

DSF Holdings Limited
Annual report
for the year ended 31 May 2005

Registered Number SC239681



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DSF Holdings Limited

Annual report for the year ended 31 May 2005

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DSF Holdings Limited

Directors and Advisors for the year ended 31 May 2005

Directors

G M Bell (Chairman)

P Beam (appointed 1 June 2005)

J Catterall (resigned 31 March 2005)

P M Hutchinson

N A Parkin

C Whelpton (appointed 1 June 2005)

R Whitehurst

Secretary and registered office

Burness LLP

50 Lothian Road

Festival Square

EDINBURGH

EH3 9WJ

Independent auditors

PricewaterhouseCoopers LLP

Kintyre House

209 West George Street

GLASGOW

G2 2LW

Solicitors

Burness LLP

50 Lothian Road

Festival Square

EDINBURGH

EH3 9WJ

Bankers

Bank of Scotland

The Mound

EDINBURGH

EH1 1YZ

DSF Holdings Limited

Directors' report for the year ended 31 May 2005

The directors present their annual report for the year ended 31 May 2005.

Principal activities

The principal activity of the company is that of a holding company for DSF (2003) Limited.

Review of business

The only activity during the year was repayment of interest on the bank loan.

Results and dividends

The company's profit on ordinary activities after taxation for the year of £80,560 has been transferred to reserves. The directors do not propose the payment of a dividend.

Directors and their interests

The interests of the directors of the company in the shares of the company at 1 June 2004 and 31 May 2005 were:

Ordinary shares of £1 each	2005	2004
	Number	Number
G M Bell	62,500	62,500
N A Parkin	50,000	50,000
P Hutchinson	17,500	17,500
R Whitehurst	20,000	20,000

Other than shown in the table above no director had any interest in the shares or debentures of the company.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 May 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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.

DSF Holdings Limited

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board



Phil Bearn

Director

4 October 2005

DSF Holdings Limited

Independent auditors' report to the members of DSF Holdings Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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, 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 May 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Glasgow

4 October 2005

DSF Holdings Limited

Profit and loss account for the year ended 31 May 2005

	Note	2005 £	2004 £
Administration expenses		(1)	(236,563)
Operating loss	1	(1)	(236,563)
Income from shares in group undertakings		380,000	745,244
Profit before interest		379,999	508,681
Interest receivable		-	621
Interest payable and similar charges	4	(379,999)	(294,687)
Profit on ordinary activities before taxation		-	214,615
Taxation	5	80,560	159,189
Retained profit for the financial year	11	80,560	373,804

All items dealt with in arriving at the operating loss above relate to continuing operations.

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the result on ordinary activities before taxation and the result for the financial year stated above and their historical cost equivalent.

DSF Holdings Limited

Balance sheet as at 31 May 2005

	Note	2005 £	2004 £
Fixed assets			
Investments	6	3,585,031	3,585,031
		3,585,031	3,585,031
Current assets			
Debtors	7	509,622	387,478
		509,622	387,478
Creditors: amounts falling due within one year	8	(811,416)	(594,832)
Net current liabilities		(301,794)	(207,354)
Total assets less current liabilities		3,283,237	3,377,677
Creditors: amounts falling due after more than one year	9	(2,500,000)	(2,675,000)
Net assets		783,237	702,677
Capital and reserves			
Called up share capital	10	173,250	173,250
Share premium account	11	155,624	155,624
Profit and loss account	11	454,363	373,803
Equity shareholders' funds	12	783,237	702,677

The financial statements on pages 6 to 12 were approved by the board of directors on 4 October 2005 and were signed on its behalf by:



Phil Bearn
Director

DSF Holdings Limited

Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of certain fixed assets.

Consolidated financial statements

The company has not prepared group financial statements. It is exempt from the requirement to do so by Section 248 of the Companies Act.

Cash flow statement

The company has not prepared a cash flow statement as the company qualifies as a small company.

Investments

Fixed asset investments are stated at cost, subject to periodic valuations based on the underlying assets supporting these investments.

Interest and finance costs

Interest on borrowings and associated finance costs are charged to the profit and loss account over the loan term at a constant rate based on the carrying value of the loan.

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Notes to the financial statements for the year ended 31 May 2005

1. Operating loss

The auditors' remuneration is paid by DSF Refractories and Minerals Limited.

2. Directors' emoluments

There were no emoluments paid to directors during the year to 31 May 2005 (2004: £nil).

3. Employee information

Other than the directors, the company had no employees during the year to 31 May 2005 (2004: none).

4. Interest payable and similar charges

	2005 £	2004 £
Interest payable on bank loans and overdrafts	227,999	171,087
Loan redemption premium	152,000	123,600
	379,999	294,687

5. Taxation

	2005 £	2004 £
Current tax		
Group relief receivable from other Group company	80,560	159,189
Tax on profit on ordinary activities	80,560	159,189

DSF Holdings Limited

5. Taxation (continued)

A reconciliation of the effective tax rate for the current year tax credit is set out below:

	2005 £	2004 £
Profit on ordinary activities before tax	-	214,615
Profit on ordinary activities multiplied by corporation tax rate of 30%	-	64,385
Effects of:		
Group relief surrendered	33,440	-
Dividend received from other Group company	(114,000)	(223,574)
Current tax credit for the year	(80,560)	(159,189)

6. Investments

Interest in subsidiary undertakings	2005 £	2004 £
Cost at 31 May	3,585,031	3,585,031

Subsidiary undertaking

Name of undertaking	Country of registration	Description of shares	Proportion of nominal value
DSF Refractories & Minerals Limited	Scotland	Ordinary shares of £1 each	100%
DSF 2003 Limited	Scotland	Ordinary shares of £1 each	100%
		A Ordinary shares of £1 each	
Heat Containment Industries Limited	Scotland	Ordinary share of £1	100%

The main activity of DSF Refractories and Minerals Limited is mineral processing and the manufacture of refractory products for use in the steel, glass, cement and other industries. DSF 2003 Limited operates as a holding company. Heat Containment Industries Limited is a dormant company.

At 31 May 2005 the aggregate share capital and reserves of DSF (2003) Limited was £1,345,331 and its retained profit for the year to that date was £nil. At 31 May 2005 the aggregate share capital and reserves of DSF Refractories & Minerals Limited was £4,596,925.

DSF Holdings Limited

7. Debtors

	2005 £	2004 £
Amounts owed by group undertakings	509,622	387,357
Prepayments and accrued income	-	121
	509,622	387,478

8. Creditors: amounts falling due within one year

	2005 £	2004 £
Bank term loan and overdraft (note 9)	646,702	428,469
Amounts owed to group undertakings	28,272	28,272
Accruals and deferred income	136,442	138,091
	811,416	594,832

9. Creditors: amounts falling due after more than one year

	2005 £	2004 £
Bank borrowings	2,500,000	2,675,000
Maturity of debt		
Within one year	175,000	375,000
Within two to five years	2,500,000	2,675,000
	2,675,000	3,050,000

The bank borrowings are repayable in instalments, and together with the bank overdraft are secured by a floating charge over the assets of the company. Interest on the term loan is charged at 2.5% over Bank of Scotland base rate, interest on the mezzanine loan is charged at 3.5% over the Bank of Scotland base rate. The mezzanine debt is also subject to a redemption premium giving the bank an effective interest rate of 25%.

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10. Called up share capital

	2005 £	2004 £
Authorised		
175,000 ordinary shares of £1 each	175,000	175,000
Allotted, called up and fully paid		
173,250 ordinary shares of £1 each	173,250	173,250

11. Reserves

	Share Premium £	Profit and loss account £
At 1 June 2004	155,624	373,803
Profit for the financial year	-	80,560
At 31 May 2005	155,624	454,363

12. Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Opening shareholders' funds	702,677	-
Shares issued	-	173,249
Premium paid on shares issued	-	155,624
Profit for year	80,560	373,804
Closing shareholders' funds	783,237	702,677

13. Contingent liabilities

The company is a participant in a group banking arrangement with DSF (2003) Limited and DSF Refractories and Minerals Limited. Group borrowings are secured by a fixed and floating charge over the assets of all group companies.