

# **KDC Holdings Limited**

Report and Financial Statements

Year Ended

31 December 2015

Company number 06396708

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# **KDC Holdings Limited**

## **Report and financial statements for the year ended 31 December 2015**

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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**

Santander UK plc, 298 Deansgate, Manchester, M3 4HH

# **KDC Holdings Limited**

## **Strategic report for the year ended 31 December 2015**

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The directors present their strategic report together with the audited financial statements for the year ended 31 December 2015.

### **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 is a holding company.

### **Financial review**

The company realised a turnover in 2015 of £19.1m, a 33% increase compared with 2014 (£14.4m); the delays experienced in 2014 of clients releasing work packages somewhat reversed in 2015 (as had been indicated in the 2014 financial review) and so benefited the 2015 turnover.

The Gross margin returned on 2015 sales was 18.5%, which is a return to margins being at normal levels (again as had been indicated in the 2014 financial review).

Overheads in 2015 were £3.3m, reduced £0.4m versus the previous financial year following overheads reductions that were implemented in 2014.

The net result of 2015's trading was to produce operating profit before goodwill amortisation of £0.7m (2014 - £1.3m loss). 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.

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 for the year ended 31 December 2015 (*continued*)

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### **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. KDC are seeing a higher number of tender volumes at present and have a number of contracts that started in 2015 and continue into 2016.

# KDC Holdings Limited

## Strategic report for the year ended 31 December 2015 (*continued*)

The Group's resultant net debt position is as follows:

|                                                               | Cash and<br>cash<br>equivalents<br>£'000 | Borrowings<br>£'000   | Total<br>£'000        |
|---------------------------------------------------------------|------------------------------------------|-----------------------|-----------------------|
| At 1 January 2015                                             | 1                                        | (6,235)               | (6,234)               |
| Cash flow                                                     | 51                                       | 1,849                 | 1,900                 |
| Other movements                                               | -                                        | (1,953)               | (1,953)               |
|                                                               | <hr/>                                    | <hr/>                 | <hr/>                 |
| At 31 December 2015                                           | <b>52</b>                                | <b>(6,339)</b>        | <b>(6,287)</b>        |
|                                                               | <hr/>                                    | <hr/>                 | <hr/>                 |
| <i>Comprising:</i>                                            |                                          | <b>2015<br/>£'000</b> | <b>2014<br/>£'000</b> |
| Balance sheet cash and cash equivalents                       |                                          | <b>52</b>             | 1                     |
| Bank overdrafts                                               |                                          | -                     | (427)                 |
|                                                               |                                          | <hr/>                 | <hr/>                 |
|                                                               |                                          | <b>52</b>             | (426)                 |
| Cash flow statements cash and cash equivalents                |                                          |                       |                       |
| Other current liabilities                                     |                                          | <b>(989)</b>          | (887)                 |
| Non-current liabilities due to bank and asset finance lenders |                                          | <b>(1,655)</b>        | (1,226)               |
| Non-current liabilities due to shareholders                   |                                          | <b>(3,695)</b>        | (3,695)               |
|                                                               |                                          | <hr/>                 | <hr/>                 |
| Total                                                         |                                          | <b>(6,288)</b>        | (6,234)               |
|                                                               |                                          | <hr/>                 | <hr/>                 |

# KDC Holdings Limited

## Strategic report for the year ended 31 December 2015 (*continued*)

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### Key performance indicators

|                                                                                                                                                        | 2015 | 2014  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|------|-------|
| Turnover from continuing operations (£m)                                                                                                               | 19.1 | 14.4  |
| <i>As the prime measure of our economic output, revenue growth is key to measuring shareholder return and the success of our expansion strategies.</i> |      |       |
| Gross margin from continuing operations (%)                                                                                                            | 18.5 | 13.2  |
| Gross margin from continuing operations (£m)                                                                                                           | 3.5  | 1.9   |
| <i>Gross margin provides an indication of the quality of turnover growth and is also a measure of value added by the group.</i>                        |      |       |
| Operating profit / (loss) before goodwill amortisation                                                                                                 | 0.7  | (1.3) |
| <i>Operating profit / (loss) before goodwill amortisation provides an indication of the quality of turnover growth and overhead management.</i>        |      |       |

### Approval

This strategic report was approved by order of the Board on 4 May 2016.



G Gurney

Director

# **KDC Holdings Limited**

## **Report of the directors for the year ended 31 December 2015**

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The directors present their report together with the audited financial statements for the year ended 31 December 2015.

### **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 (2014 - £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.

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.

# KDC Holdings Limited

## Report of the directors for the year ended 31 December 2015 (*continued*)

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### 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

4 May 2016

# KDC Holdings Limited

## Independent auditor's report

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### TO THE MEMBERS OF KDC HOLDINGS LIMITED

We have audited the financial statements of KDC Holdings Limited for the year ended 31 December 2015 which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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](http://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 2015 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

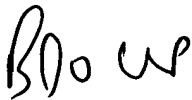
## Independent auditor's report (*continued*)

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### 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  
United Kingdom*

4 May 2016

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

# KDC Holdings Limited

## Consolidated statement of comprehensive income for the year ended 31 December 2015

|                                                               | Note | 2015<br>£'000 | 2014<br>£'000  |
|---------------------------------------------------------------|------|---------------|----------------|
| Revenue                                                       | 2    | 19,071        | 14,357         |
| Cost of sales                                                 |      | (15,542)      | (12,491)       |
| <b>Gross profit</b>                                           |      | <b>3,529</b>  | <b>1,866</b>   |
| Administrative expenses                                       |      | (3,318)       | (3,669)        |
| <b>Group operating profit / (loss)</b>                        | 5    | <b>211</b>    | <b>(1,803)</b> |
| Interest payable and similar charges                          | 6    | (204)         | (731)          |
| <b>Profit / (loss) on ordinary activities before taxation</b> |      | <b>7</b>      | <b>(2,534)</b> |
| Taxation on loss from ordinary activities                     | 7    | (63)          | 96             |
| <b>Loss on ordinary activities after taxation</b>             | 8    | <b>(56)</b>   | <b>(2,438)</b> |
| Other comprehensive income                                    |      | -             | -              |
| <b>Total comprehensive loss for the year</b>                  |      | <b>(56)</b>   | <b>(2,438)</b> |

All amounts relate to continuing activities in the year.

The notes on pages 15 to 29 form part of these financial statements.

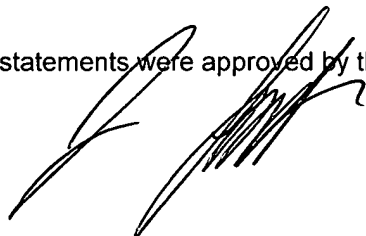
# KDC Holdings Limited

## Consolidated balance sheet as at 31 December 2015

| <i>Company number 06396708</i>                                 | <i>Note</i> | <b>2015<br/>£'000</b> | <b>2015<br/>£'000</b> | <b>2014<br/>£'000</b> | <b>2014<br/>£'000</b> |
|----------------------------------------------------------------|-------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Fixed assets</b>                                            |             |                       |                       |                       |                       |
| Intangible assets                                              | 9           |                       | <b>5,931</b>          |                       | 6,414                 |
| Tangible assets                                                | 10          |                       | <b>4,196</b>          |                       | 3,342                 |
|                                                                |             |                       | <hr/>                 |                       | <hr/>                 |
|                                                                |             |                       | <b>10,127</b>         |                       | 9,756                 |
| <b>Current assets</b>                                          |             |                       |                       |                       |                       |
| Stocks                                                         | 12          | <b>29</b>             |                       | 50                    |                       |
| Debtors                                                        | 13          | <b>3,031</b>          |                       | 1,920                 |                       |
| Cash at bank and in hand                                       |             | <b>52</b>             |                       | 1                     |                       |
|                                                                |             | <hr/>                 |                       | <hr/>                 |                       |
|                                                                |             | <b>3,112</b>          |                       | 1,971                 |                       |
| <b>Creditors: amounts falling due within one year</b>          | 14          | <b>(5,370)</b>        |                       | <b>(4,142)</b>        |                       |
|                                                                |             | <hr/>                 |                       | <hr/>                 |                       |
| <b>Net current liabilities</b>                                 |             |                       | <b>(2,258)</b>        |                       | <b>(2,171)</b>        |
|                                                                |             |                       | <hr/>                 |                       | <hr/>                 |
| <b>Total assets less current liabilities</b>                   |             |                       | <b>7,869</b>          |                       | 7,585                 |
|                                                                |             |                       |                       |                       |                       |
| <b>Creditors: amounts falling due after more than one year</b> | 15          |                       | <b>(5,350)</b>        |                       | <b>(4,922)</b>        |
|                                                                |             |                       | <hr/>                 |                       | <hr/>                 |
| <b>Net assets</b>                                              |             |                       | <b>2,519</b>          |                       | 2,663                 |
|                                                                |             |                       | <hr/>                 |                       | <hr/>                 |
| <b>Capital and reserves</b>                                    |             |                       |                       |                       |                       |
| Called up share capital                                        | 16          |                       | <b>100</b>            |                       | 97                    |
| Share premium                                                  |             |                       | <b>4,701</b>          |                       | 4,701                 |
| Revaluation reserve                                            | 17          |                       | <b>706</b>            |                       | 794                   |
| Profit and loss account                                        | 17          |                       | <b>(2,988)</b>        |                       | <b>(2,929)</b>        |
|                                                                |             |                       | <hr/>                 |                       | <hr/>                 |
| <b>Shareholders' funds</b>                                     | 17          |                       | <b>2,519</b>          |                       | 2,663                 |
|                                                                |             |                       | <hr/>                 |                       | <hr/>                 |

The financial statements were approved by the board of directors and authorised for issue on 4 May 2016.

Ian Smithson  
Director



The notes on pages 15 to 29 form part of these financial statements.

# KDC Holdings Limited

## Consolidated statement of changes in equity for the year ended 31 December 2015

|                                                                  | Share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Revaluation<br>reserve<br>£'000 | Profit<br>and loss<br>account<br>£'000 | Total<br>equity<br>£'000 |
|------------------------------------------------------------------|---------------------------|---------------------------|---------------------------------|----------------------------------------|--------------------------|
| <b>1 January 2015</b>                                            | <b>97</b>                 | <b>4,701</b>              | <b>794</b>                      | <b>(2,929)</b>                         | <b>2,663</b>             |
| Loss for the year                                                | -                         | -                         | -                               | (56)                                   | (56)                     |
| Revaluation impairment                                           | -                         | -                         | (88)                            | -                                      | (88)                     |
| <b>Total comprehensive<br/>income / (loss) for the<br/>year</b>  | <b>-</b>                  | <b>-</b>                  | <b>(88)</b>                     | <b>(56)</b>                            | <b>(144)</b>             |
| <b>Contributions by and<br/>distribution to owners</b>           |                           |                           |                                 |                                        |                          |
| Shares issued                                                    | 3                         | -                         | -                               | (3)                                    | -                        |
| <b>31 December 2015</b>                                          | <b>100</b>                | <b>4,701</b>              | <b>706</b>                      | <b>(2,988)</b>                         | <b>2,519</b>             |
|                                                                  |                           |                           |                                 |                                        |                          |
|                                                                  | Share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Revaluation<br>reserve<br>£'000 | Profit<br>and loss<br>account<br>£'000 | Total<br>equity<br>£'000 |
| <b>1 January 2014</b>                                            | <b>97</b>                 | <b>-</b>                  | <b>794</b>                      | <b>(491)</b>                           | <b>400</b>               |
| Loss for the year                                                | -                         | -                         | -                               | (2,438)                                | (2,438)                  |
| <b>Total comprehensive<br/>income for the year</b>               | <b>-</b>                  | <b>-</b>                  | <b>-</b>                        | <b>(2,438)</b>                         | <b>(2,438)</b>           |
| <b>Contributions by and<br/>distributions to owners</b>          |                           |                           |                                 |                                        |                          |
| Shares issued                                                    | -                         | 4,701                     | -                               | -                                      | 4,701                    |
| <b>Total contributions by<br/>and distribution of<br/>owners</b> | <b>-</b>                  | <b>4,701</b>              | <b>-</b>                        | <b>-</b>                               | <b>4,701</b>             |
| <b>31 December 2014</b>                                          | <b>97</b>                 | <b>4,701</b>              | <b>794</b>                      | <b>(2,929)</b>                         | <b>2,663</b>             |

The notes on pages 15 to 29 form part of these financial statements.

# KDC Holdings Limited

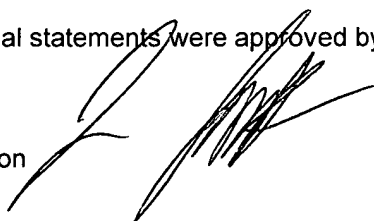
## Company balance sheet as at 31 December 2015

| <i>Company number 06396708</i>                                 | <i>Note</i> | <b>2015<br/>£'000</b> | <b>2015<br/>£'000</b> | <b>2014<br/>£'000</b> | <b>2014<br/>£'000</b> |
|----------------------------------------------------------------|-------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Fixed assets</b>                                            |             |                       |                       |                       |                       |
| Fixed asset investments                                        | 11          |                       | 9,690                 |                       | 9,690                 |
| <b>Current assets</b>                                          |             |                       |                       |                       |                       |
| Debtors                                                        | 13          | 9                     |                       | 18                    |                       |
| Cash at bank and in hand                                       |             | -                     |                       | 4                     |                       |
|                                                                |             | <u>9</u>              |                       | <u>22</u>             |                       |
| <b>Creditors: amounts falling due within one year</b>          | 14          | <b>(2,658)</b>        |                       | <b>(2,516)</b>        |                       |
|                                                                |             | <u></u>               |                       | <u></u>               |                       |
| <b>Net current liabilities</b>                                 |             |                       | <b>(2,649)</b>        |                       | <b>(2,494)</b>        |
| <b>Total assets less current liabilities</b>                   |             |                       | <u>7,041</u>          |                       | <u>7,196</u>          |
| <b>Creditors: amounts falling due after more than one year</b> | 15          |                       | <b>(3,925)</b>        |                       | <b>(4,233)</b>        |
|                                                                |             |                       | <u></u>               |                       | <u></u>               |
| <b>Net assets</b>                                              |             |                       | <b>3,116</b>          |                       | <b>2,963</b>          |
|                                                                |             |                       | <u></u>               |                       | <u></u>               |
| <b>Capital and reserves</b>                                    |             |                       |                       |                       |                       |
| Called up share capital                                        | 16          |                       | 100                   |                       | 97                    |
| Share premium                                                  |             |                       | 4,701                 |                       | 4,701                 |
| Profit and loss account                                        |             |                       | (1,685)               |                       | (1,835)               |
|                                                                |             |                       | <u></u>               |                       | <u></u>               |
| <b>Shareholders' funds</b>                                     | 17          |                       | <b>3,116</b>          |                       | <b>2,963</b>          |
|                                                                |             |                       | <u></u>               |                       | <u></u>               |

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 £153,407 (2014 – loss of £1,125,333).

The financial statements were approved by the board of directors and authorised for issue on 4 May 2016.

Ian Smithson  
Director



The notes on pages 15 to 29 form part of these financial statements.

# KDC Holdings Limited

## Consolidated statement of changes in equity for the year ended 31 December 2015

|                                                                  | Share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Revaluation<br>reserve<br>£'000 | Profit<br>and loss<br>account<br>£'000 | Total<br>equity<br>£'000 |
|------------------------------------------------------------------|---------------------------|---------------------------|---------------------------------|----------------------------------------|--------------------------|
| 1 January 2015                                                   | 97                        | 4,701                     | 794                             | (2,929)                                | 2,663                    |
| Loss for the year                                                | -                         | -                         | -                               | (56)                                   | (56)                     |
| Revaluation Impairment                                           | -                         | -                         | (88)                            | -                                      | (88)                     |
| <b>Total comprehensive<br/>income / (loss) for the<br/>year</b>  | <b>-</b>                  | <b>-</b>                  | <b>(88)</b>                     | <b>(56)</b>                            | <b>(144)</b>             |
| <b>Contributions by and<br/>distribution to owners</b>           |                           |                           |                                 |                                        |                          |
| Shares issued                                                    | 3                         | -                         | -                               | (3)                                    | -                        |
| <b>31 December 2015</b>                                          | <b>100</b>                | <b>4,701</b>              | <b>706</b>                      | <b>(2,988)</b>                         | <b>2,519</b>             |
|                                                                  | Share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Revaluation<br>reserve<br>£'000 | Profit<br>and loss<br>account<br>£'000 | Total<br>equity<br>£'000 |
| 1 January 2014                                                   | 97                        | -                         | 794                             | (491)                                  | 400                      |
| Loss for the year                                                | -                         | -                         | -                               | (2,438)                                | (2,438)                  |
| <b>Total comprehensive<br/>income for the year</b>               | <b>-</b>                  | <b>-</b>                  | <b>-</b>                        | <b>(2,438)</b>                         | <b>(2,438)</b>           |
| <b>Contributions by and<br/>distributions to owners</b>          |                           |                           |                                 |                                        |                          |
| Shares issued                                                    | -                         | 4,701                     | -                               | -                                      | 4,701                    |
| <b>Total contributions by<br/>and distribution of<br/>owners</b> | <b>-</b>                  | <b>4,701</b>              | <b>-</b>                        | <b>-</b>                               | <b>4,701</b>             |
| <b>31 December 2014</b>                                          | <b>97</b>                 | <b>4,701</b>              | <b>794</b>                      | <b>(2,929)</b>                         | <b>2,663</b>             |

The notes on pages 15 to 29 form part of these financial statements.

# KDC Holdings Limited

## Consolidated cash flow statement for the year ended 31 December 2015

|                                                             | Note | 2015<br>£'000  | 2014<br>£'000  |
|-------------------------------------------------------------|------|----------------|----------------|
| <b>Cash flows from operating activities</b>                 |      |                |                |
| <b>(Loss) for the financial year</b>                        |      | <b>(56)</b>    | <b>(2,438)</b> |
| Adjustments for:                                            |      |                |                |
| Depreciation and amortisation of fixed assets               |      | 1,199          | 1,204          |
| Taxation charge / (credit)                                  |      | 63             | (96)           |
| Interest payable                                            |      | 204            | 731            |
| (Profit) / loss on sale of fixed assets                     |      | (3)            | 5              |
| (Increase) / decrease in trade and other debtors            |      | (815)          | 397            |
| Decrease/(increase) in stocks                               |      | 21             | (30)           |
| Increase in trade and other creditors                       |      | 986            | 35             |
| <b>Cash from operations</b>                                 |      | <b>1,599</b>   | <b>(192)</b>   |
| Interest paid                                               |      | (136)          | (157)          |
| Taxation receipt / (payment)                                |      | 79             | -              |
| <b>Net cash generated from operating activities</b>         |      | <b>1,542</b>   | <b>(349)</b>   |
| <b>Cash flows from investing activities</b>                 |      |                |                |
| Proceeds from sale of tangible fixed assets                 |      | 166            | 333            |
| Purchases of tangible fixed assets                          |      | (1,821)        | (761)          |
| Finance Lease receipt                                       |      | 1,953          | 963            |
| Receipt of asset grant                                      |      | 60             | -              |
| <b>Net cash from investing activities</b>                   |      | <b>358</b>     | <b>535</b>     |
| <b>Cash flows from financing activities</b>                 |      |                |                |
| Capital element of lease repaid                             |      | (1,114)        | (770)          |
| Bank loan repayment                                         |      | (308)          | (1,169)        |
| Bank Loan Receipt                                           |      | -              | 1,000          |
| Bank overdraft (repayment) / increase                       |      | (427)          | 427            |
| <b>Net cash used in financing activities</b>                |      | <b>(1,849)</b> | <b>(512)</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |      | <b>51</b>      | <b>(326)</b>   |
| Cash and cash equivalents at beginning of year              |      | 1              | 327            |
| <b>Cash and cash equivalents at end of year</b>             |      | <b>52</b>      | <b>1</b>       |
| <b>Cash and cash equivalents comprise:</b>                  |      |                |                |
| Cash at bank and in hand                                    |      | 52             | 1              |
|                                                             |      | <b>52</b>      | <b>1</b>       |

The notes on pages 15 to 29 form part of these financial statements.

# KDC Holdings Limited

## Notes forming part of the financial statements for the year ended 31 December 2015

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### 1 Accounting policies

KDC Holdings Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

These financial statements are the first prepared under FRS 102 and information on the impact of first-time adoption of FRS 102 is given in note 23. The presentational and functional currency of the group is GBP.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 2).

#### *Parent company disclosure exemptions*

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure as been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

#### *Basis of consolidation*

The consolidated financial statements incorporate the results of KDC Holdings Limited and all of its subsidiary undertakings as at 31 December 2015 using the acquisition method of accounting. Results of subsidiary undertakings are included from the date of acquisition.

#### *Revenue*

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

Revenue 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.

# KDC Holdings Limited

## Notes forming part of the financial statements for the year ended 31 December 2015 (*continued*)

### 1 Accounting policies (*continued*)

#### *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 considered to be 20 years. The remaining useful life is 12 years.

#### *Impairment of intangible fixed assets and goodwill*

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

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

#### *Investments*

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

#### *Stocks*

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

#### *Holiday pay accrual*

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

# KDC Holdings Limited

## Notes forming part of the financial statements for the year ended 31 December 2015 (*continued*)

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### 1 Accounting policies (*continued*)

#### *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.

#### *Financial instruments*

The Group enters into basic financial instruments transactions that result in the recognition of financial assets like trade and other accounts receivable and payable and loans from banks and other third parties. Financial liabilities and equity instruments are initially measured at the amount of the net proceeds received. Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

# KDC Holdings Limited

## Notes forming part of the financial statements for the year ended 31 December 2015 (*continued*)

### Reserves

The Group and Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- Revaluation reserve relates to changes in the market value of the land
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

## 2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- *Tangible fixed assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Revenue recognition

Revenue is recognised as the stage of completion of contracts with the reference to the proportion of work completed at the year end relative to the total expected work required to complete the contract. This assessment includes assumptions being made as to future costs to be incurred. Actual results may therefore differ to those currently estimated.

## 3 Revenue

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

|                | 2015<br>£'000 | 2014<br>£'000 |
|----------------|---------------|---------------|
| United Kingdom | 19,071        | 12,337        |
| Rest of Europe | -             | 2,020         |
|                | <hr/>         | <hr/>         |
|                | 19,071        | 14,357        |
|                | <hr/>         | <hr/>         |

## 4 Employees

Staff costs, including directors, consist of:

|                       | 2015<br>Group<br>£'000 | 2014<br>Group<br>£'000 |
|-----------------------|------------------------|------------------------|
| Wages and salaries    | 5,686                  | 6,157                  |
| Social security costs | 624                    | 679                    |
| Other pension costs   | 159                    | 132                    |
|                       | <hr/>                  | <hr/>                  |
|                       | 6,469                  | 6,968                  |
|                       | <hr/>                  | <hr/>                  |

# KDC Holdings Limited

## Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

### 4 Employees (continued)

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

|                                | 2015<br>Group<br>Number | 2014<br>Group<br>Number |
|--------------------------------|-------------------------|-------------------------|
| Site Management and Operatives | 83                      | 99                      |
| Administration                 | 27                      | 27                      |
|                                | <u>110</u>              | <u>126</u>              |

### 5 Directors

The number of directors for whom retirement benefits were accruing at 31 December 2015 under money purchase pension schemes amounted to 3 (2014 - 3).

The total amount payable to the highest paid director in respect of emoluments was £128,242 (2014 - £148,947). Company pension contributions of £42,099 (2014 - £10,274) were made to a money purchase scheme on their behalf.

### 6 Operating profit

|                                                                                        | 2015<br>£'000 | 2014<br>£'000 |
|----------------------------------------------------------------------------------------|---------------|---------------|
| Operating profit is stated after charging:                                             |               |               |
| Depreciation of tangible fixed assets                                                  | 717           | 722           |
| Amortisation of intangible fixed assets - goodwill                                     | 483           | 482           |
| (Profit) / loss on disposal of tangible assets                                         | (3)           | 5             |
| Operating lease rentals - plant and machinery                                          | 15            | 10            |
| Operating lease rentals - land and buildings                                           | 195           | 190           |
| Non recurring costs*                                                                   | 7             | 91            |
| Auditors' remuneration:                                                                |               |               |
| - fees payable to the company's auditor for the audit of the company's annual accounts | 5             | 5             |
| - fees payable to the company's auditors for the audit of subsidiary companies         | 24            | 24            |
| - tax services                                                                         | 8             | 8             |
|                                                                                        | <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.

### 7 Interest payable and similar charges

|                           | 2015<br>£'000 | 2014<br>£'000 |
|---------------------------|---------------|---------------|
| Bank loans and overdrafts | 31            | 554           |
| Hire purchase             | 81            | 81            |
| Other charges             | 92            | 96            |
|                           | <u>204</u>    | <u>731</u>    |

# KDC Holdings Limited

## Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

### 8 Taxation on profit from ordinary activities

|                                                | 2015<br>£'000 | 2014<br>£'000 |
|------------------------------------------------|---------------|---------------|
| <i>Current tax</i>                             |               |               |
| Tax charge on profit for the year              | -             | -             |
| Adjustment for prior years                     | -             | (79)          |
|                                                | <hr/>         | <hr/>         |
| Total current tax                              | -             | (79)          |
| <i>Deferred tax</i>                            |               |               |
| Origination and reversal of timing differences | (63)          | (17)          |
|                                                | <hr/>         | <hr/>         |
| Taxation on profit on ordinary activities      | (63)          | (96)          |
|                                                | <hr/>         | <hr/>         |

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

|                                                                                                                       | 2015<br>£'000 | 2014<br>£'000 |
|-----------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Profit / (loss) on ordinary activities before tax                                                                     | 7             | (2,534)       |
|                                                                                                                       | <hr/>         | <hr/>         |
| Profit / (loss) on ordinary activities at the standard rate<br>of corporation tax in the UK of 20.25 % (2014 - 21.5%) |               | (544)         |
| Effect of:                                                                                                            |               |               |
| Expenses not deductible for tax purposes                                                                              | -             | 51            |
| Depreciation in excess of capital allowances                                                                          | 51            | 2             |
| Adjustment in respect of previous years                                                                               |               | 395           |
| Additional deduction for R&D expenditure                                                                              | (114)         | -             |
| Unrelieved tax losses and other deductions in the period                                                              |               | -             |
|                                                                                                                       | <hr/>         | <hr/>         |
| Total tax (credit) for the year                                                                                       | (63)          | (96)          |
|                                                                                                                       | <hr/>         | <hr/>         |

### 9 Profit for the financial year

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company has not been presented as part of these accounts. The parent company's profit after tax for the year was £153,407 (2014 – loss of £1,125,333).

# KDC Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 December 2015 (*continued*)

## 10 Intangible assets

| <b>Group</b>                                              | <b>Goodwill<br/>£'000</b> |
|-----------------------------------------------------------|---------------------------|
| <i>Cost</i>                                               |                           |
| At 1 January 2015 and 31 December 2015                    | <b>9,649</b>              |
| <i>Amortisation</i>                                       |                           |
| At 1 January 2015                                         | (3,235)                   |
| Provided for in the year (included within admin expenses) | (483)                     |
| At 31 December 2015                                       | <b>(3,718)</b>            |
| <i>Net book value</i>                                     |                           |
| At 31 December 2015                                       | <b>5,931</b>              |
| At 31 December 2014                                       | <b>6,414</b>              |

## 11 Tangible assets

| <b>Group</b>             | <b>Land<br/>£'000</b> | <b>Tenants<br/>improvements<br/>to leasehold<br/>property<br/>£'000</b> | <b>Plant and<br/>machinery<br/>£'000</b> | <b>Motor<br/>vehicles<br/>£'000</b> | <b>Total<br/>£'000</b> |
|--------------------------|-----------------------|-------------------------------------------------------------------------|------------------------------------------|-------------------------------------|------------------------|
| <i>Cost or valuation</i> |                       |                                                                         |                                          |                                     |                        |
| At 1 January 2015        | 1,090                 | 173                                                                     | 3,599                                    | 416                                 | 5,278                  |
| Additions                | -                     | -                                                                       | 1,772                                    | 49                                  | 1,821                  |
| Disposals                | -                     | -                                                                       | (232)                                    | (134)                               | (366)                  |
| Valuation impairment     | (88)                  | -                                                                       | -                                        | -                                   | (88)                   |
| At 31 December 2015      | <b>1,002</b>          | <b>173</b>                                                              | <b>5,139</b>                             | <b>331</b>                          | <b>6,645</b>           |
| <i>Depreciation</i>      |                       |                                                                         |                                          |                                     |                        |
| At 1 January 2015        | -                     | 94                                                                      | 1,692                                    | 150                                 | 1,936                  |
| Provided for the year    | -                     | 21                                                                      | 616                                      | 80                                  | 717                    |
| Disposals                | -                     | -                                                                       | (115)                                    | (89)                                | (204)                  |
| At 31 December 2015      | -                     | <b>115</b>                                                              | <b>2,193</b>                             | <b>141</b>                          | <b>2,449</b>           |
| <i>Net book value</i>    |                       |                                                                         |                                          |                                     |                        |
| At 31 December 2015      | <b>1,002</b>          | <b>58</b>                                                               | <b>2,946</b>                             | <b>190</b>                          | <b>4,196</b>           |
| At 31 December 2014      | 1,090                 | 79                                                                      | 1,907                                    | 266                                 | 3,342                  |

# KDC Holdings Limited

## Notes forming part of the financial statements for the year ended 31 December 2015 (*continued*)

### 11 Tangible assets (*continued*)

The net book value of land and buildings may be further analysed as follows:

|                 | Group<br>2015<br>£'000 | Group<br>2014<br>£'000 | Company<br>2015<br>£'000 | Company<br>2014<br>£'000 |
|-----------------|------------------------|------------------------|--------------------------|--------------------------|
| Freehold        | 1,002                  | 1,090                  | -                        | -                        |
| Long leasehold  | -                      | -                      | -                        | -                        |
| Short leasehold | -                      | -                      | -                        | -                        |
|                 | <u>1,002</u>           | <u>1,090</u>           | <u>-</u>                 | <u>-</u>                 |

### Finance Leases

The net book value of plant, machinery and vehicles for the group includes an amount of £2,365,171 (2014 - £1,544,187) in respect of assets held under finance leases and hire purchase contracts. The company had no assets held under such leases at either year end.

Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

In April 2016 the Company received an offer for 90% of the land that was accepted subject to certain conditions; as at the date of signing the accounts the sale had not completed but the offer received has been used to determine the open market value of the land as detailed above. The net book value on an historical cost basis was £352,098.

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

|                                         | Plant and<br>machinery<br>£'000 | Motor<br>vehicles<br>£'000 | Total<br>£'000 |
|-----------------------------------------|---------------------------------|----------------------------|----------------|
| <i>Net book value</i>                   |                                 |                            |                |
| At 31 December 2015                     | 2,233                           | 132                        | 2,365          |
| At 31 December 2014                     | 1,300                           | 244                        | 1,544          |
| <i>Depreciation charge for the year</i> |                                 |                            |                |
| 31 December 2015                        | 386                             | 28                         | 414            |
| 31 December 2014                        | 270                             | 83                         | 353            |

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

# KDC Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 December 2015 (*continued*)

## 12 Fixed asset investments

Company  
Group  
undertakings  
£'000

Cost

At 31 December 2015

9,690

At 31 December 2014

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.

## 13 Stocks

|                               | 2015<br>Group<br>£'000 | 2015<br>Company<br>£'000 | 2014<br>Group<br>£'000 | 2014<br>Company<br>£'000 |
|-------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Salvaged equipment for resale | 29                     | -                        | 41                     | -                        |
| Consumables                   | -                      | -                        | 9                      | -                        |
|                               | <u>29</u>              | <u>-</u>                 | <u>50</u>              | <u>-</u>                 |

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

# KDC Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 December 2015 (*continued*)

## 14 Debtors

|                                            | 2015<br>Group<br>£'000 | 2015<br>Company<br>£'000 | 2014<br>Group<br>£'000 | 2014<br>Company<br>£'000 |
|--------------------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Amounts recoverable on long term contracts | 472                    | -                        | 570                    | -                        |
| Trade debtors                              | 2,347                  | -                        | 1,005                  | -                        |
| Prepayments                                | 156                    | 6                        | 151                    | 18                       |
| Other debtors                              | 3                      | 3                        | -                      | -                        |
| Corporation Tax                            | -                      | -                        | 79                     | -                        |
| Deferred Tax Asset                         | 52                     | -                        | 115                    | -                        |
|                                            | <u>3,031</u>           | <u>9</u>                 | <u>1,920</u>           | <u>18</u>                |

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

The deferred tax asset is made up as follows:

|                                | 2015<br>£'000 | 2014<br>£'000 |
|--------------------------------|---------------|---------------|
| Unutilised tax losses          | 187           | 204           |
| Fixed Asset timing differences | (137)         | (90)          |
| Short term timing differences  | 2             | 1             |
|                                | <u>2</u>      | <u>1</u>      |

## 15 Creditors: amounts falling due within one year

|                                                              | 2015<br>Group<br>£'000 | 2015<br>Company<br>£'000 | 2014<br>Group<br>£'000 | 2014<br>Company<br>£'000 |
|--------------------------------------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Bank loans and overdrafts (secured - see note 16)            | 307                    | 307                      | 307                    | 307                      |
| Trade creditors                                              | 2,282                  | 95                       | 1,302                  | 58                       |
| Amounts received on account                                  | 505                    | -                        | 58                     | -                        |
| Amounts owed to group undertakings                           | -                      | 2,229                    | -                      | 2,103                    |
| Other taxation and social security                           | 681                    | -                        | 563                    | -                        |
| Obligations under finance leases and hire purchase contracts | 682                    | -                        | 579                    | -                        |
| Accruals and deferred income                                 | 477                    | 27                       | 509                    | 48                       |
| Other creditors                                              | 436                    | -                        | 397                    | -                        |
| Bank overdraft                                               | -                      | -                        | 427                    | -                        |
|                                                              | <u>5,370</u>           | <u>2,658</u>             | <u>4,142</u>           | <u>2,516</u>             |

# KDC Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 December 2015 (*continued*)

## 16 Creditors: amounts falling due after more than one year

|                                                     | 2015<br>Group<br>£'000      | 2015<br>Company<br>£'000 | 2014<br>Group<br>£'000 | 2014<br>Company<br>£'000 |
|-----------------------------------------------------|-----------------------------|--------------------------|------------------------|--------------------------|
| Bank loans (secured)                                | 230                         | 230                      | 538                    | 538                      |
| Obligations under finance leases                    | 1,425                       | -                        | 689                    | -                        |
| Loan notes (secured)                                | 3,695                       | 3,695                    | 3,695                  | 3,695                    |
|                                                     | <u>5,350</u>                | <u>3,925</u>             | <u>4,922</u>           | <u>4,233</u>             |
|                                                     | <u><u>5,350</u></u>         | <u><u>3,925</u></u>      | <u><u>4,922</u></u>    | <u><u>4,233</u></u>      |
| <b>Group</b>                                        | <b>Loans and overdrafts</b> | <b>Finance leases</b>    | <b>Loan notes</b>      | <b>Total</b>             |
|                                                     | <b>2015</b>                 | <b>2015</b>              | <b>2015</b>            | <b>2015</b>              |
|                                                     | <b>£'000</b>                | <b>£'000</b>             | <b>£'000</b>           | <b>£'000</b>             |
| In one year or less, or on demand                   | 307                         | 682                      | -                      | 989                      |
|                                                     | <u>307</u>                  | <u>682</u>               | <u>-</u>               | <u>989</u>               |
| In more than one year but not more than two years   | 230                         | 580                      | -                      | 810                      |
| In more than two years but not more than five years | -                           | 845                      | 716                    | 1,561                    |
| In more than five years                             | -                           | -                        | 2,979                  | 2,979                    |
|                                                     | <u>230</u>                  | <u>1,425</u>             | <u>3,695</u>           | <u>5,350</u>             |
|                                                     | <u><u>230</u></u>           | <u><u>1,425</u></u>      | <u><u>3,695</u></u>    | <u><u>5,350</u></u>      |
|                                                     | <b>Loans and overdrafts</b> | <b>Finance leases</b>    | <b>Loan notes</b>      | <b>Total</b>             |
|                                                     | <b>2014</b>                 | <b>2014</b>              | <b>2014</b>            | <b>2014</b>              |
|                                                     | <b>£'000</b>                | <b>£'000</b>             | <b>£'000</b>           | <b>£'000</b>             |
| In one year or less, or on demand                   | 307                         | 579                      | -                      | 886                      |
|                                                     | <u>307</u>                  | <u>579</u>               | <u>-</u>               | <u>886</u>               |
| In more than one year but not more than two years   | 538                         | 326                      | -                      | 864                      |
| In more than two years but not more than five years | -                           | 363                      | 716                    | 1,079                    |
| In more than five years                             | -                           | -                        | 2,979                  | 2,979                    |
|                                                     | <u>538</u>                  | <u>689</u>               | <u>3,695</u>           | <u>4,922</u>             |
|                                                     | <u><u>538</u></u>           | <u><u>689</u></u>        | <u><u>3,695</u></u>    | <u><u>4,922</u></u>      |

# KDC Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 December 2015 (*continued*)

## 16 Creditors: amounts falling due after more than one year (*continued*)

| Company                                             | Loans and overdrafts<br>2015<br>£'000 | Finance leases<br>2015<br>£'000 | Loan notes<br>2015<br>£'000 | Total<br>2015<br>£'000 |
|-----------------------------------------------------|---------------------------------------|---------------------------------|-----------------------------|------------------------|
| In one year or less, or on demand                   | 307                                   | -                               | -                           | 307                    |
| In more than one year but not more than two years   | 230                                   | -                               | -                           | 230                    |
| In more than two years but not more than five years | -                                     | -                               | 716                         | 716                    |
| In more than five years                             | -                                     | -                               | 2,979                       | 2,979                  |
|                                                     | 230                                   | -                               | 3,695                       | 3,925                  |
| Company                                             | Loans and overdrafts<br>2014<br>£'000 | Finance leases<br>2014<br>£'000 | Loan notes<br>2014<br>£'000 | Total<br>2014<br>£'000 |
| In one year or less, or on demand                   | 307                                   | -                               | -                           | 307                    |
| In more than one year but not more than two years   | 538                                   | -                               | -                           | 538                    |
| In more than two years but not more than five years | -                                     | -                               | 716                         | 716                    |
| In more than five years                             | -                                     | -                               | 2,979                       | 2,979                  |
|                                                     | 538                                   | -                               | 3,695                       | 4,233                  |

# KDC Holdings Limited

## Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

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

On 30 June 2014 the Company drew down new bank term loan of £1,000,000, repayable over 3.25 years in quarterly instalments. The bank debt is secured by a fixed and floating charge over the property and assets of the Group.

In December 2014 the Directors concluded agreement with Barclays Ventures (BV) and Executive Loan Note holders to convert 56% of the Loan Note balance at that time into equity. In addition the remaining 44% of Loan notes have been restructured so as not to require interest to be paid or accrued from trading going forward and the staged repayment of the BV notes will not now be required prior to 2018.

The purpose of this Loan Note capitalisation & restructure was to demonstrate the true nature of the loan note debt and to provide tangible evidence of ongoing support of BV and Management to the KDC business.

Details of the remaining Loan Notes are as follows:

- £3,582,716 of loan notes, repayable as 10% in 2018, 10% in 2019 & the balance in 2020; these are secured by a fixed and floating charge on property and assets of the Group.
- £11,827 of loan notes (management loan notes) that are unsecured and repayable only when the ownership of the Group changes.

### 17 Share capital

|                               | 2015<br>Number | 2015<br>£'000  | Allotted, called up and fully paid<br>2014<br>Number | 2014<br>£'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 B2 shares of £1 each | 3,500          | 3,500          | -                                                    | -             |
| Ordinary Z Shares             | 8              | 8              | 8                                                    | 8             |
|                               | <u>100,008</u> | <u>100,008</u> | <u>96,508</u>                                        | <u>96,508</u> |

On 16 April 2015 3,500 B2 ordinary shares were issued to employees under the Inland Revenue approved ESS scheme.

# KDC Holdings Limited

## Notes forming part of the financial statements for the year ended 31 December 2015 (*continued*)

### 18 Commitments under operating leases

As at 31 December 2015, the group were committed to making the following payments under non-cancellable operating leases:

|                   | Group<br>2015<br>Land and<br>buildings<br>£000 | Group<br>2015<br>Other<br>£000 | Group<br>2014<br>Land and<br>buildings<br>£000 | Group<br>2014<br>Other<br>£000 |
|-------------------|------------------------------------------------|--------------------------------|------------------------------------------------|--------------------------------|
| Within 1 year     | 194                                            | 22                             | 195                                            | 7                              |
| 2-5 year          | 375                                            | 36                             | 554                                            | 1                              |
| More than 5 years | -                                              | -                              | -                                              | -                              |
|                   | <u>569</u>                                     | <u>58</u>                      | <u>749</u>                                     | <u>8</u>                       |

As at 31 December 2015 the company had no commitments under non-cancellable operating leases.

### 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 £159,000 (2014 - £132,000).

### 20 Related party transactions

The group has taken advantage of the exemption confirmed by section 33 of FRS 102 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 16.

The directors of the company are some of the beneficiaries of the management loan notes as disclosed in Note 16.

There were no other related party transactions during the year.

# KDC Holdings Limited

## Notes forming part of the financial statements for the year ended 31 December 2015 (*continued*)

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### **21 Transactions with directors**

There were no transactions with Directors in 2015 or in 2014.

### **22 Control**

The directors are deemed to be the ultimate controlling party by virtue of their directorship and shareholdings in the year to 31 December 2015.

### **23 First time adoption of FRS 102**

The group's financial statements for the year ended 31 December 2014 were prepared in accordance with UK GAAP. There has been no change to the previously reported profit or equity figures as a result of the company adopting FRS 102 for the year ended 31 December 2015. No reconciliation has therefore been provided as there are no reconciling items.

### **24 Financial instruments**

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and amounts owed by associated undertakings.

Financial liabilities measured at amortised cost comprise convertible loan stock, bank loans and overdrafts, trade creditors, other creditors and accruals.

Information regarding the group's exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Directors' report.