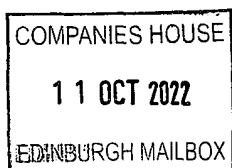


Company Registration No. SC239681 (Scotland)

DSF HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022



DSF HOLDINGS LIMITED

COMPANY INFORMATION

Directors	G M Bell P A Bearn P M Hutchinson N A Parkin C J Whelpton C J Windle J R Flower M R Handley
Secretary	P A Bearn Burness Paul LLP
Company number	SC239681
Registered office	50 Lothian Road Edinburgh Midlothian Scotland EH3 9WJ
Auditor	Hart Shaw LLP Europa Link Sheffield Business Park Sheffield S9 1XU
Business address	Friden Newhaven Buxton Derbyshire SK17 0DX
Solicitors	Burness Paul LLP 50 Lothian Road Edinburgh Midlothian Scotland EH3 9WJ

DSF HOLDINGS LIMITED

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DSF HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2022

The directors present the strategic report for the year ended 31 May 2022.

Fair review of the business

The year to 31 May 2022 has been a profitable year for DSF despite the challenges posed in the year by Covid-19 and increasing raw material and energy costs. This has been achieved through the implementation of price increases reflecting the increase in the cost base and by a focus on supplying high quality products, diversifying into new markets and capitalising upon DSF's technical expertise.

Principal risks and uncertainties

The group's operations expose it to a variety of financial risks that include the effects of currency risk, credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group.

(i) Currency risk

The group is exposed to currency risk as a result of its operations. Currently the group operates a natural hedge with specific hedging on large forward contracts.

(ii) Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made.

(iii) Liquidity risk

The group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the group has sufficient available funds for operations and planned expansions.

Development and performance

The group is still seeing strong demand particularly within container glass with a full order book in many areas until 2023. As such the directors are confident that the group's operating profit will continue into 2023 alongside continued investment in new products despite the cost increases that are currently being seen.

Key performance indicators

The directors consider that the group's key performance indicators are those that communicate the financial performance and strength of the group as a whole, being turnover, gross margin, EBITDA, weekly sales orders by value, weekly tonnes produced by route, on time delivery performance as a percentage of all deliveries, absolute scrap value and cash headroom.

On behalf of the board



P A Bearn
Director

28 September 2022

DSF HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2022

The directors present their annual report and financial statements for the year ended 31 May 2022.

Principal activities

The principal activities of the group are the manufacture of refractory products for use in the glass industry and other high temperature industrial applications and the processing of minerals.

The principal activity of the company is that of a holding company.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

G M Bell
P A Bearn
P M Hutchinson
N A Parkin
C J Whelpton
C J Windle
J R Flower
M R Handley

Research and development

The group carries out its own research and development projects to improve and extend its product range.

Auditor

In accordance with the company's articles, a resolution proposing that Hart Shaw LLP be reappointed as auditor of the group will be put at a General Meeting.

DSF HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2022

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 group and company, 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 and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually 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 auditor of the company is aware of that information.

On behalf of the board



P A Bearn
Director

28 September 2022

DSF HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DSF HOLDINGS LIMITED

Opinion

We have audited the financial statements of DSF Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2022 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 May 2022 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

DSF HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DSF HOLDINGS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We have assessed the overall susceptibility of the financial statements to material misstatement as low because the nature of the business does not particularly lend itself to fraud. Our audit plan identified certain significant risks and our audit work was targeted to ensure it was capable of detecting any irregularities, including fraud, created by those risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly followed auditing standards.

DSF HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DSF HOLDINGS LIMITED

At the planning stage we identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management, as required by auditing standards. The potential effect of any laws and regulation on the financial statements can vary considerably. There are laws and regulations that directly affect the financial statements (e.g. the Companies Act) as well as many other operational laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. Owing to the size, nature and complexity of the organisation and the applicable laws and regulations to which it must adhere, the risk of material misstatement was deemed to be low, therefore the procedures performed by the audit team were limited to:

- Communicating identified laws and regulations at planning throughout the audit team to remain alert to any indications of non-compliance throughout the audit.
- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as non-compliance with laws and regulations.
- Reviewing minutes of Directors' meetings charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Management override is the most likely way in which fraud might present itself and as such is inherently high risk on any audit. Management override, which may cause there to be a material misstatement within the financial statements, may present itself in a number of ways, for example:

- Override of internal controls (e.g., segregation of duties).
- Entering into transactions outside the normal course of business, especially with related parties.
- Presenting accounts on a going concern basis when they may not be.
- Fraudulent revenue recognition, including fictitious sales and sales being recorded in the wrong period.
- Presenting bias in accounting judgements and estimates, particularly ones that are key to the business.

In order to reduce the risk of material misstatement to an acceptable level, numerous audit procedures were performed including:

- Enquiries of management as to whether they had any knowledge of any actual or suspected fraud.
- Review of material journal entries made throughout the year as well as those made to prepare the financial statements.
- Reviewing the underlying rationale behind transactions in order to assess whether they were outside the normal course of business.
- Increased revenue substantive testing across all material income streams.
- Assessing whether management's judgements and estimates indicated potential bias, particularly those disclosed as key in note 2 to the financial statements that are more susceptible to management bias.
- Review of legal fees and correspondence with solicitors and regulators.
- Evaluating management's assessment of going concern

Revenue recognition is inherently high risk and as a result, substantive testing was performed across all revenue streams.

The group absorbs overheads into WIP and finished goods that are incurred in the production process. Judgement is applied in determining the appropriate overheads and rate to include based on knowledge of the production process. We assessed the absorption rate using previous years knowledge and current costs. We tested absorption rates for arithmetical accuracy and evaluated the validity, accuracy and completeness of the information used by management to calculate the rate of absorption.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected material misstatements in the financial statements, even though we have performed our audit in accordance with auditing standards. Furthermore, as with all audits, there is a higher risk of irregularities (especially those relating to fraud) being undetected, as these may involve the override of internal controls, collusion, intentional omissions and misrepresentations etc. We are not responsible for preventing non-compliance or fraud and therefore cannot be expected to detect all instances of such. Our audit was not designed to identify misstatements or other irregularities that would not be considered to be material to the financial statements.

DSF HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DSF HOLDINGS LIMITED

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



Martin McDonagh (Senior Statutory Auditor)
For and on behalf of Hart Shaw LLP

28 September 2022

Chartered Accountants
Statutory Auditor

Europa Link
Sheffield Business Park
Sheffield
S9 1XU

DSF HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MAY 2022

	Notes	2022 £	2021 £
Turnover	3	20,247,342	20,033,013
Cost of sales		(17,216,016)	(16,818,113)
Gross profit		3,031,326	3,214,900
Distribution costs		(1,717,165)	(1,368,673)
Administrative expenses		(1,092,731)	(1,174,921)
Other operating income		29,401	29,401
Operating profit	4	250,831	700,707
Interest payable and similar expenses	8	(164,973)	(90,044)
Profit before taxation		85,858	610,663
Tax on profit	9	2,310	(63,208)
Profit for the financial year		88,168	547,455
Other comprehensive income			
Actuarial gain on defined benefit pension schemes		1,000	27,000
Total comprehensive income for the year		89,168	574,455

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

DSF HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 MAY 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	10		2,517,171		2,791,403
Current assets					
Stocks	14	8,361,575		6,696,881	
Debtors	15	3,695,509		2,976,872	
Cash at bank and in hand		8,415		13,495	
		12,065,499		9,687,248	
Creditors: amounts falling due within one year	16	(6,761,012)		(5,221,706)	
Net current assets			5,304,487		4,465,542
Total assets less current liabilities			7,821,658		7,256,945
Creditors: amounts falling due after more than one year	17		(3,750,030)		(3,284,785)
Provisions for liabilities					
Deferred tax liability	18	215,800		205,500	
			(215,800)		(205,500)
Net assets			3,855,828		3,766,660
Capital and reserves					
Called up share capital	21		175,000		175,000
Share premium account			162,116		162,116
Profit and loss reserves			3,518,712		3,429,544
Total equity			3,855,828		3,766,660

The financial statements were approved by the board of directors and authorised for issue on 28 September 2022 and are signed on its behalf by:


 P A Beaman
 Director

DSF HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 MAY 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Investments	11		3,585,131		3,585,131
Current assets					
Cash at bank and in hand		47		6,209	
Creditors: amounts falling due within one year	16	(3,586,270)		(3,483,420)	
Net current liabilities			(3,586,223)		(3,477,211)
Total assets less current liabilities			(1,092)		107,920
Creditors: amounts falling due after more than one year	17		(231,818)		(313,636)
Net liabilities			(232,910)		(205,716)
Capital and reserves					
Called up share capital	21		175,000		175,000
Share premium account			162,116		162,116
Profit and loss reserves			(570,026)		(542,832)
Total equity			(232,910)		(205,716)

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £27,194 (2021 - £44,610 loss).

The financial statements were approved by the board of directors and authorised for issue on 28 September 2022 and are signed on its behalf by:


P A Bearn
Director

Company Registration No. SC239681

DSF HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2022

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 June 2020	175,000	162,116	2,855,089	3,192,205
Year ended 31 May 2021:				
Profit for the year	-	-	547,455	547,455
Other comprehensive income:				
Actuarial gains on defined benefit plans	-	-	27,000	27,000
Total comprehensive income for the year	-	-	574,455	574,455
Balance at 31 May 2021	175,000	162,116	3,429,544	3,766,660
Year ended 31 May 2022:				
Profit for the year	-	-	88,168	88,168
Other comprehensive income:				
Actuarial gains on defined benefit plans	-	-	1,000	1,000
Total comprehensive income for the year	-	-	89,168	89,168
Balance at 31 May 2022	175,000	162,116	3,518,712	3,855,828

DSF HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2022

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 June 2020	175,000	162,116	(498,222)	(161,106)
Year ended 31 May 2021:				
Loss and total comprehensive income for the year	-	-	(44,610)	(44,610)
Balance at 31 May 2021	175,000	162,116	(542,832)	(205,716)
Year ended 31 May 2022:				
Loss and total comprehensive income for the year	-	-	(27,194)	(27,194)
Balance at 31 May 2022	175,000	162,116	(570,026)	(232,910)

DSF HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MAY 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	24		(310,299)		75,693
Interest paid			(164,973)		(90,044)
Income taxes paid			(12,608)		-
Net cash outflow from operating activities			(487,880)		(14,351)
Investing activities					
Purchase of tangible fixed assets		(40,180)		(49,839)	
Proceeds on disposal of tangible fixed assets		1,250		625	
Net cash used in investing activities			(38,930)		(49,214)
Financing activities					
Proceeds from borrowings		1,000,000		1,000,000	
Repayment of borrowings		(576,720)		(425,827)	
Payment of finance leases obligations		(72,111)		(68,621)	
Net cash generated from financing activities			351,169		505,552
Net (decrease)/increase in cash and cash equivalents			(175,641)		441,987
Cash and cash equivalents at beginning of year			(757,482)		(1,199,469)
Cash and cash equivalents at end of year			(933,123)		(757,482)
Relating to:					
Cash at bank and in hand			8,415		13,495
Bank overdrafts included in creditors payable within one year			(941,538)		(770,977)

DSF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

1 Accounting policies

Company information

DSF Holdings Limited ("the company") is a private limited company, incorporated in Scotland. The registered office is 50 Lothian Road, Edinburgh, Midlothian, Scotland, EH3 9WJ.

The group consists of DSF Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company DSF Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 May 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

DSF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2022

1 Accounting policies

(Continued)

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	2% straight line
Plant and equipment	10-25% straight line
Motor vehicles	25% straight line

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

DSF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2022

1 Accounting policies

(Continued)

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Cost is calculated using the first in, first out method.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

DSF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

DSF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2022

1 Accounting policies

(Continued)

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

DSF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2022

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Valuation of stocks

The year end stock valuation includes the absorption of costs that are required to bring inventories to their present location and condition.

In making this judgement, management has considered the detailed criteria set out for the measurement of inventories under FRS102 Section 13, with particular emphasis placed on the allocation of production overheads.

Provisions to write stocks down to net realisable value

The group makes provisions for obsolescence, mark downs and shrinkage based on historical experiences and management estimates of future events. Actual outcomes could vary significantly from these estimates.

3 Turnover and other revenue

The whole of turnover is attributable to the principal activity of the group.

	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	9,034,786	8,219,022
Rest of Europe	4,781,077	6,294,045
Rest of the world	6,431,479	5,519,946
	<u>20,247,342</u>	<u>20,033,013</u>

DSF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2022

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(56,774)	(40,374)
Research and development costs	193,305	193,305
Government grants	(29,401)	(29,401)
Fees payable to the company's auditor for the audit of the company's financial statements	23,100	22,450
Depreciation of owned tangible fixed assets	378,549	436,980
Depreciation of tangible fixed assets held under finance leases	29,829	25,239
Profit on disposal of tangible fixed assets	(1,250)	(625)
Operating lease charges	229,876	125,387
	<u>229,876</u>	<u>125,387</u>

5 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	3,500	3,500
Audit of the financial statements of the company's subsidiaries	19,600	18,950
	<u>23,100</u>	<u>22,450</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Production	98	97	2	1
Selling and distribution	15	15	3	3
Administration	10	11	3	3
	<u>123</u>	<u>123</u>	<u>8</u>	<u>7</u>

DSF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2022

6 Employees

(Continued)

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	4,291,254	4,299,256	-	-
Social security costs	445,756	429,651	-	-
Pension costs	304,928	307,767	-	-
	<u>5,041,938</u>	<u>5,036,674</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	855,397	854,942
Company pension contributions to defined contribution schemes	101,995	94,862
	<u>957,392</u>	<u>949,804</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	163,518	163,883
Company pension contributions to defined contribution schemes	21,108	21,108
	<u>184,626</u>	<u>184,991</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 7 (2021 - 7).

8 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and loans	83,086	69,208
Other interest on financial liabilities	77,440	15,000
Interest on finance leases and hire purchase contracts	4,445	5,836
Other interest	2	-
	<u>164,973</u>	<u>90,044</u>

DSF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2022

9 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	-	12,608
Adjustments in respect of prior periods	(12,610)	-
Total current tax	(12,610)	12,608
Deferred tax		
Origination and reversal of timing differences	10,300	50,600
Total tax (credit)/charge	(2,310)	63,208

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	85,858	610,663
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	16,313	116,026
Tax effect of expenses that are not deductible in determining taxable profit	(5,681)	314
Unutilised tax losses carried forward	3,449	-
Adjustments in respect of prior years	(12,610)	-
Permanent capital allowances in excess of depreciation	33,807	(20,054)
Research and development tax credit	(49,109)	(47,746)
Short term timing differences	11,521	14,668
Taxation (credit)/charge	(2,310)	63,208

DSF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2022

10 Tangible fixed assets

Group	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 June 2021	1,294,502	9,301,243	83,970	10,679,715
Additions	-	124,491	9,655	134,146
Disposals	-	-	(16,373)	(16,373)
At 31 May 2022	1,294,502	9,425,734	77,252	10,797,488
Depreciation and impairment				
At 1 June 2021	588,628	7,243,687	55,997	7,888,312
Depreciation charged in the year	21,850	371,044	15,484	408,378
Eliminated in respect of disposals	-	-	(16,373)	(16,373)
At 31 May 2022	610,478	7,614,731	55,108	8,280,317
Carrying amount				
At 31 May 2022	684,024	1,811,003	22,144	2,517,171
At 31 May 2021	705,874	2,057,556	27,973	2,791,403

The company had no tangible fixed assets at 31 May 2022 or 31 May 2021.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2022 £	2021 £	Company 2022 £	2021 £
Plant and equipment	221,265	96,207	-	-
Motor vehicles	8,973	21,824	-	-
	230,238	118,031	-	-

Land and buildings, plant and machinery and motor vehicles were revalued at 1 January 1994 by Salisbury Hamer Aspen & Johnson, independent valuers not connected with the company on the depreciated replacement cost basis. No further revaluations have taken place, with a revaluation policy on assets no longer in place.

The following assets are carried at valuation. If the assets were measured using the cost model, the carrying amounts would be as follows:

DSF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2022

10 Tangible fixed assets (Continued)

	2022 £	2021 £
Group		
Cost	9,437,596	9,313,106
Accumulated depreciation	(7,511,549)	(7,140,505)
Carrying value	<u>1,926,047</u>	<u>2,172,601</u>

11 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	12	-	-	3,585,131	3,585,131

Movements in fixed asset investments Company

	Shares in subsidiaries £
Cost or valuation	
At 1 June 2021 and 31 May 2022	<u>3,585,131</u>
Carrying amount	
At 31 May 2022	<u>3,585,131</u>
At 31 May 2021	<u>3,585,131</u>

12 Subsidiaries

Details of the company's subsidiaries at 31 May 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect	
DSF (2003) Limited	Below	Dormant	Ordinary	100.00	-
DSF Refractories and Minerals Limited	Below	The manufacture of refractory products	Ordinary	-	100.00
DSF Trustees Limited	Below	Administering an employee share ownership trust	Ordinary	100.00	-

The registered office of the subsidiaries listed above is 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ.

DSF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2022

13 Financial instruments

	Group 2022 £	2021 £	Company 2022 £	2021 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	3,508,746	2,815,629	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	10,243,445	7,987,620	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

14 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables	4,488,440	2,866,262	-	-
Work in progress	807,291	484,087	-	-
Finished goods and goods for resale	3,065,844	3,346,532	-	-
	8,361,575	6,696,881	-	-

The group has £627,705 (2021 - £437,810) of stock provision at the end of the period.

15 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	3,508,746	2,815,629	-	-
Corporation tax recoverable	12,610	-	-	-
Other debtors	8,038	-	-	-
Prepayments and accrued income	166,115	161,243	-	-
	3,695,509	2,976,872	-	-

DSF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2022

16 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts		1,445,578	1,276,030	81,818	282,831
Obligations under finance leases		65,733	69,231	-	-
Other borrowings		-	45,000	3,503,158	3,198,833
Trade creditors		4,782,090	2,843,684	-	-
Corporation tax payable		-	12,608	-	-
Other taxation and social security		135,142	344,407	-	-
Government grants	19	29,401	29,401	-	-
Other creditors		69,926	73,720	-	-
Accruals and deferred income		233,142	527,625	1,294	1,756
		<u>6,761,012</u>	<u>5,221,706</u>	<u>3,586,270</u>	<u>3,483,420</u>

Bank loans and overdrafts are secured by way of a fixed and floating charge over the assets of the group and a legal charge over Friden Brickworks.

Assets held under hire purchase arrangements are secured against the assets concerned.

17 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts		1,428,114	953,821	231,818	313,636
Obligations under finance leases		88,862	63,509	-	-
Other borrowings		2,130,000	2,135,000	-	-
Government grants	19	103,054	132,455	-	-
		<u>3,750,030</u>	<u>3,284,785</u>	<u>231,818</u>	<u>313,636</u>

Bank loans and overdrafts are secured by way of a fixed and floating charge over the assets of the group and a legal charge over Friden Brickworks.

Other borrowings are secured by a fixed and floating charge over group's property, land and assets and a legal mortgage over the group's property at Friden.

Assets held under hire purchase arrangements are secured against the assets concerned.

DSF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2022

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group, and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £
Group		
Accelerated capital allowances	230,300	207,300
Tax losses carried forward	(54,800)	-
Revaluations	40,300	44,400
Other short term differences	-	(46,200)
	<u>215,800</u>	<u>205,500</u>

The company has no deferred tax assets or liabilities.

The timing differences between the accelerated capital allowances and the depreciation charge on the fixed assets is due to expire at the earlier of the asset being disposed of or the end of its useful life.

Deferred tax assets recognised in respect of tax losses are expected to reverse in line with taxable profits achieved in succeeding periods.

19 Government grants

	Group 2022 £	2021 £	Company 2022 £	2021 £
Arising from government grants	<u>132,455</u>	<u>161,856</u>	<u>-</u>	<u>-</u>

Deferred income is included in the financial statements as follows:

Current liabilities	29,401	29,401	-	-
Non-current liabilities	<u>103,054</u>	<u>132,455</u>	<u>-</u>	<u>-</u>
	<u>132,455</u>	<u>161,856</u>	<u>-</u>	<u>-</u>

20 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>303,928</u>	<u>294,767</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Included within creditors is an amount of £68,968 (2021 - £71,398) owing in respect of defined contribution payments.

DSF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2022

20 Retirement benefit schemes

(Continued)

Defined benefit schemes

The group operates a defined benefit scheme. The scheme is now closed to new employees and future accrual. The assets of the scheme are held separately from those of the group in an independently administered fund. No other post retirement benefits are provided.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation was carried out at 31 March 2020 and updated to 31 May 2022 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

	2022 %	2021 %
<i>Key assumptions</i>		
Discount rate	3.5	2.0
Inflation (RPI)	3.2	3.2
Inflation (CPI)	2.4	2.4
Allowance for pension in payment increases of RPI or 5% p.a if less	3.1	3.1
	<u> </u>	<u> </u>
<i>Mortality assumptions</i>	2022 Years	2021 Years
Assumed life expectations on retirement at age 65:		
Retiring today		
- Males	22.3	22.3
- Females	24.1	24.0
	<u> </u>	<u> </u>
Retiring in 20 years		
- Males	23.9	23.9
- Females	25.9	25.8
	<u> </u>	<u> </u>

The amounts included in the balance sheet arising from obligations in respect of defined benefit plans are as follows:

Group	2022 £	2021 £
Present value of defined benefit obligations	805,000	829,000
Fair value of plan assets	(846,000)	(832,000)
	<u> </u>	<u> </u>
(Surplus)/deficit in scheme	(41,000)	(3,000)
Restriction on scheme assets	41,000	3,000
	<u> </u>	<u> </u>
Total liability recognised	-	-
	<u> </u>	<u> </u>

The company had no post employment benefits at 31 May 2022 or 1 June 2021.

DSF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2022

20 Retirement benefit schemes

(Continued)

Group	2022	2021
<i>Amounts recognised in the profit and loss account</i>	£	£
Other costs and income	14,000	13,000
	<u> </u>	<u> </u>
Group	2022	2021
<i>Amounts taken to other comprehensive income</i>	£	£
Actual return on scheme assets	(28,000)	(27,000)
Less: calculated interest element	17,000	14,000
	<u> </u>	<u> </u>
Return on scheme assets excluding interest income	(11,000)	(13,000)
Actuarial changes related to obligations	(28,000)	(17,000)
Effect of changes in the amount of surplus that is not recoverable	38,000	3,000
	<u> </u>	<u> </u>
Total costs/(income)	(1,000)	(27,000)
	<u> </u>	<u> </u>

	Group
	2022
	£
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 June 2021	829,000
Benefits paid	(13,000)
Actuarial gains and losses	(28,000)
Interest cost	17,000
	<u> </u>
At 31 May 2022	805,000
	<u> </u>

The defined benefit obligations arise from plans which are wholly or partly funded.

	Group
	2022
	£
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 June 2021	832,000
Interest income	17,000
Return on plan assets (excluding amounts included in net interest)	11,000
Benefits paid	(13,000)
Contributions by the employer	13,000
Other	(14,000)
	<u> </u>
At 31 May 2022	846,000
	<u> </u>

The actual return on plan assets was £28,000 (2021 - £27,000).

DSF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2022

20 Retirement benefit schemes

(Continued)

Fair value of plan assets at the reporting period end

	Group 2022 £	2021 £
Equity instruments	352,000	364,000
Debt instruments	407,000	397,000
Property	74,000	53,000
All other assets	13,000	18,000
	<u>846,000</u>	<u>832,000</u>

21 Share capital

	Group and company 2022 £	2021 £
Ordinary share capital		
Issued and fully paid		
175,000 Ordinary shares of £1 each	<u>175,000</u>	<u>175,000</u>

The company has one class of ordinary shares which have the right to receive notice of, attend and participate at general meetings and vote on any resolutions.

The ordinary shares have the rights to participate in a distribution of dividend and a distribution of capital, including on winding up.

22 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	233,714	229,876	-	-
Between two and five years	715,514	666,956	-	-
In over five years	23,934	109,499	-	-
	<u>973,162</u>	<u>1,006,331</u>	<u>-</u>	<u>-</u>

23 Related party transactions

Remuneration of key management personnel

Key management personnel are the directors of the company, their remuneration is disclosed in note 7 to the accounts.

DSF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2022

24 Cash (absorbed by)/generated from operations - group

	2022 £	2021 £
Profit for the year after tax	88,168	547,455
Adjustments for:		
Taxation (credited)/charged	(2,310)	63,208
Finance costs	164,973	90,044
Gain on disposal of tangible fixed assets	(1,250)	(625)
Depreciation and impairment of tangible fixed assets	408,378	462,219
Pension scheme non-cash movement	1,000	-
Movements in working capital:		
(Increase)/decrease in stocks	(1,664,694)	424,141
Increase in debtors	(706,027)	(632,525)
Increase/(decrease) in creditors	1,430,864	(868,823)
Decrease in deferred income	(29,401)	(9,401)
Cash (absorbed by)/generated from operations	(310,299)	75,693

25 Analysis of changes in net debt - group

	1 June 2021 £	Cash flows £	New finance leases £	31 May 2022 £
Cash at bank and in hand	13,495	(5,080)	-	8,415
Bank overdrafts	(770,977)	(170,561)	-	(941,538)
	(757,482)	(175,641)	-	(933,123)
Borrowings excluding overdrafts	(3,638,874)	(423,280)	-	(4,062,154)
Obligations under finance leases	(132,740)	72,111	(93,966)	(154,595)
	(4,529,096)	(526,810)	(93,966)	(5,149,872)