for the future have been identified in the current markets that the business operates and in new related markets, as the business expands its client base and services offered.

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.

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.

KDC Holdings Limited

Report of the directors for the year ended 31 December 2010 *(Continued)*

Financial risks (continued)

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 is one instrument in place at present which fix Libor 2 75% for 44% 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

The directors are optimistic for the future of the business with the markets in which KDC work continuing to provide 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 consolidate the performance of the Group in 2010.

Going Concern

The directors recognise that the Group made a loss before tax in the year, resulting in the consolidated balance sheet now showing net liabilities at the end of the year. However, as noted above, the Group did make a healthy operating profit, which was sufficient to meet all its financing obligations and funding covenants. Trading and cashflow forecasts for the next 12 months and beyond also show the group meeting its financing obligations within funding covenants, as such the directors believe it is appropriate to prepare the accounts on a going concern basis.

Directors and officers insurance

The group maintains insurance cover with respect to directors and officers liabilities.

Directors

The directors of the group during the year were

I Smithson
P Higon
G Gurney

KDC Holdings Limited

Report of the directors for the year ended 31 December 2010 (*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 company and of the profit or loss of the company for that year.

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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

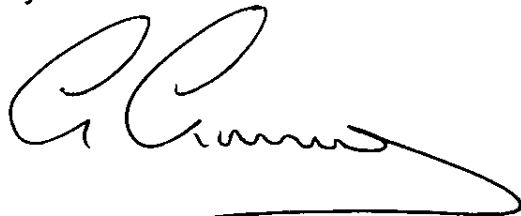
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and 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 company'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 company during the year 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

24 March 2011

KDC Holdings Limited

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

We have audited the financial statements of KDC Holdings Limited for the year ended 31 December 2010 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 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.

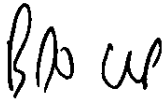
KDC Holdings Limited

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



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

24 March 2011

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 2010

	Note	2010 £'000	2009 £'000
Turnover	2	17,632	16,152
Cost of sales		(14,074)	(12,391)
Gross profit before charging exceptional items		3,558	3,761
Exceptional Stock Write Down		-	(537)
Gross profit		3,558	3,224
Administrative expenses		(2,971)	(2,902)
Operating profit	3	587	322
Interest receivable and similar income	6	-	2
Interest payable and similar charges	7	(1,089)	(1,023)
Loss on ordinary activities before taxation		(502)	(699)
Taxation on profit from ordinary activities	8	(2)	176
Loss on ordinary activities after taxation	19	(504)	(523)

All amounts relate to continuing activities in the year

There are no recognised gains and losses other than those passing through the profit and loss account

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

The notes on pages 10 to 22 form part of these financial statements

KDC Holdings Limited

Consolidated balance sheet as at 31 December 2010

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Fixed assets					
Intangible assets	10	8,344		8,826	
Tangible assets	11	2,832		3,029	
			11,176		11,855
Current assets					
Stocks	13	228		584	
Debtors	14	2,037		1,214	
Cash at bank and in hand		236		234	
		2,501		2,032	
Creditors: amounts falling due within one year	15	(4,148)		(3,952)	
Net current liabilities			(1,647)		(1,920)
Total assets less current liabilities			9,529		9,935
Creditors: amounts falling due after more than one year	16	(9,729)		(9,557)	
Provision for liabilities and charges	17	(104)		(178)	
			(9,833)		(9,735)
			(304)		200
Capital and reserves					
Called up share capital	18		100		100
Profit and loss account			(404)		100
Shareholders' funds	19		(304)		200

The financial statements were approved by the board of directors and authorised for issue on 24 March 2011

Ian Smithson
Director

The notes on pages 10 to 22 form part of these financial statements

KDC Holdings Limited

Company number 06396708

Company balance sheet as at 31 December 2010

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Fixed assets					
Fixed asset investments	12		9,690		9,690
Current assets					
Debtors	14	22		38	
Cash at bank and in hand		7		(151)	
		<u>29</u>		<u>(113)</u>	
Creditors: amounts falling due within one year	15	<u>(2,698)</u>		<u>(2,423)</u>	
Net current liabilities			<u>(2,669)</u>		<u>(2,536)</u>
Total assets less current liabilities			7,021		7,154
Creditors: amounts falling due after more than one year	16		<u>(8,933)</u>		<u>(8,834)</u>
			<u>(1,912)</u>		<u>(1,680)</u>
Capital and reserves					
Called up share capital	18		100		100
Profit and loss account			<u>(2,012)</u>		<u>(1,780)</u>
Shareholders' funds	19		<u>(1,912)</u>		<u>(1,680)</u>

The financial statements were approved by the board of directors and authorised for issue on 24 March 2011

Ian Smithson
Director

The notes on pages 10 to 22 form part of these financial statements

KDC Holdings Limited
Consolidated cash flow statement
for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Net cash inflow from operating activities	23	1,594	1,003
Returns on investments and servicing of finance	24	(288)	(399)
Corporation tax paid		(388)	(133)
Capital expenditure	24	263	(1)
Financing	24	(1,179)	(1,057)
		<u>2</u>	<u>(587)</u>
Increase / (decrease) in cash		<u>2</u>	<u>(587)</u>

Reconciliation of net cash flow to movement in net debt

	Note	2010 £'000	2009 £'000
Increase / (decrease) in cash in the year		2	(587)
Bank loans and finance leases taken out in the year		(825)	(528)
Cash repaying loans and finance leases		1,179	1,441
Non cash movements	24	(660)	(556)
		<u> </u>	<u> </u>
Movement in net debt at 31 December 2010	24	(304)	(230)
		<u> </u>	<u> </u>

The notes on pages 10 to 22 form part of these financial statements

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2010

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 2010 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits repayable on demand held in qualifying financial institutions.

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2010 (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 years. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant yearly rate of charge on the net obligation outstanding in each year.

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 year 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 years 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 years 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 2010 (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

	2010 £'000	2009 £'000
Operating profit is stated after charging/(crediting)		
Depreciation of tangible fixed assets	751	787
Exceptional Stock Write Down*	-	537
Amortisation of intangible fixed assets – goodwill	482	482
Fair Value Adjustment - goodwill	-	(553)
Loss on disposal of tangible fixed assets	7	3
Operating lease rentals – plant and machinery	16	48
Operating lease rentals – land and buildings	166	168
Auditors' remuneration		
- fees payable to the company's auditor for the audit of the company's annual accounts	28	30
- all other services	15	9
	<u> </u>	<u> </u>

* The prior year exceptional stock write down was to write down stock to net realisable value. No such write down was required in the current year.

4 Employees

	2010 Group £'000	2010 Company £'000	2009 Group £'000	2009 Company £'000
Staff costs, including directors, consist of				
Wages and salaries	5,339	-	6,047	-
Social security costs	552	-	628	-
Other pension costs	63	-	55	-
	<u>5,954</u>	<u>-</u>	<u>6,730</u>	<u>-</u>

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

	2010 Group Number	2010 Company Number	2009 Group Number	2009 Company Number
Site Management & Operatives				
Administration	95	-	112	-
	24	-	23	-
	<u>119</u>	<u>-</u>	<u>135</u>	<u>-</u>

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (Continued)

5 Directors

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

	2010 £'000	2009 £000
Emoluments for qualifying services	660	728
Company pension contributions to money purchase schemes	45	36
	<u>705</u>	<u>764</u>

The number of directors for whom retirement benefits were accruing at 31 December 2010 under money purchase pension schemes amounted to 5 (2009 5)

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

	2010 £'000	2009 £'000
Bank interest	-	2
	<u>-</u>	<u>2</u>

7 Interest payable and similar charges

	2010 £'000	2009 £'000
Bank loans and overdrafts	832	778
Hire purchase	109	131
Other charges (unwinding of bank arrangement fee)	148	114
	<u>1,089</u>	<u>1,023</u>

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2010 (Continued)

8 Taxation on profit from ordinary activities

	2010 £'000	2009 £'000
<i>Current tax</i>		
UK corporation tax on profit for the year	72	(59)
	<u>72</u>	<u>(59)</u>
Total current tax	72	(59)
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 17)	(74)	(117)
	<u>(74)</u>	<u>(117)</u>
Taxation on profit on ordinary activities	<u>(2)</u>	<u>(176)</u>

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

	2010 £'000	2009 £'000
(Loss) on ordinary activities before tax	(502)	(699)
	<u>(502)</u>	<u>(699)</u>
(Loss) on ordinary activities at the standard rate of corporation tax in the UK of 28%	(141)	(196)
Effect of:		
Expenses not deductible for tax purposes	212	87
Depreciation in excess of Capital allowances	15	150
Adjustment in respect of previous years	(15)	(57)
Additional Deduction for R&D Expenditure	-	(38)
Group adjustments	1	(5)
	<u>1</u>	<u>(5)</u>
Current tax charge for the year	<u>72</u>	<u>(59)</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 £1,232,000 (2009 £1,158,000).

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*Continued*)

10 Intangible assets

Group

**Goodwill
£'000**

Cost

At 1 January 2010 & 31 December 2010

9,649

Amortisation

At 1 January 2010

(823)

Provided for in the year

(482)

At 31 December 2010

(1,305)

Net book value

At 31 December 2010

8,344

At 31 December 2009

8,826

11 Tangible assets

Group

**Tenants
improvements
to leasehold
property
£'000**

**Plant
and
machinery
£'000**

**Motor
vehicles
£'000**

**Total
£'000**

Cost or valuation

At 1 January 2010

111

3,710

370

4,191

Additions

2

946

78

1,026

Disposals

-

(1,447)

(125)

(1,572)

At 31 December 2010

113

3,209

323

3,645

Depreciation

At 1 January 2010

10

1,072

80

1,162

Provided for the year

11

660

80

751

Disposals

-

(1,021)

(79)

(1,100)

At 31 December 2010

21

711

81

813

Net book value

At 31 December 2010

92

2,498

242

2,832

At 31 December 2009

101

2,638

290

3,029

The company has no fixed assets

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2010 (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 2010	2,091	242	2,333
At 31 December 2009	2,085	289	2,374
<i>Depreciation charge for the year</i>			
At 31 December 2010	482	78	560
At 31 December 2009	468	74	542

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

12 Fixed asset investments

	Company Group undertakings £'000
<i>Cost</i>	
At 1 January 2010	9,690
At 31 December 2010	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
Recycled Assets Trading Limited**	England	100%	Salvaged assets and land trading company

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

* Shareholding owned by KDC Contractors Limited

** Recycled Assets Trading limited is new subsidiary addition that was incorporated on 9th August 2010

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (Continued)

13 Stocks

	2010 Group £'000	2010 Company £'000	2009 Group £'000	2009 Company £'000
Salvaged equipment for resale	228	-	584	-
	<u>228</u>	<u>-</u>	<u>584</u>	<u>-</u>

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

14 Debtors

	2010 Group £'000	2010 Company £'000	2009 Group £'000	2009 Company £'000
Work in progress	419	-	29	-
Trade debtors	1,167	-	768	-
Prepayments	423	13	277	13
Other debtors	28	9	140	25
	<u>2,037</u>	<u>22</u>	<u>1,214</u>	<u>38</u>

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

15 Creditors: amounts falling due within one year

	2010 Group £'000	2010 Company £'000	2009 Group £'000	2009 Company £'000
Bank loans and overdrafts (secured - see note 16)	345	345	465	465
Loan Notes	326	326	-	-
Trade creditors	1,202	-	1,207	-
Amounts received on account	-	-	145	-
Amounts owed to group undertakings	-	2,027	-	1,739
Other taxation and social security	574	-	592	-
Corporation tax	87	-	392	-
Obligations under finance leases and hire purchase contracts	638	-	668	-
Accruals and deferred income	881	-	124	-
Deferred consideration	-	-	219	219
Other creditors	95	-	140	-
	<u>4,148</u>	<u>2,698</u>	<u>3,952</u>	<u>2,423</u>

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (Continued)

16 Creditors: amounts falling due after more than one year

	2010 Group £'000	2010 Company £'000	2009 Group £'000	2009 Company £'000
Bank loans (secured)	1,384	1,384	1,646	1,646
Obligations under finance leases	796	-	723	-
Loan notes (secured)	7,549	7,549	7,188	7,188
	<u>9,729</u>	<u>8,933</u>	<u>9,557</u>	<u>8,834</u>
Group	Loans and overdrafts 2010 £'000	Finance leases 2010 £'000	Loan notes 2010 £'000	Total 2010 £'000
In one year or less, or on demand	<u>345</u>	<u>638</u>	<u>326</u>	<u>1,309</u>
In more than one year but not more than two years	345	391	3,001	3,737
In more than two years but not more than five years	1,039	405	4,363	5,807
In more than five years	-	-	185	185
	<u>1,384</u>	<u>796</u>	<u>7,549</u>	<u>9,729</u>

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (Continued)

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

Company	Loans and overdrafts 2010 £'000	Finance leases 2010 £'000	Loan notes 2010 £'000	Total 2010 £'000
In one year or less, or on demand	345	-	326	671
In more than one year but not more than two years	345	-	3,001	3,346
In more than two years but not more than five years	1,039	-	4,363	5,402
In more than five years	-	-	185	185
	1,384	-	7,549	8,933

Bank loans comprise an A loan of £810,000, B loan of £600,000 and a C Loan of £353,000. 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 C Loan is secured via a Chattel on certain salvage stock items and is to be repaid from the sale proceeds of these items, with any remaining balance due as a bullet payment 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:

- £6,626,962 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
- £1,156,099 of loan notes which are repayable with accrued interest to date by four instalments over the year from March 2010 to September 2012, these are secured by a fixed and floating charge on property and assets of the Group
- £184,980 of loan notes that are unsecured and repayable with accrued interest 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 2010	178	-
Credited to profit and loss account	(74)	-
At 31 December 2010	104	-

	2010 Group £'000	2010 Company £'000	2009 Group £'000	2009 Company £'000
Accelerated capital allowances	104	-	178	-

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (Continued)

18 Share capital

	Authorised 2010 Number	2010 £'000	Authorised 2009 Number	2009 £'000
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>
		Allotted, called up and fully paid 2010	Allotted, called up and fully paid 2009 Number	2009 £'000
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 2010	200	(1,680)
Retained (loss) for year	(504)	(232)
	<u></u>	<u></u>
At 31 December 2010	(304)	(1,912)

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 £63,000 (2009 £56,000).

21 Related party transactions

There were no related party transactions during the year, other than those disclosed in note 22.

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2010 (Continued)

22 Transactions with directors

In September 2010 Mr I Smithson (a director) purchased some reclaimed bricks from the company. The amount paid was £500, equivalent to the market value at that time. There are no amounts outstanding at the year end. In the prior year Mr G Gurney (also a director) purchased a car from the company for £5,000, equivalent to the market value at that time. There were no outstanding balances in respect of this transaction at the end of the current or prior year.

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

	2010 £'000	2009 £'000
Operating profit	587	322
Depreciation	751	787
Amortisation	482	482
Loss on Fixed Asset Disposals	7	3
Decrease in stocks	356	898
Increase in debtors	(823)	(157)
Increase in creditors	234	(779)
Fair value adjustment	-	(553)
Net cash inflow from operating activities	1,594	1,003

24 Notes to the cash flow statement

i) Gross cash flows

	2010 £'000	2009 £'000
Returns on investment and servicing of finance		
Hire purchase interest	(109)	(131)
Other Interest paid	(179)	(270)
Interest received	-	2
	(288)	(399)
Capital expenditure		
Payments to acquire tangible fixed assets	(201)	(96)
Proceeds from sale of tangible fixed assets	464	95
	263	(1)
Financing		
Capital element of finance leases repaid	(782)	(577)
Repayment of loans	(397)	(480)
	(1,179)	(1,057)

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (Continued)

24 Notes to the cash flow statement (continued)

ii) Analysis of changes in net debt

	At 31 December 2009 £000	Cash flows £000	Non-cash movements* £000	At 31 December 2010 £000
Cash at bank and in hand	234	2	-	236
Bank loans				
- due within one year	(480)	120	-	(360)
- due after one year	(1,680)	277	-	(1,403)
Loan notes				
- due after one year	(7,308)	-	(660)	(7,968)
Finance leases				
- due within one year	(668)	30	-	(638)
- due after one year	(723)	(73)	-	(796)
Total	(10,625)	356	(660)	(10,929)

* Non cash movement is accrued interest on loan notes

25 Financial commitments

As at 31 December 2010, the group and company were committed to making the following payments under non-cancellable operating leases in the year to 31 December 2010

	2010 Land and buildings £000	Group 2010 Other £000	2009 Land and buildings £000	Group 2009 Other £000
Operating leases which expire				
Within one year	-	-	-	-
In two to five years	140	16	140	15
	<u>140</u>	<u>16</u>	<u>140</u>	<u>15</u>

26 Control

The directors are deemed to be the ultimate controlling party by virtue of their directorship and shareholdings in the year to 31 December 2010