

KDC Holdings Limited

Report and Financial Statements

Year Ended

31 December 2012

Company number 06396708

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KDC Holdings Limited

Report and financial statements for the year ended 31 December 2012

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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 2012

The directors present their report together with the audited financial statements for the year ended 31 December 2012

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 profit for the year.

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

Review of the business

The Group realised a turnover in 2012 of £23.7m, a 38% increase versus 2011 (£17.2m). This increased revenue produced a commensurate increase in the gross margin generated, gross margin in 2012 was 22% of sales (2011 - 24%). 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 with increased gross margin was for the Group to produce an operating profit of £2.2m, after adding back goodwill amortisation of £0.5m (2011 - £1.5m after adding back £0.5m), a year on year increase of 47%.

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

Post 31 December 2012 the company concluded agreement with Yorkshire Bank for a new £1.25m term loan, repayable over 4 years, which was drawn down on 18th March 2013. This new loan facility allowed for the repayment of the existing bank term loans (£0.69m) that were due for repayment in 2013. In addition, the new loan facilitated the repayment of the remaining balance of the 2012 loan notes (£0.33m). The result of this refinancing is to significantly reduce the loan capital payments that were due in 2013 and to significantly reduce the interest rates attributed to the company's loan debt.

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 is not considered material to the Group by the directors at present, due to the current consistent historically low interest rates, should this change hedging of this risk will be considered in line with previous hedging instruments used by the Group. Non bank debt is at fixed rates and so hedging is not required.

KDC Holdings Limited

Report of the directors for the year ended 31 December 2012 (*continued*)

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 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. 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 2012.

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 2012 (*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.

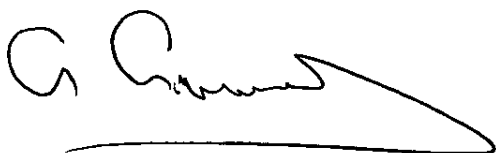
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

Date 17/4/13

KDC Holdings Limited

Independent auditor's report

TO THE MEMBERS OF KDC HOLDINGS LIMITED

We have audited the financial statements of KDC Holdings Limited for the year ended 31 December 2012 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, 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 2012 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other 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

Independent auditor's report

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 UK

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

Date *17/04/13*

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 2012

	Note	2012 £'000	2011 £'000
Turnover	2	23,716	17,181
Cost of sales		(18,559)	(12,980)
Gross profit		5,157	4,201
Administrative expenses		(3,388)	(3,180)
Operating profit	5	1,769	1,021
Interest payable and similar charges	6	(941)	(976)
Profit on ordinary activities before taxation		828	45
Taxation on profit from ordinary activities	7	(148)	(117)
Profit / (loss) on ordinary activities after taxation	18	680	(72)

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 statement of recognised gains and losses for the year ended 31 December 2012

	2012 £	2011 £
Profit / (loss) for the year	680	(72)
Unrealised surplus arising on revaluation of land	-	829
Total recognised gains for the year	680	757
Note of historical cost profit and loss		
	£	£
Reported profit / (loss) on ordinary activities after taxation	680	(72)
Difference between historical cost profit on disposal and actual loss on disposal	33	-
Historical cost profit / (loss) on ordinary activities after taxation	713	(72)

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

KDC Holdings Limited

Consolidated balance sheet as at 31 December 2012

	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Intangible assets	9		7,379		7,861
Tangible assets	10		4,383		4,067
			<u>11,762</u>		<u>11,928</u>
Current assets					
Stocks	12	26		176	
Debtors	13	2,297		2,497	
Cash at bank and in hand		318		253	
		<u>2,641</u>		<u>2,926</u>	
Creditors' amounts falling due within one year	14	(4,934)		(5,522)	
Net current liabilities			<u>(2,293)</u>		<u>(2,596)</u>
Total assets less current liabilities			<u>9,469</u>		<u>9,332</u>
Creditors' amounts falling due after more than one year	15	(8,247)		(8,757)	
Provision for liabilities and charges	16	(89)		(122)	
		<u>(8,336)</u>		<u>(8,879)</u>	
			<u>1,133</u>		<u>453</u>
Capital and reserves					
Called up share capital	17		100		100
Revaluation reserve	18		794		829
Profit and loss account			239		(476)
Shareholders' funds	18		<u>1,133</u>		<u>453</u>

The financial statements were approved by the board of directors and authorised for issue on 17/4/13

Ian Smithson
Director

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

KDC Holdings Limited

Company balance sheet as at 31 December 2012

<i>Company number: 06396708</i>	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Fixed asset investments	11		9,690		9,690
Current assets					
Debtors	13	15		13	
Cash at bank and in hand		13		3	
		<u>28</u>		<u>16</u>	
Creditors' amounts falling due within one year	14	(2,061)		(3,548)	
Net current liabilities			(2,033)		(3,532)
Total assets less current liabilities			7,657		6,158
Creditors' amounts falling due after more than one year	15		(7,257)		(7,972)
			<u>400</u>		<u>(1,814)</u>
Capital and reserves					
Called up share capital	17		100		100
Profit and loss account			300		(1,914)
Shareholders' funds / (deficit)	18		<u>400</u>		<u>(1,814)</u>

The financial statements were approved by the board of directors and authorised for issue on 17/4/13

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 2012

	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Net cash inflow from operating activities	23		2,548		2,563
Returns on investments and servicing of finance					
Hire purchase interest		(78)		(85)	
Other interest paid		(628)		(389)	
Net cash outflow from returns on investments and servicing of finance			(706)		(474)
Corporation tax refund / (paid)			14		(87)
Capital expenditure					
Payments to acquire tangible fixed assets		(360)		(579)	
Proceeds from sale of tangible fixed assets		416		97	
			56		(482)
Cash inflow before financing			1,912		1,520
Financing					
Capital element of finance leases repaid		(756)		(691)	
Repayment of loans		(1,091)		(812)	
			(1,847)		(1,503)
Increase in cash			65		17

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 2012

1 Accounting policies

The financial statements have been prepared under the historical cost convention modified to include the revaluation of land 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 2012 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.

Turnover on the sale of scrap items is recognised on acceptance by the customer.

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.

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

Fixed Assets - Land

Land is carried in the balance sheet at current market value. To achieve this, the land is subject to valuation every five years with an interim valuation carried out in the third year of the cycle. The profit or loss on disposal of revalued land is calculated by reference to the net book value and any realised revaluation surplus is transferred to the profit and loss account through reserves.

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.

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (*continued*)

1 Accounting policies (*continued*)

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

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

Finance costs

Finance costs are charged to the profit and loss account 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

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 2012 (*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 Employees

	2012 Group £'000	2011 Group £'000
Staff costs, including directors, consist of		
Wages and salaries	7,171	5,774
Social security costs	704	556
Other pension costs	126	99
	8,001	6,429

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

	2012 Group Number	2011 Group Number
Site Management and Operatives	119	101
Administration	29	26
	148	127

4 Directors

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

	2012 £'000	2011 £000
Emoluments for qualifying services	250	253
Company pension contributions to money purchase schemes	20	19
	270	272

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (continued)

4 Directors (continued)

The number of directors for whom retirement benefits were accruing at 31 December 2012 under money purchase pension schemes amounted to 8 (2011 - 8)

The total amount payable to the highest paid director in respect of emoluments was £108,720 (2011 - £111,201) Company pension contributions of £11,378 (2011 - £1,277) were made to a money purchase scheme on their behalf

5 Operating profit

	2012 £'000	2011 £'000
Operating profit is stated after charging		
Depreciation of tangible fixed assets	884	780
Amortisation of intangible fixed assets - goodwill	482	483
(Profit) on disposal of tangible fixed assets	(79)	(34)
Operating lease rentals - plant and machinery	22	28
Operating lease rentals - land and buildings	195	194
Auditors' remuneration		
- fees payable to the company's auditor for the audit of the company's annual accounts	30	30
- tax services	10	8

6 Interest payable and similar charges

	2012 £'000	2011 £'000
Bank loans and overdrafts	752	786
Hire purchase	78	85
Other charges (unwinding of bank arrangement fee and other bank fees)	111	105
	941	976

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

7 Taxation on profit from ordinary activities

	2012 £'000	2011 £'000
<i>Current tax</i>		
Tax charge on profit for the year	295	99
Adjustment for prior years	(114)	-
Total current tax	181	99
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 16)	(33)	18
Taxation on profit on ordinary activities	148	117

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

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	828	45
Profit on ordinary activities at the standard rate of corporation tax in the UK of 24.5% (2011 - 26%)	203	12
Effect of		
Expenses not deductible for tax purposes	191	210
Depreciation in excess of capital allowances	31	14
Adjustment in respect of previous years	(114)	-
Additional deduction for R&D expenditure	(141)	-
Group adjustments	-	(85)
Marginal relief	-	(13)
Relief for losses brought forward	(11)	(39)
Chargeable gain	22	-
Current tax charge for the year	181	99

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 £2,214,775 (2011 - profit of £98,000)

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

9 Intangible assets

Group	Goodwill £'000
<i>Cost</i>	
At 1 January 2012 and 31 December 2012	9,649
<i>Amortisation</i>	
At 1 January 2012	(1,788)
Provided for in the year	(482)
At 31 December 2012	(2,270)
<i>Net book value</i>	
At 31 December 2012	7,379
At 31 December 2011	7,861

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 1 January 2012	1,140	113	3,712	471	5,436
Additions	-	61	1,095	339	1,495
Disposals	(50)	-	(1,093)	(278)	(1,421)
At 31 December 2012	1,090	174	3,714	532	5,510
<i>Depreciation</i>					
At 1 January 2012	-	32	1,170	167	1,369
Provided for the year	-	20	751	113	884
Disposals	-	-	(921)	(205)	(1,126)
At 31 December 2012	-	52	1,000	75	1,127
<i>Net book value</i>					
At 31 December 2012	1,090	122	2,714	457	4,383
At 31 December 2011	1,140	81	2,542	304	4,067

The company has no fixed assets

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (continued)

10 Tangible assets (continued)

On 28 November 2011 Sanderson Weatherall, an independent external valuer, valued the land at an open market value of £1,140,000. The directors were not aware of any material change to the value between the 28 November 2011 and 31 December 2011 and therefore adopted this valuation at 31 December 2011. The net book value on an historical cost basis was £352,098. The directors are not aware of any material change in value during the year and therefore have also adopted this valuation at 31 December 2012.

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 2012	1,700	452	2,152
At 31 December 2011	1,607	305	1,912
<i>Depreciation charge for the year</i>			
At 31 December 2012	297	82	379
At 31 December 2011	509	86	595

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 2012	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 2012 (*continued*)

12 Stocks

	2012 Group £'000	2012 Company £'000	2011 Group £'000	2011 Company £'000
Salvaged equipment for resale	16	-	176	-
Consumables	10	-	-	-
	<u>26</u>	<u>-</u>	<u>176</u>	<u>-</u>

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

13 Debtors

	2012 Group £'000	2012 Company £'000	2011 Group £'000	2011 Company £'000
Amounts recoverable on long term contracts	961	-	703	-
Trade debtors	1,129	-	1,590	-
Prepayments	205	15	204	13
Other debtors	2	-	-	-
	<u>2,297</u>	<u>15</u>	<u>2,497</u>	<u>13</u>

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

14 Creditors: amounts falling due within one year

	2012 Group £'000	2012 Company £'000	2011 Group £'000	2011 Company £'000
Bank loans and overdrafts (secured - see note 15)	633	633	296	296
Loan Notes	383	383	863	863
Trade creditors	1,205	-	1,389	-
Amounts received on account	146	-	760	-
Amounts owed to group undertakings	-	886	-	2,235
Other taxation and social security	764	-	746	-
Corporation tax	295	-	99	-
Obligations under finance leases and hire purchase contracts	737	-	563	-
Accruals and deferred income	413	159	511	154
Other creditors	358	-	295	-
	<u>4,934</u>	<u>2,061</u>	<u>5,522</u>	<u>3,548</u>

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (continued)

15 Creditors' amounts falling due after more than one year

	2012 Group £'000	2012 Company £'000	2011 Group £'000	2011 Company £'000
Bank loans (secured)	-	-	880	880
Obligations under finance leases	990	-	785	-
Loan notes (secured)	7,257	7,257	7,092	7,092
	8,247	7,257	8,757	7,972
Group	Loans and overdrafts	Finance leases	Loan notes	Total
	2012	2012	2012	2012
	£'000	£'000	£'000	£'000
In one year or less, or on demand	633	737	326	1,696
In more than one year but not more than two years	-	621	7,257	7,878
In more than two years but not more than five years	-	369	-	369
In more than five years	-	-	-	-
	-	990	7,257	8,247
Company	Loans and overdrafts	Finance leases	Loan notes	Total
	2012	2012	2012	2012
	£'000	£'000	£'000	£'000
In one year or less, or on demand	633	-	326	959
In more than one year but not more than two years	-	-	7,257	-
In more than two years but not more than five years	-	-	-	-
In more than five years	-	-	-	-
	-	-	7,257	-

Bank loans comprise an A loan of £90,000 and B loan of £600,000. The A loan is the last remaining quarterly instalment which was due March 2013, the B loan is a bullet repayment loan of £600,000 which was due in September 2013. The bank debt is secured by a fixed and floating charge over the property and assets of the Group. These bank loans were repaid on 18th March 2013 from the proceeds of a new bank term loan of £1,250,000, repayable over 4 years.

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (continued)

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

Details of Loan notes are as follows

- £7,038,168 of loan notes which are repayable as at December 2014, these are secured by a fixed and floating charge on property and assets of the Group
- £325,683 of loan notes which were repayable as at December 2012, these are secured by a fixed and floating charge on property and assets of the Group *
- £219,177 of loan notes (management 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 £3.5m 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 2013 which will result in amounts being due under this condition, and have therefore classified this as due in greater than one year.

* The £325,683 of Loan Notes were repaid in full on 18th March 2013 from the proceeds of a new bank term loan of £1,250,000, repayable over 4 years.

16 Provisions for liabilities and charges

	Group £'000		Company £'000	
<i>Deferred taxation</i>				
At 1 January 2012	122		-	
(Credited) / Debited to profit and loss account	(33)		-	
At 31 December 2012	89		-	
	2012 Group £'000	2012 Company £'000	2011 Group £'000	2011 Company £'000
Accelerated capital allowances	89	-	122	-

17 Share capital

	Allotted, called up and fully paid			
	2012 Number	2012 £'000	2011 Number	2011 £'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
	100,000	100,000	100,000	100,000

*On the 27th March 2013 the Ordinary C Shares were bought back by the company and subsequently cancelled

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (continued)

18 Reconciliation of shareholders' funds

	Group £'000	Company £'000
At 1 January 2012	453	(1,814)
Retained profit for year	680	2,214
At 31 December 2012	1,133	400

Reserves - Group

	Profit and loss Account £'000	Revaluation Reserve £'000	Total £'000
At 1 January 2012	(476)	829	353
Profit for the financial year	680	-	680
Realisation of revaluation reserve	35	(35)	-
At 31 December 2012	239	794	1,033

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

19 Commitments under operating leases

As at 31 December 2012, the group were committed to making the following payments under non-cancellable operating leases in the year to 31 December 2012

	Group 2012 Land and buildings £000	Group 2012 Other £000	Group 2011 Land and buildings £000	Group 2011 Other £000
Operating leases which expire				
Within one year	12	13	-	1
In two to five years	15	6	187	20
In more than five years	88	-	-	-
	115	19	187	21

As at 31 December 2012 the company had no commitments under non-cancellable operating leases

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 £ 126,000 (2011 - £99,000)

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (continued)

21 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

Barclays Unquoted Investments Limited, shareholder in the company, is the beneficiary of the December 2014 loan notes as disclosed in Note 15, the capital payment that was due to them as at December 2013 has been agreed to be postponed to December 2014

The directors of the company are some of the beneficiaries of the management loan notes as disclosed in Note 15

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

22 Transactions with directors

During 2012 Mr G Gurney (a director) purchased a car from the company for £7,000, equivalent to the market value at that time. There were no outstanding balances in respect of this transaction at the end of the current year. There were no transactions with Directors in 2011

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

	2012 £'000	2011 £'000
Operating profit	1,769	1,021
Depreciation	884	780
Amortisation	482	483
(Profit) on fixed asset disposals	(78)	(34)
Decrease in stocks	150	52
Reduction / (increase) in debtors	200	(460)
(Reduction) / Increase in creditors	(859)	721
Net cash inflow from operating activities	2,548	2,563

24 Reconciliation of net cash flow to movement in net debt

	2012 £'000	2011 £'000
Increase in cash in the year	65	17
Bank loans and finance leases taken out in the year	(1,135)	(605)
Cash repaying loans and finance leases	1,847	1,503
Non cash movements	(176)	(174)
Movement in net debt at 31 December 2012	601	741

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (continued)

25 Analysis of changes in net debt

	At 31 December 2011 £000	Cash flows £000	Non-cash movements* £000	At 31 December 2012 £000
Cash at bank and in hand	253	65	-	318
Bank loans				
- due within one year	(296)	-	(337)	(633)
- due after one year	(880)	593	287	-
Loan notes				
- due within one year	(863)	498	39	(326)
- due after one year	(7,092)	-	(165)	(7,257)
Finance leases				
- due within one year	(563)	(174)	-	(737)
- due after one year	(785)	(205)	-	(990)
Total	(10,226)	777	(176)	(9,625)

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

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 2012