

REGISTRAR OF COMPANIES

Company Registration No 04264507 (England and Wales)

HCD GROUP LIMITED

Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2011

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COMPANIES HOUSE

HCD GROUP LIMITED

DIRECTORS AND ADVISERS

Directors

AH Dyer
JD Butler
NG Cole
SJ Hicks
S Highwood

Secretary

SJ Hicks

Company number

04264507

Registered office

2 Links Court
Links Business Park
St Mellons
Cardiff
South Glamorgan
CF3 0LT

Registered auditors

Broomfield & Alexander Limited
Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
CF23 8AB

HCD GROUP LIMITED

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HCD GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and financial statements for the year ended 31 December 2011

Principal activities and review of the business

The principal activity of the company continued to be that of building surveyors and building management consultants

The results for the year and financial position of the company and the group are as shown in the annexed financial statements

HCD Group is a multi-disciplinary construction consultancy business operating from nine offices throughout the UK. Its principal activities as a percentage of overall turnover are as follows -

- Approved Inspector services - 71% (last year 75%)
- Project management and cost consultancy services - 15% (last year 12%)
- Consulting Engineering - 8% (last year 7%)
- Fire strategy and other specialist advice - 6% (last year 6%)

Following consecutive years of reduction in Group turnover in 2009 and 2010, in contrast 2011 saw growth of 12% with an increase from £5,373,722 to £6,030,941. The posted Operating Profit (before interest and tax) of £1,058,091 is more than double the £450k achieved in 2010 and represents a 17.54% margin against a previous year performance of 8.37%.

This much improved position reflects the efforts made in cost cutting in 2009 and 2010 and our ever evolving business development strategy which is regularly reviewed and tailored to meet anticipated future market demand. The Board considers this an extremely successful year especially when considering the prevailing economic climate within the construction industry.

The Approved Inspector core business remains strong with growth in turnover of 5.4% considered a success in the current economic climate. Reductions in government spend in some market sectors have been more than outweighed by an improvement in private sector investment, particularly in the South East of the country. Our expectation that market conditions would remain flat in 2011 has been exceeded and results are therefore better than expected. However, we expect 2012 to be a more challenging year and our forecast is limited growth this year.

In recent years the Group's Project Management and Cost Consultancy Services business has been restructured and following a change in business development strategy and significant change in client base, 2011 was its most successful year for some time. Turnover growth of 25.5% in HCD Management coupled with rigid budgetary control generated an operating profit of £207k at a 22.6% margin. We expect 2012 however to be a more difficult year for this business and further growth to be flat as we aim to retain the levels achieved in 2011. At time of writing secured fees for 2012 are approximately in line with a year ago.

Following improvements in 2010 we expected moderate growth in 2011 in our smaller Consulting Engineering and Fire Strategy businesses where we have invested in additional resource. Our Engineering business reports 26% growth with turnover of £548k whilst in Fire Strategy (HCD Specialist Services) we grew the turnover 28% to £381k. We expect a period of stability in 2012 for our Engineering business and some moderate growth in the Fire Engineering company.

Coupled with the increase in profit, the Group's additional effort in improving Credit Control has resulted in a significant improvement in liquidity. A number of short term bank loans and Capital Finance agreements have been fully paid with only one long term bank loan remaining which itself will be repaid early in 2013 (balance at year end just £188k). With no overdraft in use the Group ends the year with a positive Bank balance. Debtor Days have improved significantly in all businesses and cut by an average of 19 days across the Group.

At time of writing end February 2012 we have currently secured turnover for 2011 at 77% of the value of our anticipated operating cost base for the year.

HCD GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

Results and dividends

The consolidated profit and loss account for the year is set out on page 8

It is proposed that the retained profit of £307,923 is transferred to the group's reserves

Directors

The following directors have held office since 1 January 2011

AH Dyer
JD Butler
NG Cole
SJ Hicks
S Highwood

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board


NG Cole
Director

21/3/12

HCD GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HCD GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") of HCD Group Limited for the year ended 31 December 2011 set out on pages 5 to 22. 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 auditors' 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 Directors' Responsibilities Statement set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

HCD GROUP LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF HCD GROUP LIMITED

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



Ian Thomas BSc FCA (Senior Statutory Auditor)
for and on behalf of Broomfield & Alexander Limited

23 March 2012

Chartered Accountants
Statutory Auditor

Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
CF23 8AB

HCD GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover	2	6,030,941	5,373,722
Cost of sales		(2,693,792)	(2,417,480)
Gross profit		3,337,149	2,956,242
Administrative expenses		(2,289,055)	(2,516,345)
Other operating income		9,997	9,997
Operating profit	3	1,058,091	449,894
Other interest receivable and similar income		1,316	-
Interest payable and similar charges	4	(21,126)	(20,254)
Profit on ordinary activities before taxation		1,038,281	429,640
Tax on profit on ordinary activities	5	(276,153)	(134,157)
Profit on ordinary activities after taxation		762,128	295,483

The profit and loss account has been prepared on the basis that all operations are continuing operations

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

HCD GROUP LIMITED

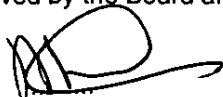
BALANCE SHEETS

AS AT 31 DECEMBER 2011

	Notes	Group 2011 £	2010 £	Company 2011 £	2010 £
Fixed assets					
Intangible assets	8	496,720	544,517	-	-
Tangible assets	9	79,475	160,461	41,343	120,147
Investments	10	-	-	517,080	517,078
		<u>576,195</u>	<u>704,978</u>	<u>558,423</u>	<u>637,225</u>
Current assets					
Debtors	11	1,549,687	1,732,997	74,778	858,178
Cash at bank and in hand		333,478	28,966	326	601
		<u>1,883,165</u>	<u>1,761,963</u>	<u>75,104</u>	<u>858,779</u>
Creditors: amounts falling due within one year	12	(1,130,967)	(1,285,115)	(574,694)	(1,264,717)
Net current assets		<u>752,198</u>	<u>476,848</u>	<u>(499,590)</u>	<u>(405,938)</u>
Total assets less current liabilities		<u>1,328,393</u>	<u>1,181,826</u>	<u>58,833</u>	<u>231,287</u>
Creditors, amounts falling due after more than one year	13	(25,190)	(186,552)	(25,190)	(186,552)
Provisions for liabilities	14	-	-	-	(8,447)
		<u>1,303,203</u>	<u>995,274</u>	<u>33,643</u>	<u>36,288</u>
Capital and reserves					
Called up share capital	17	3,360	3,360	3,360	3,360
Other reserves	18	90	90	90	90
Profit and loss account	18	1,299,753	991,824	30,193	32,838
Shareholders' funds	19	<u>1,303,203</u>	<u>995,274</u>	<u>33,643</u>	<u>36,288</u>

Approved by the Board and authorised for issue on

21/03/2012



S Hicks
Director

Company Registration No. 04264507

HCD GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	2011	2010
£	£	£
Net cash inflow from operating activities	1,408,602	766,480
Returns on investments and servicing of finance		
Interest received	1,316	-
Interest paid	(16,939)	(20,254)
Net cash outflow for returns on investments and servicing of finance	(15,623)	(20,254)
Taxation	(139,040)	(148,857)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(27,670)	(7,795)
Payments to acquire investments	(2)	-
Net cash outflow for capital expenditure	(27,672)	(7,795)
Equity dividends paid	(454,205)	(217,099)
Net cash inflow before management of liquid resources and financing	772,061	372,475
Financing		
Issue of ordinary share capital	-	240
Share-based payments	6	66
Purchase of own shares	-	(18,060)
Issue and purchase of shares	6	(17,754)
Other new short term loans	-	6,426
Repayment of long term bank loan	(161,362)	(187,156)
Repayment of other long term loans	-	(163,124)
Repayment of other short term loans	(16,090)	-
Capital element of hire purchase contracts	(16,191)	(19,206)
Increase in debt	(193,643)	(363,060)
Net cash outflow from financing	(193,637)	(380,814)
Increase/(decrease) in cash in the year	578,425	(8,339)

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

1	Reconciliation of operating profit to net cash inflow from operating activities		2011	2010
			£	£
	Operating profit		1,058,091	449,894
	Depreciation of tangible assets		108,657	126,215
	Amortisation of intangible assets		47,797	47,797
	Decrease in debtors		193,770	240,416
	Increase/(decrease) in creditors within one year		287	(97,842)
	Net cash inflow from operating activities		1,408,602	766,480

2	Analysis of net funds/(debt)	1 January 2011	Cash flow	Other non-cash changes	31 December 2011
		£	£	£	£
	Net cash				
	Cash at bank and in hand	28,966	304,512	-	333,478
	Bank overdrafts	(279,561)	273,913	-	(5,648)
		(250,595)	578,425	-	327,830
	Finance leases	(16,191)	16,191	-	-
	Debts falling due within one year	(179,328)	16,090	-	(163,238)
	Debts falling due after one year	(186,552)	161,362	-	(25,190)
		(382,071)	193,643	-	(188,428)
	Net (debt)/funds	(632,666)	772,068	-	139,402

3	Reconciliation of net cash flow to movement in net funds/(debt)	2011	2010
		£	£
	Increase/(decrease) in cash in the year	578,425	(8,339)
	Cash outflow from decrease in debt	193,643	363,061
	Movement in net funds/(debt) in the year	772,068	354,722
	Opening net debt	(632,666)	(987,388)
	Closing net funds/(debt)	139,402	(632,666)

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2011. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

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

1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	33% on cost
Computer equipment	33% on cost
Fixtures, fittings & equipment	33% on cost and 15% on cost
Motor vehicles	25% on cost

1.7 Leasing

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 periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.8 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

(Continued)

1 10 Share-based payments

The company operates a number of share-based payment schemes. The fair value at the date of grant of the equity instrument is recognised as an expense, spread over the vesting period of the instrument. The total amount to be expensed is determined by reference to the fair value of the awards, excluding the impact of any non-market vesting conditions. At each balance sheet date, the company revises its estimate of the number of equity instruments which are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment is made to equity over the remaining vesting period. On vesting or exercise, the difference between the expense charged to the income statement and the actual cost to the company is transferred to retained earnings. Where new shares are issued, the proceeds received are credited to share capital and share premium.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

	2011 £	2010 £
Operating profit is stated after charging		
Amortisation of intangible assets	47,797	47,797
Depreciation of tangible assets	108,657	126,215
Operating lease rentals		
- Plant and machinery	186,166	161,839
- Other assets	256,755	282,667
Fees payable to the group's auditor for the audit of the group's annual accounts	18,550	18,250
and after crediting		
Government grants	9,997	9,997

4 Interest payable

	2011 £	2010 £
On bank loans and overdrafts	5,993	7,023
On other loans wholly repayable within five years	964	378
Other interest	14,169	12,853
	21,126	20,254

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

5	Taxation	2011 £	2010 £
	Domestic current year tax		
	U K corporation tax	298,372	150,798
	Adjustment for prior years	(11,759)	-
	Total current tax	<u>286,613</u>	<u>150,798</u>
	Deferred tax		
	Origination and reversal of timing differences	(10,460)	(16,641)
		<u>(10,460)</u>	<u>(16,641)</u>
		<u>276,153</u>	<u>134,157</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>1,038,281</u>	<u>429,640</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26% (2010 - 28%)	<u>269,953</u>	<u>120,299</u>
	Effects of		
	Non deductible expenses	19,277	6,886
	Depreciation add back	28,251	34,577
	Capital allowances	(14,098)	(12,974)
	Change in tax rate	-	502
	Adjustments to previous periods	(11,759)	-
	Marginal relief	(8,434)	(6,626)
	Other tax adjustments	3,423	8,134
		<u>16,660</u>	<u>30,499</u>
	Current tax charge for the year	<u>286,613</u>	<u>(150,798)</u>

6 Profit for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows

	2011 £	2010 £
Holding company's profit for the financial year	<u>451,554</u>	<u>242,504</u>

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

7	Dividends	2011	2010
		£	£
	Ordinary interim paid	<u>454,205</u>	<u>217,099</u>
8	Intangible fixed assets Group	Goodwill	
		£	
	Cost		
	At 1 January 2011 & at 31 December 2011	<u>955,942</u>	
	Amortisation		
	At 1 January 2011	411,425	
	Charge for the year	<u>47,797</u>	
	At 31 December 2011	<u>459,222</u>	
	Net book value		
	At 31 December 2011	<u>496,720</u>	
	At 31 December 2010	<u>544,517</u>	

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

9 Tangible fixed assets

Group

	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2011	797,548	288,411	-	1,085,959
Additions	20,268	304	7,100	27,672
At 31 December 2011	817,816	288,715	7,100	1,113,631
Depreciation				
At 1 January 2011	708,351	217,148	-	925,499
Charge for the year	68,468	39,489	700	108,657
At 31 December 2011	776,819	256,637	700	1,034,156
Net book value				
At 31 December 2011	40,997	32,078	6,400	79,475
At 31 December 2010	89,199	71,262	-	160,461

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

	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Net book values				
At 31 December 2011	-	-	-	-
At 31 December 2010	3,579	-	-	3,579
Depreciation charge for the year				
31 December 2011	3,579	-	-	3,579
31 December 2010	18,545	-	-	18,545

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

Tangible fixed assets

Company

	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2011	342,214	167,872	510,086
Additions	8,978	-	8,978
At 31 December 2011	351,192	167,872	519,064
Depreciation			
At 1 January 2011	261,048	128,891	389,939
Charge for the year	65,155	22,627	87,782
At 31 December 2011	326,203	151,518	477,721
Net book value			
At 31 December 2011	24,989	16,354	41,343
At 31 December 2010	81,166	38,981	120,147

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

	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Net book values			
At 31 December 2011	-	-	-
At 31 December 2010	3,579	-	3,579
Depreciation charge for the year			
31 December 2011	3,579	-	3,579
31 December 2010	18,545	-	18,545

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

10 Fixed asset investments

Company

	Shares in group undertakings £
Cost	
At 1 January 2011	517,078
Additions	2
At 31 December 2011	517,080
Net book value	
At 31 December 2011	517,080
At 31 December 2010	517,078

In the opinion of the the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
HCD Building Control Limited	UK	Ordinary	100 00
HCD Management Limited	UK	Ordinary	100 00
HCD Eng Limited	UK	Ordinary	100 00
HCD Specialist Services Limited	UK	Ordinary	100 00

The principal activity of these undertakings for the last relevant financial year was as follows

	Principal activity
HCD Building Control Limited	Building approval inspectors
HCD Management Limited	Construction project management
HCD Eng Limited	Consultant structural engineering
HCD Specialist Services Limited	Construction industry regulatory audits

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

11 Debtors

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade debtors	1,323,755	1,456,543	-	-
Amounts recoverable on long term contracts	65,040	123,500	-	-
Amounts owed by group undertakings	-	-	11,423	799,525
Other debtors	38,435	52,102	28,429	31,948
Prepayments and accrued income	107,008	95,863	29,025	26,705
Deferred tax asset (see note 21)	15,449	4,989	5,901	-
	<u>1,549,687</u>	<u>1,732,997</u>	<u>74,778</u>	<u>858,178</u>

12 Creditors . amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts	168,886	458,889	168,886	445,601
Net obligations under finance lease and hire purchase contracts	-	16,191	-	16,191
Trade creditors	54,929	90,055	17,952	20,168
Amounts owed to group undertakings	-	-	234,875	609,523
Corporation tax	298,372	150,799	64,796	52,314
Taxes and social security costs	413,999	435,689	11,429	25,851
Directors current accounts	3,119	48,257	3,119	48,257
Other creditors	14,940	-	-	-
Accruals and deferred income	176,722	85,235	73,637	46,812
	<u>1,130,967</u>	<u>1,285,115</u>	<u>574,694</u>	<u>1,264,717</u>

Net obligations under finance leases and hire purchase contracts

Repayable within one year	-	16,191	-	16,191
	<u>-</u>	<u>16,191</u>	<u>-</u>	<u>16,191</u>

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

13 Creditors : amounts falling due after more than one year

	Group 2011 £	2010 £	Company 2011 £	2010 £
Bank loans	25,190	186,552	25,190	186,552
Analysis of loans				
Wholly repayable within five years	188,428	365,880	188,428	365,880
Included in current liabilities	(163,238)	(179,328)	(163,238)	(179,328)
	25,190	186,552	25,190	186,552
Loan maturity analysis				
In more than one year but not more than two years				
	25,190	179,328	25,190	179,328
In more than two years but not more than five years				
	-	7,224	-	7,224

The overdraft and bank loans are secured by personal guarantees from the directors A H Dyer, J D Butler and N G J Cole and a guarantee and debenture from HCD Group Limited and its subsidiaries, HCD Engineering Limited, HCD Building Control Limited, HCD Specialist Services Limited and HCD Management Limited

14 Provisions for liabilities

The deferred tax asset (included in debtors, note 11) is made up as follows

	Group 2011 £	Company 2011 £
Balance at 1 January 2011	(4,989)	8,447
Profit and loss account	(10,460)	(14,348)
Balance at 31 December 2011	(15,449)	(5,901)

	Group 2011 £	2010 £	Company 2011 £	2010 £
Decelerated capital allowances	(15,449)	(4,989)	(5,901)	8,447

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

15 Pension and other post-retirement benefit commitments

Defined contribution

	2011 £	2010 £
Contributions payable by the group for the year	<u>14,791</u>	<u>6,666</u>

16 Share-based payment transactions

At the year end the company had one share option scheme in place. The 3,000 Enterprise Management Incentive Options are exercisable upon achieving certain turnover and profit margin targets. The estimated fair value of the share options at the balance sheet date are £0.01. The exercise price is considered by the directors to equate to the fair value of the shares at the grant date. The total recognised expense relating to share based payments in 2011 was £6 (2010: £66).

Further details of the share option plans are as follows:

	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	2011	2011 £	2010	2010 £
At 1 January 2011	3,000	-	39,000	-
Granted	-	-	6,000	-
Forfeited	-	-	(9,000)	-
Exercised	-	0.01	(33,000)	0.01
Outstanding at 31 December 2010	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>-</u>

17 Share capital

	2011 £	2010 £
Allotted, called up and fully paid		
336,000 Ordinary Shares of £0.01 each	<u>3,360</u>	<u>3,360</u>

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

18 Statement of movements on reserves Group

	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2011	90	991,824
Profit for the year	-	762,128
Share based payment transactions	-	6
Dividends paid	-	(454,205)
Balance at 31 December 2011	90	1,299,753

Other reserves

Capital redemption reserve

Balance at 1 January 2011 & at 31 December 2011	90
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Company

	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2011	90	32,838
Profit for the year	-	451,554
Share based payment transactions	-	6
Dividends paid	-	(454,205)
Balance at 31 December 2011	90	30,193

Other reserves

Capital redemption reserve

Balance at 1 January 2011 & at 31 December 2011	90
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HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

19 Reconciliation of movements in shareholders' funds		
	2011	2010
Group	£	£
Profit for the financial year	762,128	295,483
Dividends	(454,205)	(217,099)
	<u>307,923</u>	<u>78,384</u>
Proceeds from issue of shares	-	240
Share based payment transactions	6	66
Purchase of own shares	-	(18,060)
	<u>307,929</u>	<u>60,630</u>
Net addition to shareholders' funds	307,929	60,630
Opening shareholders' funds	995,274	934,644
	<u>1,303,203</u>	<u>995,274</u>
Company	2011	2010
	£	£
Profit for the financial year	451,554	242,504
Dividends	(454,205)	(217,099)
	<u>(2,651)</u>	<u>25,405</u>
Proceeds from issue of shares	-	240
Share based payment transactions	6	66
Purchase of own shares	-	(18,060)
	<u>(2,645)</u>	<u>7,651</u>
Net (depletion in)/addition to shareholders' funds	(2,645)	7,651
Opening shareholders' funds	36,288	28,637
	<u>33,643</u>	<u>36,288</u>

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

20 Financial commitments

At 31 December 2011 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2011	2010	2011	2010
	£	£	£	£
Expiry date				
Within one year	26,587	45,592	1,803	60,798
Between two and five years	190,033	185,240	153,301	36,711
	<u>216,620</u>	<u>230,832</u>	<u>155,104</u>	<u>97,509</u>

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2011	2010	2011	2010
	£	£	£	£
Expiry date				
Within one year	-	-	-	6,945
Between two and five years	85,000	85,000	13,678	-
	<u>85,000</u>	<u>85,000</u>	<u>13,678</u>	<u>6,945</u>

21 Directors' remuneration

	2011	2010
	£	£
Remuneration	<u>135,761</u>	<u>180,359</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2010 - 4)

HCD GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

22 Employees

Number of employees

The average weekly number of employees (including directors) during the year was

	2011 Number	2010 Number
Directors	5	5
Technical	47	51
Operational	32	27
	<u>84</u>	<u>83</u>

Employment costs

	2011 £	2010 £
Wages and salaries	3,091,700	2,903,747
Social security costs	366,089	336,028
Other pension costs	14,791	6,666
	<u>3,472,580</u>	<u>3,246,441</u>

23 Related party transactions

Group

Transactions with other companies within the group have not been disclosed as the company has taken advantage of FRS8 (Related Party Transactions)

During the year the group occupied premises owned by The Amigos Partnership, of which certain directors of the company and their wives are partners. Rent of £85,000 (2010 £85,000) was paid to the partnership during the year. No balances were outstanding at the year end.

During the year HCD Building Control, a subsidiary of HCD Group Limited, also occupied premises owned by a partnership in which certain directors of the company are partners. Rent of £28,488 (2010 £28,488) was paid to the partnership during the year. No balances were outstanding at the year end.