

Registrar

Company Registration No. 486396 (England and Wales)

DONVALE HOLDINGS LIMITED

REPORTS AND FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2005



A34
COMPANIES HOUSE

AYABUEYZ

598
28/04/2006

DONVALE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	D L Fletcher B E Bell
Secretary	B E Bell
Company number	486396
Registered office	Telegraph House High Street Sheffield S1 2GA
Auditors	Barber Harrison & Platt 2 Rutland Park SHEFFIELD S10 2PD
Bankers	The Royal Bank of Scotland plc 747 Attercliffe Road Sheffield S9 3RF
Solicitors	Bell & Buxton Telegraph House High Street Sheffield S1 2GA

DONVALE HOLDINGS LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Statement of total recognised gains and losses	5
Balance sheet	6
Cash flow statement	7
Notes to the cash flow statement	8
Notes to the financial statements	9 - 16

DONVALE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2005

The directors present their report and financial statements for the year ended 30 September 2005.

Principal activities and review of the business

Following the demerger of its former trading subsidiary, G & J Hall Limited on 13 December 2004, the company is now purely an investment company.

The directors regard the financial position of the company to be satisfactory.

Results and dividends

The results for the year are set out on page 4.

Dividends paid in the year include a dividend in specie of £2,111,827 being the transfer of the whole of the shares in G & J Hall Limited.

Interim ordinary dividends paid in the year amounted to £230,720.

Future developments

The directors do not foresee any significant change in the company's position during the coming year.

Directors

The following directors have held office since 1 October 2004:

D L Fletcher	
B E Bell	
W N Edwards	(Resigned 13 December 2004)
J R Edwards	(Resigned 13 December 2004)
P D Edwards	(Resigned 13 December 2004)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	30 September 2005	1 October 2004
D L Fletcher	-	-
B E Bell	-	-

At 1 October 2004, D L Fletcher and B E Bell had a non beneficial interest in 1,904,000 shares of the company in their capacity as trustees of two family settlements.

The interests of the directors in the shares of the parent undertaking, R H Trustees Limited are disclosed in that company's financial statements.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Barber Harrison & Platt be reappointed as auditors of the company will be put to the Annual General Meeting.

DONVALE HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005


Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 proper accounting records which 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 1985. 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.

By order of the board



~~B E Bell~~

Secretary

6 February 2006

DONVALE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DONVALE HOLDINGS LIMITED

We have audited the financial statements of Donvale Holdings Limited on pages 4 to 16 for the year ended 30 September 2005. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

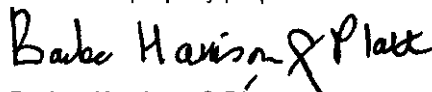
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Qualified opinion arising from the omission of information required by Financial Reporting Standard 17.

As explained in note 10, the financial statements do not comply with the transitional arrangements of FRS 17 - 'Retirement Benefits' which require that various disclosures are made this year.

Except for the failure to provide the information required by FRS 17, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 September 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Barber Harrison & Platt
Chartered Accountants
Registered Auditors

6 February 2006
2 Rutland Park
SHEFFIELD
S10 2PD

DONVALE HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2005

	Notes	2005 £	2004 £
Turnover	2	-	208,000
Administrative expenses		(87,358)	(367,764)
Operating loss	3	(87,358)	(159,764)
Pension provision released to profit		75,000	-
Loss on ordinary activities before investment income and interest		(12,358)	(159,764)
Investment income	4	442,810	407,810
Other interest receivable and similar income		28,475	32,652
Profit on ordinary activities before taxation		458,927	280,698
Tax credit/(charge) on profit on ordinary activities	5	22,067	(49,451)
Profit on ordinary activities after taxation		480,994	231,247
Extraordinary item	6	(139,472)	-
Profit for the year		341,522	231,247
Dividends	7	(2,342,547)	(235,200)
Retained loss for the year	13	(2,001,025)	(3,953)

DONVALE HOLDINGS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 SEPTEMBER 2005

	2005 £	2004 £
Profit for the financial year	341,522	231,247
Unrealised surplus on investments	2,090,798	705,962
Total recognised gains and losses relating to the year	<u>2,432,320</u>	<u>937,209</u>

Note of historical cost profits and losses

	2005 £	2004 £
Reported profit on ordinary activities before taxation	458,927	280,698
Realisation of investment revaluation gains/(losses) of previous years	577,415	(237,743)
Historical cost profit on ordinary activities before taxation	<u>1,036,342</u>	<u>42,955</u>
Historical cost loss for the year retained after taxation, extraordinary items and dividends	<u>(1,423,610)</u>	<u>(241,696)</u>

DONVALE HOLDINGS LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Investments	8	13,113,834		12,661,342	
Current assets					
Debtors	9	30,802		33,017	
Cash at bank and in hand		689,945		1,194,854	
		<u>720,747</u>		<u>1,227,871</u>	
Creditors: amounts falling due within one year	10	<u>(49,319)</u>		<u>(118,724)</u>	
Net current assets		671,428		1,109,147	
Total assets less current liabilities		13,785,262		13,770,489	
Provisions for liabilities and charges		-		(75,000)	
		<u>13,785,262</u>		<u>13,695,489</u>	
Capital and reserves					
Called up share capital	12	2,240,000		2,240,000	
Revaluation reserve	13	1,441,309		(72,074)	
Profit and loss account	13	10,103,953		11,527,563	
Shareholders' funds - equity interests	14	<u>13,785,262</u>		<u>13,695,489</u>	

The financial statements were approved by the Board on 6 February 2006



D L Fletcher
Director

DONVALE HOLDINGS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2005

	£	2005 £	£	2004 £
Net cash outflow from operating activities		(82,182)		(154,785)
Returns on investments and servicing of finance				
Interest received	99,385		34,336	
Dividends received	274,825		243,306	
Net cash inflow for returns on investments and servicing of finance		374,210		277,642
Taxation		(1,019)		(478)
Capital expenditure and financial investment				
Payments to acquire investments	(1,828,508)		(2,134,489)	
Demerger costs	(139,472)		-	
Receipts from sales of tangible assets	-		27,463	
Receipts from sales of investments	1,452,062		2,765,890	
Net cash (outflow)/ inflow for financial investment		(515,918)		658,864
Equity dividends paid		(280,000)		(244,160)
(Decrease)/increase in cash in the year		(504,909)		537,083

DONVALE HOLDINGS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2005

1	Reconciliation of operating loss to net cash outflow from operating activities	2005 £	2004 £
	Operating loss	(87,358)	(159,764)
	Depreciation of tangible assets	-	25,403
	Decrease in debtors	27,890	(4,973)
	Decrease in creditors within one year	(22,714)	(15,451)
	Net cash outflow from operating activities	(82,182)	(154,785)

2	Analysis of net funds	1 October 2004 £	Cash flow £	Other non-cash changes £	30 September 2005 £
	Net cash:				
	Cash at bank and in hand	1,194,854	(504,909)	-	689,945
	Bank deposits	-	-	-	-
	Net funds	1,194,854	(504,909)	-	689,945

3	Reconciliation of net cash flow to movement in net funds	2005 £	2004 £
	(Decrease)/increase in cash in the year	(504,909)	537,083
	Movement in net funds in the year	(504,909)	537,083
	Opening net funds	1,194,854	657,771
	Closing net funds	689,945	1,194,854

DONVALE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of investments.

1.2 Turnover

Turnover represents amounts receivable for services net of VAT.

1.3 Investments

Listed investments are valued at middle market prices.

Shares in subsidiary companies are revalued to take account of the net asset values attributable to the shareholdings at the balance sheet date.

1.4 Pensions

Defined Benefit Scheme

Contributions are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the company. Variations from regular cost which are identified as a result of actuarial valuations, are amortised over the average remaining working lives of employees. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

1.5 Deferred taxation

There is no potential liability to taxation arising on the revaluation of investments due to unrelieved capital losses.

1.6 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Turnover

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

3 Operating loss

	2005 £	2004 £
Operating loss is stated after charging:		
Depreciation of tangible assets	-	25,403
Operating lease rentals		
- Plant and machinery	-	15,589
Auditors' remuneration	11,456	9,525

DONVALE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

4	Investment income	2005	2004
		£	£
	Income from listed investments	328,393	290,432
	Profit on disposal of listed investments	97,075	162,820
	Fund managers charges	(52,306)	(45,442)
	Loan interest	69,648	-
		<u>442,810</u>	<u>407,810</u>
5	Taxation	2005	2004
		£	£
	Domestic current year tax		
	U.K. corporation tax	3,608	-
	Adjustment for prior years	(25,675)	(49)
	Current tax credit	<u>(22,067)</u>	<u>(49)</u>
	Deferred tax		
	Deferred tax charge/credit current year	-	49,500
		<u>(22,067)</u>	<u>49,451</u>
	Factors affecting the tax credit for the year		
	Profit on ordinary activities before taxation	<u>458,927</u>	<u>280,698</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	<u>137,678</u>	<u>84,209</u>
	Effects of:		
	Non deductible expenses	(6,808)	15,174
	Depreciation add back	-	7,621
	Capital allowances	-	(35,368)
	Unrelieved losses	-	62,090
	Double taxation relief	(1,656)	-
	Adjustments to previous periods	(25,675)	(49)
	Profits on disposals of investments not chargeable	(29,123)	(48,846)
	Dividends and distributions received	(96,483)	(84,880)
		<u>(159,745)</u>	<u>(84,258)</u>
	Current tax credit	<u>(22,067)</u>	<u>(49)</u>

DONVALE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

6	Extraordinary item	2005	2004
		£	£
	Demerger costs	139,472	-
		<u>139,472</u>	<u>-</u>
7	Dividends	2005	2004
		£	£
	Dividend in specie paid 13 December 2004	2,111,827	-
	Ordinary interim paid 14 January 2005	49,280	38,080
	Ordinary interim paid 24 March 2005	60,480	49,280
	Ordinary interim paid 23 June 2005	60,480	49,280
	Ordinary interim paid 26 September 2005	60,480	49,280
	Ordinary final proposed	-	49,280
		<u>2,342,547</u>	<u>235,200</u>

The dividend in specie arises on the demerger of G & J Hall Limited.

DONVALE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

8 Fixed asset investments

	Listed investments £	Shares in group undertakings £	Loans £	Total £
Cost or valuation				
At 1 October 2004	9,428,015	2,111,827	1,121,500	12,661,342
Additions	1,828,508	-	1,121,500	2,950,008
Revaluation	2,090,798	-	-	2,090,798
Disposals	(1,354,987)	(2,111,827)	(1,121,500)	(4,588,314)
	<u>11,992,334</u>	<u>-</u>	<u>1,121,500</u>	<u>13,113,834</u>
At 30 September 2005				
	<u>11,992,334</u>	<u>-</u>	<u>1,121,500</u>	<u>13,113,834</u>
Historical cost	<u>10,551,025</u>	<u>-</u>	<u>1,121,500</u>	<u>11,672,525</u>

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	Shares held Class	%
Subsidiary undertakings			
Henry Eadon & Sons Limited	England	Ordinary	100.00
Kenyon Bros & Co Limited	England	Ordinary	100.00
Mifas Knife and Tool Co Limited	England	Ordinary	100.00
Donvale Steels Limited	England	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves 2005 £	Profit for the year 2005 £
	Principal activity		
Henry Eadon & Sons Limited	Dormant	316,448	-
Kenyon Bros & Co Limited	Dormant	193,350	-
Mifas Knife and Tool Co Limited	Dormant	31,022	-
Donvale Steels Limited	Dormant	37,494	-
		<u>578,314</u>	<u>-</u>

Shares in these subsidiaries are valued at £578,314 (historical cost £103,860) and this amount is balanced by an equal sum due to the subsidiaries.

DONVALE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

9 Debtors	2005	2004
	£	£
Amounts owed by G & J Hall Limited	25,675	27,463
Tax recoverable	527	527
Prepayments and accrued income	4,600	5,027
	<u>30,802</u>	<u>33,017</u>
10 Creditors: amounts falling due within one year	2005	2004
	£	£
Trade creditors	-	5,464
Taxation and social security	3,995	16,421
Accruals and deferred income	45,324	47,559
Proposed dividend	-	49,280
	<u>49,319</u>	<u>118,724</u>

DONVALE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

11 Pension costs

The company operated a pension scheme providing benefits based on final pensionable pay for group staff employees up to 31 July 1999 but this is now a closed fund. The assets of the scheme are held separately from those of the company, being invested with an insurance company. The insurance contract is with profits and is invested in a mix of backing assets. A bonus rate is declared each year which takes into account the return earned on the backing assets. Future rates of bonus are not guaranteed. Regular funding reviews are carried out by a qualified actuary employed by the insurance company and contribution rates are adjusted accordingly.

The employer's contribution rate for the scheme is calculated using the method known as the "Projected Accrued Benefit Method". This is a standard method of funding which is described in the actuarial guidance note "GN26 : Pension Fund Terminology" published jointly by the Faculty and Institute of Actuaries. Under this method, the value of the scheme's assets are compared with the cost of providing members' retirement benefits. The balance of cost is met by the employer and expressed as an annual payment.

The pension scheme charge for the year in respect of this scheme was £nil (2004 : £nil). The 2004 pension provision of £75,000 has been released to profit during the year.

The latest actuarial valuation of the scheme was carried out as at 1 August 2004. The value of the scheme assets at the valuation date was £1,976,000 representing 119% of the value of the scheme liabilities to the deferred members. The value placed on the assets by the Actuary was the surrender value of the insurance policy.

The directors have carefully considered the provisions of Financial Reporting Standard 17 and the *transitional arrangements which require that various disclosures are made for both this year and last year*. As explained above, the company is the principal employer of a defined benefit scheme which is now closed, its members being entitled to deferred benefits. The company takes regular actuarial advice concerning the financial status of the scheme and required contribution levels. The most recent actuarial advice received is that the scheme is adequately funded and has sufficient assets to meet liabilities on an ongoing paid-up basis. The company's policy is to act on actuarial advice received and to meet funding deficits if and when these arise. In view of this and the status of the scheme the directors consider that there would be no material benefit in complying with FRS 17 for this and future accounting periods.

12 Share capital

	2005 £	2004 £
Authorised		
2,240,000 Ordinary shares of £1 each	2,240,000	2,240,000
Allotted, called up and fully paid		
2,240,000 Ordinary shares of £1 each	2,240,000	2,240,000

DONVALE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

13 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 October 2004	(72,074)	11,527,563
Retained loss for the year	-	(2,001,025)
Transfer from revaluation reserve to profit and loss account	(577,415)	577,415
Revaluation during the year	2,090,798	-
	<u>1,441,309</u>	<u>10,103,953</u>
Balance at 30 September 2005	<u>1,441,309</u>	<u>10,103,953</u>

14 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial year	341,522	231,247
Dividends	(2,342,547)	(235,200)
	<u>(2,001,025)</u>	<u>(3,953)</u>
Other recognised gains and losses	2,090,798	705,962
	<u>89,773</u>	<u>702,009</u>
Net addition to shareholders' funds	89,773	702,009
Opening shareholders' funds	13,695,489	12,993,480
	<u>13,785,262</u>	<u>13,695,489</u>
Closing shareholders' funds	<u>13,785,262</u>	<u>13,695,489</u>

15 Directors' emoluments

	2005 £	2004 £
Emoluments for qualifying services	<u>40,854</u>	<u>196,482</u>

DONVALE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

16 Employees

Number of employees

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

2005 Number	2004 Number
2	4

Employment costs

	2005 £	2004 £
Wages and salaries	40,854	187,561
Social security costs	2,498	27,998
Other pension costs	-	5,335
	43,352	220,894

17 Control

The company is a wholly owned subsidiary of R H Trustees Limited, a company registered in England.