

KDC Holdings Limited

Report and Financial Statements

Year Ended

31 December 2013

Company number 06396708

SATURDAY



A3DEU9Q1

A23

02/08/2014

#96

COMPANIES HOUSE

KDC Holdings Limited

Report and financial statements for the year ended 31 December 2013

Contents

Page:

1	Strategic report
3	Report of the directors
5	Report of the independent auditors
7	Consolidated profit and loss account
8	Consolidated statement of recognised gains and losses and note of historical cost profit and loss
9	Consolidated balance sheet
10	Company balance sheet
11	Consolidated cash flow statement
12	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

Strategic report for the year ended 31 December 2013

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2013.

Business model

The group is engaged in specialist decommissioning, demolition and land remediation in the UK and Europe. 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 is a holding company.

Financial review

The Group realised a turnover in 2013 of £16.4m, a decrease versus 2012 (£23.7m), the result of a number of projects that KDC had secured being postponed by clients ahead of work starting. The reduced revenue has also resulted in a slight decrease in the gross margin generated; gross margin in 2013 was 21 % of sales (2012 - 22%). 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 reduced gross margin was for the Group to produce an operating profit of £0.2m, after adding back goodwill amortisation of £0.5m (2012 - £2.3m after adding back £0.5m).

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

In March 2013 the company concluded agreement with Yorkshire Bank for a new £1.25m term Loan, repayable over 4 years. 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 was 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

Strategic report continued for the year ended 31 December 2013

The Group traded outside the United Kingdom in 2013 and so was exposed to some foreign currency risk; hedging in 2013 was done by matching income received in Euros with expenditure in the same currency. Moving into 2014, a review of possible exchange rate hedging instruments will take place towards the end of the project, when there will be excess Euros to convert back to sterling.

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.

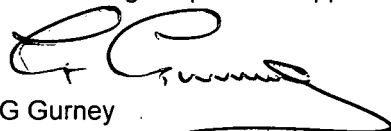
We recognise our responsibility to provide our workforce and contractors with a safe place of work and provide an adequate degree of training suitable to their needs. In recognition of this, the Group holds ISO 18001 accreditation for safety procedures.

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, together with having won our first contract on mainland Europe provide a base to consolidate on the performance of the Group seen in 2013.

Approval

This strategic report was approved by order of the Board on 21/05/14



G Gurney

Director

KDC Holdings Limited

Report of the directors for the year ended 31 December 2013

The directors present their report together with the audited financial statements for the year ended 31 December 2013.

Results and dividends

The Group profit and loss account is set out on page 7 and shows the loss for the year.

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

Directors and officers insurance

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

Directors

The directors of the company during the year were:

I Smithson
P Higon
G Gurney

Financial Instruments

The group's financial risk management objectives and policies are set out in the Strategic Report.

Directors' responsibilities

The directors are responsible for preparing the strategic report, 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.

KDC Holdings Limited

Report of the directors for the year ended 31 December 2013 (*continued*)

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 21/5/14

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 2013 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses and note of historical cost profit and loss, 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2013 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 strategic report and 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 (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

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

Date *21/05/14*

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 2013

	Note	2013 £'000	2012 £'000
Turnover	2	16,425	23,716
Cost of sales		(13,046)	(18,559)
Gross profit		3,379	5,157
Administrative expenses		(3,647)	(3,388)
Operating (loss)/profit	5	(268)	1,769
Interest payable and similar charges	6	(869)	(941)
(Loss)/profit on ordinary activities before taxation		(1,137)	828
Taxation on profit from ordinary activities	7	484	(148)
(Loss)/profit on ordinary activities after taxation	8	(653)	680

All amounts relate to continuing activities in the year.

The notes on pages 12 to 26 form part of these financial statements.

KDC Holdings Limited

Consolidated statement of recognised gains and losses and note of historical cost profit and loss for the year ended 31 December 2013

	2013 £	2012 £
(Loss) / profit for the year	(653)	680
Total recognised (losses) / gains for the year	(653)	680
Note of historical cost profit and loss	2013 £	2012 £
Reported (loss) / profit on ordinary activities after taxation	(653)	680
Difference between historical cost profit on disposal and actual loss on disposal	-	33
Historical cost (loss) / profit on ordinary activities after taxation	(653)	713

The notes on pages 12 to 26 form part of these financial statements.

KDC Holdings Limited

Consolidated balance sheet as at 31 December 2013

<i>Company number 06396708</i>	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Fixed assets					
Intangible assets	9		6,896		7,379
Tangible assets	10		3,641		4,383
			10,537		11,762
Current assets					
Stocks	12	20		26	
Debtors	13	2,237		2,297	
Cash at bank and in hand		327		318	
		2,584		2,641	
Creditors: amounts falling due within one year	14	(3,866)		(4,934)	
Net current liabilities			(1,282)		(2,293)
Provision for liabilities and charges	16	-		(89)	
			-		(89)
Total assets less current liabilities					
			9,255		9,380
Creditors: amounts falling due after more than one year	15		8,855		8,247
Capital and reserves					
Called up share capital	17		97		100
Revaluation reserve	18		794		794
Profit and loss account	18		(491)		239
Shareholders' funds	18		400		1,133
			9,255		9,380

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

21/5/14

Ian Smithson
Director



The notes on pages 12 to 26 form part of these financial statements.

KDC Holdings Limited

Company balance sheet as at 31 December 2013

<i>Company number 06396708</i>	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Fixed assets					
Fixed asset investments	11		9,690		9,690
Current assets					
Debtors	13	14		15	
Cash at bank and in hand		9		13	
		<u>23</u>		<u>28</u>	
Creditors: amounts falling due within one year	14	(1,892)		(2,061)	
Net current liabilities			(1,869)		(2,033)
Total assets less current liabilities			<u>7,821</u>		<u>7,657</u>
Creditors: amounts falling due after more than one year	15		8,435		7,257
Capital and reserves					
Called up share capital	17		100		100
Profit and loss account			(714)		300
Shareholders' (deficit) / funds	18		<u>(614)</u>		<u>400</u>
			<u>7,821</u>		<u>7,657</u>

The financial statements were approved by the board of directors and authorised for issue on 21/5/14

Ian Smithson
Director



The notes on pages 12 to 26 form part of these financial statements.

KDC Holdings Limited

Consolidated cash flow statement for the year ended 31 December 2013

	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Net cash inflow from operating activities	23		1,203		2,562
Returns on investments and servicing of finance					
Hire purchase interest		(76)		(78)	
Other interest paid		(353)		(628)	
Net cash outflow from returns on investments and servicing of finance			(429)		(706)
Corporation tax refund			-		14
Capital expenditure					
Payments to acquire tangible fixed assets		(32)		(360)	
Proceeds from sale of tangible fixed assets		102		416	
			70		56
Cash inflow before financing			928		1,912
Financing					
Capital element of finance leases repaid		(755)		(756)	
Repayment of loans		(1,250)		(1,091)	
New Bank Loan		1,250		-	
Shares Buyback		(80)		-	
			(835)		(1,847)
Increase in cash			9		65

The notes on pages 12 to 26 form part of these financial statements.

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2013

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 2013 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 2013 (*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.

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 2013 (continued)

2 Turnover

The total turnover of the company for the year has been derived from its principal activity undertaken in:

	£'000
United Kingdom	16,139
Rest of Europe	286
	16,425

3 Employees

	2013 Group £'000	2012 Group £'000
Staff costs, including directors, consist of:		
Wages and salaries	6,617	7,171
Social security costs	730	704
Other pension costs	126	126
	7,473	8,001

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

	2013 Group Number	2012 Group Number
Site Management and Operatives	108	119
Administration	28	29
	136	148

4 Directors

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

	2013 £'000	2012 £000
Emoluments for qualifying services	290	250
Company pension contributions to money purchase schemes	20	20
	301	270

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

4 Directors (continued)

The number of directors for whom retirement benefits were accruing at 31 December 2013 under money purchase pension schemes amounted to 8 (2012 - 8).

The total amount payable to the highest paid director in respect of emoluments was £126,818 (2012 - £108,720). Company pension contributions of £11,408 (2012 - £11,378) were made to a money purchase scheme on their behalf.

5 Operating (loss) / profit

	2013 £'000	2012 £'000
Operating (loss) / profit is stated after charging:		
Depreciation of tangible fixed assets	793	884
Amortisation of intangible fixed assets - goodwill	483	482
Profit on disposal of tangible fixed assets	(18)	(79)
Operating lease rentals - plant and machinery	25	22
Operating lease rentals - land and buildings	200	195
Non recurring costs*	49	-
Auditors' remuneration:		
- fees payable to the company's auditor for the audit of the company's annual accounts	30	30
- tax services	8	10
	<u> </u>	<u> </u>

* Non recurring costs relate to costs associated with a severance agreement for a subsidiary director and legal costs associated with the buying back and cancelling company shares.

6 Interest payable and similar charges

	2013 £'000	2012 £'000
Bank loans and overdrafts	691	752
Hire purchase	76	78
Other charges	102	111
	<u> </u>	<u> </u>
	869	941
	<u> </u>	<u> </u>

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

7 Taxation on profit from ordinary activities

	2013 £'000	2012 £'000
<i>Current tax</i>		
Tax charge on profit for the year	-	295
Adjustment for prior years	(295)	(114)
Total current tax	(295)	181
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 16)	(189)	(33)
Taxation on profit on ordinary activities	(484)	117

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

	2013 £'000	2012 £'000
(Loss)/profit on ordinary activities before tax	(1,137)	828
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of % (2012 - 24.5%)	(264)	203
Effect of:		
Expenses not deductible for tax purposes	150	191
Depreciation in excess of capital allowances	48	31
Adjustment in respect of previous years	(295)	(114)
Additional deduction for R&D expenditure	(303)	(141)
Unrelieved tax losses and other deductions in the period	369	-
Relief for losses brought forward	-	(11)
Chargeable gain	-	22
Current tax (credit) / charge for the year	(295)	181

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 loss after tax for the year was £934,309 (2012 - profit of £2,214,775).

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

9 Intangible assets

Group	Goodwill £'000
<i>Cost</i>	
At 1 January 2013 and 31 December 2013	9,649
<i>Amortisation</i>	
At 1 January 2013	(2,270)
Provided for in the year	(483)
At 31 December 2013	(2,753)
<i>Net book value</i>	
At 31 December 2013	6,896
At 31 December 2012	7,379

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 2013	1,090	174	3,714	532	5,510
Additions	-	-	93	43	136
Disposals	-	(1)	(228)	(96)	(325)
At 31 December 2013	1,090	173	3,579	479	5,321
<i>Depreciation</i>					
At 1 January 2013	-	52	1,000	75	1,127
Provided for the year	-	21	660	112	793
Disposals	-	-	(181)	(59)	(240)
At 31 December 2013	-	73	1,479	128	1,680
<i>Net book value</i>					
At 31 December 2013	1,090	100	2,100	351	3,641
At 31 December 2012	1,090	122	2,714	457	4,383

The company has no fixed assets.

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (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 net book value on an historical cost basis was £351,098. The directors are not aware of any material change in value during the period to 31 December 2013 and therefore have also adopted this valuation at 31 December 2013.

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 2013	1,451	351	1,802
At 31 December 2012	1,700	452	2,152
<i>Depreciation charge for the year</i>			
31 December 2013	334	112	446
31 December 2012	297	82	379

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 2013	9,690
At 31 December 2012	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%*	Dormant.
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 2013 (*continued*)

12 Stocks

	2013 Group £'000	2013 Company £'000	2012 Group £'000	2012 Company £'000
Salvaged equipment for resale	16	-	16	-
Consumables	4	-	10	-
	<u>20</u>	<u>-</u>	<u>26</u>	<u>-</u>

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

13 Debtors

	2013 Group £'000	2013 Company £'000	2012 Group £'000	2012 Company £'000
Amounts recoverable on long term contracts	931	-	961	-
Trade debtors	1,033	-	1,129	-
Prepayments	1,002	14	205	15
Other debtors	4	-	2	-
Deferred Tax Asset	99	-	-	-
	<u>3,069</u>	<u>14</u>	<u>2,297</u>	<u>15</u>

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

The deferred tax asset is made up as follows:

	2013 £	2012 £
Unutilised tax losses	156,186	-
Short term timing differences	(57,137)	-
	<u>99,049</u>	<u>-</u>

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

14 Creditors: amounts falling due within one year

	2013 Group £'000	2013 Company £'000	2012 Group £'000	2012 Company £'000
Bank loans and overdrafts (secured - see note 15)	269	269	633	633
Loan notes	-	-	383	383
Trade creditors	1,227	-	1,205	-
Amounts received on account	31	-	146	-
Amounts owed to group undertakings	-	1,459	-	886
Other taxation and social security	645	-	764	-
Corporation tax	-	-	295	-
Obligations under finance leases and hire purchase contracts	655	-	737	-
Accruals and deferred income	1,407	164	413	159
Other creditors	464	-	358	-
	<u>4,698</u>	<u>1,892</u>	<u>4,934</u>	<u>2,061</u>

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (continued)

15 Creditors: amounts falling due after more than one year

	2013 Group £'000	2013 Company £'000	2012 Group £'000	2012 Company £'000
Bank loans (secured)	703	703	-	-
Obligations under finance leases	420	-	990	-
Loan notes (secured)	7,732	7,732	7,257	7,257
	<u>8,855</u>	<u>8,435</u>	<u>8,247</u>	<u>7,257</u>
Group	Loans and overdrafts	Finance leases	Loan notes	Total
	2013	2013	2013	2013
	£'000	£'000	£'000	£'000
In one year or less, or on demand	<u>269</u>	<u>655</u>	<u>-</u>	<u>924</u>
In more than one year but not more than two years	313	340	7,494	8,147
In more than two years but not more than five years	390	80	-	470
In more than five years	-	-	238	238
	<u>703</u>	<u>420</u>	<u>7,732</u>	<u>8,855</u>
	Loans and overdrafts	Finance leases	Loan notes	Total
	2012	2012	2012	2012
	£'000	£'000	£'000	£'000
In one year or less, or on demand	<u>633</u>	<u>737</u>	<u>326</u>	<u>1,696</u>
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	-	-	-	-
	<u>-</u>	<u>990</u>	<u>7,257</u>	<u>8,247</u>

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

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

Company	Loans and overdrafts 2013 £'000	Finance leases 2013 £'000	Loan notes 2013 £'000	Total 2013 £'000
In one year or less, or on demand	269	-	-	269
In more than one year but not more than two years	313	-	7,494	7,807
In more than two years but not more than five years	390	-	-	390
In more than five years	-	-	238	238
	703	-	7,732	8,435
Company	Loans and overdrafts 2012 £'000	Finance leases 2012 £'000	Loan notes 2012 £'000	Total 2012 £'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	7,257
In more than two years but not more than five years	-	-	-	-
In more than five years	-	-	-	-
	-	-	7,257	7,257

On 18th March 2013 the Company drew down new bank term loan of £1,250,000, repayable over 4 years in quarterly instalments. 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:

- £7,494,204 of loan notes which are repayable as at December 2015; these are secured by a fixed and floating charge on property and assets of the Group.
- £238,551 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 2014 which will result in amounts being due under this condition, and have therefore classified this as due in greater than one year.

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

16 Provisions for liabilities and charges

	Group £'000	Company £'000
<i>Deferred taxation</i>		
At 1 January 2013	89	-
Credited to profit and loss account	(89)	-
At 31 December 2013	-	-

The current year deferred tax asset is shown in note 13.

	2013 Group £'000	2013 Company £'000	2012 Group £'000	2012 Company £'000
Accelerated capital allowances	89	-	89	-

17 Share capital

	2013 Number	2013 £'000	Allotted, called up and fully paid 2012 Number	2012 £'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
	96,500	96,500	100,000	100,000

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

18 Reconciliation of shareholders' funds / (deficit)

	Group £'000	Company £'000
At 1 January 2013	1,133	400
Share Capital Repurchase	(80)	(80)
Retained loss for year	(653)	(934)
At 31 December 2013	400	(614)

KDC Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (continued)

18 Reconciliation of shareholders' funds (continued)

Reserves - Group	Profit and loss account £'000	Revaluation Reserve £'000	Total £'000
At 1 January 2013	239	794	1,033
Loss for the financial year	(653)	-	(653)
Share Capital Repurchase	(77)	-	(77)
At 31 December 2013	(491)	794	303

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 2013, the group were committed to making the following payments under non-cancellable operating leases in the year to 31 December 2014.

	Group 2013 Land and buildings £000	Group 2013 Other £000	Group 2012 Land and buildings £000	Group 2012 Other £000
Operating leases which expire:				
Within one year	12	5	12	13
In two to five years	195	7	15	6
In more than five years	-	-	88	-
	207	12	115	19

As at 31 December 2013 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 £121,000 (2012 - £126,000).

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (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 2014 has been agreed to be postponed to December 2015.

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.

22 Transactions with directors

There were no transactions with Directors in 2013. In the prior year 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.

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

	2013 £'000	2012 £'000
Operating (loss) / profit	(268)	1,769
Depreciation	793	884
Amortisation	483	482
Profit on fixed asset disposals	(18)	(78)
Decrease in stocks	6	150
Reduction in debtors	159	200
Increase / (Reduction) in creditors	48	(859)
Net cash inflow from operating activities	1,203	2,548

24 Reconciliation of net cash flow to movement in net debt

	2013 £'000	2012 £'000
Increase in cash in the year	9	65
Bank loans and finance leases taken out in the year	(1,366)	(1,135)
Cash repaying loans and finance leases	2,005	1,847
Non cash movements	(475)	(176)
Movement in net debt at 31 December 2013	173	601

KDC Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

25 Analysis of changes in net debt

	At 31 December 2012 £000	Cash flows £000	Non-cash movements* £000	At 31 December 2013 £000
Cash at bank and in hand	318	9	-	327
Bank loans				
- due within one year	(633)	364	-	(269)
- due after one year	-	(703)	-	(703)
Loan notes				
- due within one year	(326)	326		-
- due after one year	(7,257)	-	(475)	(7,732)
Finance leases				
- due within one year	(737)	82	-	(655)
- due after one year	(990)	570	-	(420)
Total	(9,625)	648	(475)	(9,452)

* Non cash movement is the net of accrued interest on loan notes.

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 2013.