

KDC Holdings Limited

Company number 06396708

Report and Financial Statements

Year ended 31 December 2011

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KDC Holdings Limited

Annual report and financial statements for the year ended 31 December 2011

Contents

Page

1	Report of the directors
4	Report of the independent auditors
6	Consolidated profit and loss account
7	Consolidated balance sheet
8	Consolidated statement of recognised gains and losses
9	Company balance sheet
10	Consolidated cash flow statement
11	Notes forming part of the financial statements

Directors

I Smithson
P Higon
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 2011

The directors present their report together with the audited financial statements for the year ended 31 December 2011

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, pharmaceutical, energy & utility, industrial and land remediation 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 (PY £nil).

Review of the business

The Group saw similar turnover in 2011 to that seen in 2010. Despite this, gross profits are ahead of prior year due to improved operational performance. Turnover fell by 3%, however gross profit increased by 18% to be 24% of sales (2010 20%). The Group has had seen an increased levels of enquiries and tenders in the year and this has resulted in the group entering 2012 being busy on a number of contracts. Overheads in the year remained tightly managed, the small increase representing inflationary increases in running costs and a small level of recruitment to meet operational demands. The result of the control of overhead cost was for the Group to produce an operating profit of £1.5m, after adding back goodwill amortisation (2010 £1.1m).

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

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.

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.

KDC Holdings Limited

Report of the directors for the year ended 31 December 2011 (*Continued*)

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 18001 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, from both existing and new clients. Indeed orders in hand going into 2012 are in excess of those held at the equivalent time last year. The structure of the business, operating from three geographically well positioned offices in Manchester, Falkirk and Reading, provide a base to consolidate on the improved performance of the Group seen in 2011.

Going Concern

The directors recognise that the Group made a loss after tax in the year. However, as noted above, the Group did make a healthy operating profit, which was sufficient to meet all its financing obligations and banking covenants. Trading and cashflow forecasts for the next 12 months and beyond also show the group meeting its financing obligations and banking 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 Highton
G Gurney

KDC Holdings Limited

Report of the directors for the year ended 31 December 2011 (*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.

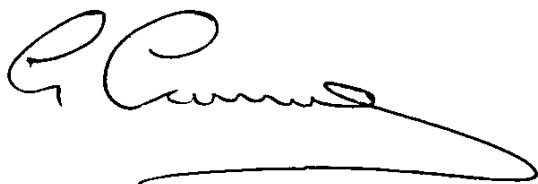
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

2 April 2012

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 2011 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated statement of total recognised gains and losses, 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 2011 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.

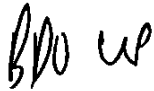
KDC Holdings Limited

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

2 April 2012

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 2011

	Note	2011 £'000	2010 £'000
Turnover	2	17,181	17,632
Cost of sales		(12,980)	(14,074)
Gross profit		4,201	3,558
Administrative expenses		(3,180)	(2,971)
Operating profit	3	1,021	587
Interest payable and similar charges	6	(976)	(1,089)
Profit / (loss) on ordinary activities before taxation		45	(502)
Taxation on profit from ordinary activities	7	(117)	(2)
(Loss) on ordinary activities after taxation	18	(72)	(504)

All amounts relate to continuing activities in the year

The notes on pages 11 to 23 form part of these financial statements

KDC Holdings Limited
Consolidated balance sheet
as at 31 December 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Fixed assets					
Intangible assets	9	7,861		8,344	
Tangible assets	10	4,067		2,832	
			11,928		11,176
Current assets					
Stocks	12	176		228	
Debtors	13	2,497		2,037	
Cash at bank and in hand		253		236	
		2,926		2,501	
Creditors: amounts falling due within one year	14	(5,522)		(4,148)	
Net current liabilities			(2,596)		(1,647)
Total assets less current liabilities			9,332		9,529
Creditors: amounts falling due after more than one year	15	(8,757)		(9,729)	
Provision for liabilities and charges	16	(122)		(104)	
			(8,879)		(9,833)
			453		(304)
Capital and reserves					
Called up share capital	17		100		100
Revaluation Reserve	18		829		-
Profit and loss account			(476)		(404)
Shareholders' funds / (deficit)	18		453		(304)

The financial statements were approved by the board of directors and authorised for issue on 2 April 2012.

Ian Smithson
Director

The notes on pages 11 to 23 form part of these financial statements

KDC Holdings Limited

Consolidated Statement of Recognised Gains and Losses for the year ended 31 December 2011

	2011 £'000	2010 £'000
(Loss) for the year	(72)	(504)
Surplus arising on revaluation of land	829	-
Total recognised gains and losses for the year	757	(504)

The notes on pages 11 to 23 form part of these financial statements

KDC Holdings Limited

Company balance sheet as at 31 December 2011

Company number 06396708

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Fixed assets					
Fixed asset investments	11		9,690		9,690
Current assets					
Debtors	13	13		22	
Cash at bank and in hand		3		7	
		<u>16</u>		<u>29</u>	
Creditors' amounts falling due within one year	14	<u>(3,548)</u>		<u>(2,698)</u>	
Net current liabilities			<u>(3,532)</u>		<u>(2,669)</u>
Total assets less current liabilities			6,158		7,021
Creditors: amounts falling due after more than one year	15		<u>(7,972)</u>		<u>(8,933)</u>
			<u>(1,814)</u>		<u>(1,912)</u>
Capital and reserves					
Called up share capital	17		100		100
Profit and loss account			<u>(1,914)</u>		<u>(2,012)</u>
Shareholders' deficit	18		<u>(1,814)</u>		<u>(1,912)</u>

The financial statements were approved by the board of directors and authorised for issue on 2 April 2012

Ian Smithson
Director

The notes on pages 11 to 23 form part of these financial statements

KDC Holdings Limited
Consolidated cash flow statement
for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Net cash inflow from operating activities	22	2,563	1,594
Returns on investments and servicing of finance	23	(474)	(288)
Corporation tax paid		(87)	(388)
Capital expenditure	23	(482)	263
Financing	23	(1,503)	(1,179)
		<u>17</u>	<u>2</u>
Increase in cash		<u>17</u>	<u>2</u>

Reconciliation of net cash flow to movement in net debt

	Note	2011 £'000	2010 £'000
Increase / (decrease) in cash in the year		17	2
Bank loans and finance leases taken out in the year		(605)	(825)
Cash repaying loans and finance leases		1,503	1,179
Non cash movements	23	(174)	(660)
		<u>741</u>	<u>(304)</u>
Movement in net debt at 31 December 2011	23	<u>741</u>	<u>(304)</u>

The notes on pages 11 to 23 form part of these financial statements

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2011

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 2011 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% to 33% per annum straight line
Motor vehicles	-	20% per annum straight line

Land Valuation

Land is revalued annually at open market value. All surpluses and deficits arising on valuation are taken directly to revaluation reserve except that any permanent diminution in the value of the land is taken to the profit and loss account for the year. No depreciation or amortisation is provided in respect of the land. The valuation at 31 December 2011 was undertaken by the one of the group's directors, based on readily available, market data. This treatment may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, the land is not held for consumption but as an asset whose value was improved through remediation works and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view.

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.

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (*Continued*)

1 Accounting policies (*Continued*)

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.

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 2011 (*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

	2011 £'000	2010 £'000
Operating profit is stated after charging		
Depreciation of tangible fixed assets	780	751
Amortisation of intangible fixed assets – goodwill	483	482
Loss on disposal of tangible fixed assets	34	7
Operating lease rentals – plant and machinery	28	16
Operating lease rentals – land and buildings	194	166
Auditors' remuneration		
- fees payable to the company's auditor for the audit of the company's annual accounts	30	28
- tax services	8	15
	<u> </u>	<u> </u>

4 Employees

	2011 Group £'000	2011 Company £'000	2010 Group £'000	2010 Company £'000
Staff costs, including directors, consist of				
Wages and salaries	5,774	-	5,339	-
Social security costs	556	-	552	-
Other pension costs	99	-	63	-
	<u>6,429</u>	<u>-</u>	<u>5,954</u>	<u>-</u>

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

	2011 Group Number	2011 Company Number	2010 Group Number	2010 Company Number
Site Management & Operatives	101	-	95	-
Administration	26	-	24	-
	<u>127</u>	<u>-</u>	<u>119</u>	<u>-</u>

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (*Continued*)

5 Directors

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

	2011 £'000	2010 £000
Emoluments for qualifying services	761	660
Company pension contributions to money purchase schemes	62	45
	<u>823</u>	<u>705</u>

The number of directors for whom retirement benefits were accruing at 31 December 2011 under money purchase pension schemes amounted to 8 (2010 8)

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

The total amount payable to the highest paid director in respect of emoluments was £123,053 (2010 £109,669) Company pension contributions of £5,052 (2010 £4,950) were made to a money purchase scheme on their behalf)

6 Interest payable and similar charges

	2011 £'000	2010 £'000
Bank loans and overdrafts	786	832
Hire purchase	85	109
Other charges (unwinding of bank arrangement fee and other bank fees)	105	148
	<u>976</u>	<u>1,089</u>

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (*Continued*)

7 Taxation on profit from ordinary activities

	2011 £'000	2010 £'000
<i>Current tax</i>		
UK corporation tax on profit for the year	99	72
Total current tax	99	72
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 16)	18	(74)
Taxation on profit on ordinary activities	117	(2)

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

	2011 £'000	2010 £'000
Profit / (Loss) on ordinary activities before tax	45	(502)
Profit / (Loss) on ordinary activities at the standard rate of corporation tax in the UK of 26.5% (2010: 28%)	12	(141)
Effect of		
Expenses not deductible for tax purposes	210	212
Depreciation in excess of Capital allowances	14	15
Adjustment in respect of previous years	-	(15)
Additional Deduction for R&D Expenditure	-	-
Group adjustments	(85)	1
Marginal relief	(13)	-
Relief for losses brought forward	(39)	-
Current tax charge for the year	99	72

8 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 profit after tax for the year was £98,000 (2010: Loss of £232,000).

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*Continued*)

9 Intangible assets

Group

**Goodwill
£'000**

Cost

At 1 January 2011 & 31 December 2011

9,649

Amortisation

At 31 December 2010

(1,305)

Provided for in the year

(483)

At 31 December 2011

(1,788)

Net book value

At 31 December 2011

7,861

At 31 December 2010

8,344

10 Tangible assets

Group	Land £'000	Tenants improvements to leasehold property £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
<i>Cost or valuation</i>					
At 31 December 2010	-	113	3,209	323	3,645
Additions	311	-	790	148	1,249
Revaluation	829	-	-	-	829
Disposals	-	-	(287)	-	(287)
At 31 December 2011	1,140	113	3,712	471	5,436
<i>Depreciation</i>					
At 31 December 2010	-	21	711	81	813
Provided for the year	-	11	683	86	780
Disposals	-	-	(224)	-	(224)
At 31 December 2011	-	32	1,170	167	1,369
<i>Net book value</i>					
At 31 December 2011	1,140	81	2,542	304	4,067
At 31 December 2010	-	92	2,498	242	2,832

The company has no fixed assets

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (Continued)

10 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 2011	1,607	305	1,912
At 31 December 2010	2,091	242	2,333
<i>Depreciation charge for the year</i>			
At 31 December 2011	509	86	595
At 31 December 2010	482	78	560

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

11 Fixed asset investments

	Company Group undertakings £'000
<i>Cost</i>	
At 31 December 2010	9,690
At 31 December 2011	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 trading company

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 2011 (Continued)

12 Stocks

	2011 Group £'000	2011 Company £'000	2010 Group £'000	2010 Company £'000
Salvaged equipment for resale	176	-	228	-
	<u>176</u>	<u>-</u>	<u>228</u>	<u>-</u>

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

13 Debtors

	2011 Group £'000	2011 Company £'000	2010 Group £'000	2010 Company £'000
Work in progress	703	-	419	-
Trade debtors	1,590	-	1,167	-
Prepayments	204	13	423	13
Other debtors	-	-	28	9
	<u>2,497</u>	<u>13</u>	<u>2,037</u>	<u>22</u>

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

14 Creditors: amounts falling due within one year

	2011 Group £'000	2011 Company £'000	2010 Group £'000	2010 Company £'000
Bank loans and overdrafts (secured - see note 15)	296	296	345	345
Loan Notes	863	863	326	326
Trade creditors	1,389	-	1,202	-
Amounts received on account	760	-	-	-
Amounts owed to group undertakings	-	2,235	-	2,027
Other taxation and social security	746	-	574	-
Corporation tax	99	-	87	-
Obligations under finance leases and hire purchase contracts	563	-	638	-
Accruals and deferred income	511	154	881	-
Other creditors	295	-	95	-
	<u>5,522</u>	<u>3,548</u>	<u>4,148</u>	<u>2,698</u>

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (Continued)

15 Creditors' amounts falling due after more than one year

	2011 Group £'000	2011 Company £'000	2010 Group £'000	2010 Company £'000
Bank loans (secured)	880	880	1,384	1,384
Obligations under finance leases	785	-	796	-
Loan notes (secured)	7,092	7,092	7,549	7,549
	<u>8,757</u>	<u>7,972</u>	<u>9,729</u>	<u>8,933</u>
Group	Loans and overdrafts 2011 £'000	Finance leases 2011 £'000	Loan notes 2011 £'000	Total 2011 £'000
In one year or less, or on demand	296	563	863	1,722
In more than one year but not more than two years	880	423	4,593	5,896
In more than two years but not more than five years	-	307	2,298	2,605
In more than five years	-	55	201	256
	<u>880</u>	<u>785</u>	<u>7,092</u>	<u>8,757</u>
Company	Loans and overdrafts 2011 £'000	Finance leases 2011 £'000	Loan notes 2011 £'000	Total 2011 £'000
In one year or less, or on demand	296	-	863	1,159
In more than one year but not more than two years	880	-	4,593	5,473
In more than two years but not more than five years	-	-	2,298	2,298
In more than five years	-	-	201	201
	<u>880</u>	<u>-</u>	<u>7,092</u>	<u>7,972</u>

Bank loans comprise an A loan of £450,000, B loan of £600,000 and a C Loan of £233,000. 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.

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (Continued)

15 Creditors: amounts falling due after more than one year (continued)

Details of Loan notes are as follows

- £6,890,541 of loan notes which are repayable by two instalments in December 2013 & 2014, these are secured by a fixed and floating charge on property and assets of the Group
- £823,932 of loan notes which are repayable with accrued interest to date by three instalments at March 2012, September 2012 and December 2012, these are secured by a fixed and floating charge on property and assets of the Group
- £201,331 of loan notes that are unsecured and repayable with accrued interest only when the ownership of the Group changes

Included within amounts due in greater than one year is an amount of £1.7m of which a proportion may become payable if a successful land sale is made. The directors believe that no land sales will take place during 2012 which will result in amounts being due under this condition, and have therefore classified this as due in greater than one year.

The Group hedges its exposure to movements in the LIBOR rate by use of a hedge instrument. The fair value of the instrument as at 31 December 2011 was £7,453 (2010 n/a).

16 Provisions for liabilities and charges

	Group £'000	Company £'000
<i>Deferred taxation</i>		
At 31 December 2010	104	178
Debited / credited to profit and loss account	18	(74)
At 31 December 2011	122	104

	2011 Group £'000	2011 Company £'000	2010 Group £'000	2010 Company £'000
Accelerated capital allowances	122	-	104	-

17 Share capital

	Authorised 2011 Number	2011 £'000	Authorised 2010 Number	2010 £'000
Ordinary shares of £1 each	100,000	100,000	100,000	100,000
	100,000	100,000	100,000	100,000

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (Continued)

17 Share capital year (continued)

	Allotted, called up and fully paid		Allotted, called up and fully paid	
	2011 Number	2011 £'000	2010 Number	2010 £'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>

18 Reconciliation of shareholders' funds / (deficit)

	Group	Company
	£'000	£'000
At 31 December 2010	(304)	(1,912)
Revaluation Reserve*	829	-
Retained (loss) / profit for year	(72)	98
	<u>453</u>	<u>(1,814)</u>
At 31 December 2011		

* The revaluation reserve has been created in respect of plots of land that have been acquired and, where necessary, remediated, the valuation shown is current market value net of an overage payment due the previous owner of the land should it be sold on at a later date

19 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 £99,000 (2010 £63,000).

20 Related party transactions

The group has taken advantage of the exemption confirmed by Financial Reporting Standard 8 "Related Parties" not to disclose transactions with members of the group headed by KDC Holdings Limited on the grounds that 100% of the voting rights in the company are controlled within that group.

There were no other related party transactions during the year, other than those disclosed in note 21.

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (*Continued*)

21 Transactions with directors

There were no transactions with Directors in 2011. In the prior year 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 were no outstanding balances in respect of this transaction at the end of the current or prior year.

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

	2011 £'000	2010 £'000
Operating profit	1,021	587
Depreciation	780	751
Amortisation	483	482
(Profit) / loss on Fixed Asset Disposals	(34)	7
Decrease in stocks	52	356
Increase in debtors	(460)	(823)
Increase in creditors	721	234
Net cash inflow from operating activities	2,563	1,594

23 Notes to the cash flow statement

i) Gross cash flows

	2011 £'000	2010 £'000
Returns on investment and servicing of finance		
Hire purchase interest	(85)	(109)
Other Interest paid	(389)	(179)
	(474)	(288)
Capital expenditure		
Payments to acquire tangible fixed assets	(579)	(201)
Proceeds from sale of tangible fixed assets	97	464
	(482)	263
Financing		
Capital element of finance leases repaid	(691)	(782)
Repayment of loans	(812)	(397)
	(1,503)	(1,179)

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*Continued*)

23 Notes to the cash flow statement (*Continued*)

ii) Analysis of changes in net debt

	At 31 December 2010 £000	Cash flows £000	Non-cash movements* £000	At 31 December 2011 £000
Cash at bank and in hand	236	17	-	253
Bank loans				
- due within one year	(345)	-	49	(296)
- due after one year	(1,384)	480	24	(880)
Loan notes				
- due within one year	(326)	-	(537)	(863)
- due after one year	(7,549)	332	125	(7,092)
Finance leases				
- due within one year	(638)	75	-	(563)
- due after one year	(796)	11	-	(785)
Total	(10,802)	915	(339)	(10,226)

* Non cash movement is the net of accrued interest on loan notes and movement of debt from after one year to within one year

24 Financial commitments

As at 31 December 2011, the group and company were committed to making the following payments under non-cancellable operating leases in the year to 31 December 2011

	2011 Land and buildings £000	Group 2011 Other £000	2010 Land and buildings £000	Group 2010 Other £000
Operating leases which expire				
Within one year	-	1	-	-
In two to five years	187	-	140	16
	<u>175</u>	<u>1</u>	<u>140</u>	<u>16</u>

25 Control

The directors are deemed to be the ultimate controlling party by virtue of their directorship and shareholdings in the year to 31 December 2011