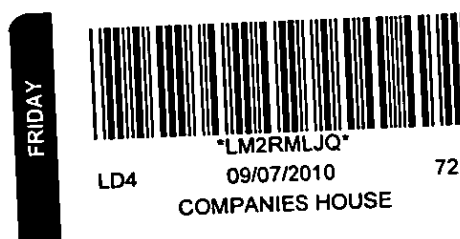


Dainippon Screen (UK) Limited

**Directors' report and financial
statements**

Registered number 1171592

31 March 2010



Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	4
Independent auditors' report to the members of Dainippon Screen (UK) Limited	5
Profit and loss account	7
Statement of total recognised gains and losses	8
Balance sheet	9
Notes	10

Directors' report

The directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2010

Principal activity

The company is wholly owned by Dainippon Screen Manufacturing Company Limited of Japan. The principal activity of the company comprises the buying, selling, assembling and servicing of graphical, photographic, optical and electronic machinery for use in the printing, textile and electronic industries, the main components of which are manufactured by the immediate parent company.

Business review

The business faced another year of vigorous competition in a market that remains cautious. The economic backdrop remains one of global uncertainty.

Turnover was down on the previous year at £10.4 million versus £14.6 million in 2008/09, which reflects both the difficult market conditions and the fragile world economy.

Gross profit margin remained healthy at 35% compared to 41% last year. However, the margin did erode somewhat since last year due to intense price competition. The impact of this is exaggerated by some products reaching a maturity phase. However, the company is satisfied with the level of gross profit given such difficult trading conditions.

The operating loss was £409,000 compared to an operating profit of £142,000 last year. This is partly due to reduced turnover and gross profit but also, despite a sustained reduction in year-on-year recurring overhead costs, there have been one-off administration costs in 2010.

The Company balance sheet remained healthy at the year end with net assets of £11.7 million, a small decrease from last year's £12 million. The company continues to be liquid with a healthy liquidity ratio of 3.88:1.

The parent company (Dainippon Screen Manufacturing Company Limited of Japan) maintains their environmental responsibility as well as their quality standards and all of the manufacturing sites in Japan are both ISO 9001 and ISO 14001 Accredited. The Company is registered under the WEEE Directive and will continue to follow its responsibilities.

The primary risks to the Company are technology change, reputation and market maturity. These are dealt with by the group and parent company (Dainippon Screen Manufacturing Company Limited of Japan).

The Company reputation is maintained by providing high quality products and service. This continues to be monitored through an independent customer satisfaction survey.

Market maturity is countered by providing new products and services to our customers to give them additional value, increased competitiveness and new business opportunity.

The three main key performance indicators for the group are turnover, gross profit, and operating profit as detailed with the group figures.

Within the industry, measures of market share in major products are also key measures that are monitored and maintained by independent actuaries to ensure the contributors understand trends and their market position, whilst maintaining confidentiality.

Directors' report *(continued)*

Business review *(continued)*

The Company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. The Group is committed to the principle of equal opportunity in employment and accordingly, management will ensure that recruitment, selection, training, development and promotion procedures result in no job applicant or employee receiving less favourable treatment on the grounds of race, colour, nationality, ethnic or national origin, disability, trade union membership or non-membership, sex, sexual orientation or marital status, or being a part time worker or fixed-term worker. The Company's objective is to ensure that individuals are selected, promoted and otherwise treated solely on the basis of their relevant aptitudes, skills and abilities. Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged.

Future developments

Dainippon Screen Manufacturing Company Limited (the parent company of the group) is recognised as being one of the leading research and development companies in Japan. That commitment continues to reap benefit for its overseas subsidiaries, both in their traditional product areas and in newly developing product ranges and markets, such as print on demand and inkjet based printing.

Financial Instruments

The Company is a subsidiary of a large multinational group. Certain financial risks are managed utilising the capacity of the larger group.

At the present time, the Company does not hedge its foreign currency exposure or use derivative financial instruments that are designed to reduce its long-term exposure to foreign currency exchange risk.

Results and dividends

The directors do not recommend the payment of a dividend (2009 £nil)

Directors and directors' interests

The directors who held office during the year were as follows

BR Forsdike – Chairman

BJ Filler - Managing director

Y Usui

K Hashimoto (Appointed 1st April 2009)

M Hashimoto

K Fujisawa

K Aoki (Resigned 1st April 2009)

None of the directors who held office at the end of the financial year had any disclosable interest in the share capital of the company during the year.

Political and charitable contributions

The company made no charitable contributions during the year (2009 £nil). The company made no political contributions during the year (2009 £nil).

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' report *(continued)*

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

A handwritten signature in black ink, appearing to be 'Dale Pardy', written over a faint, stylized graphic that resembles a bird or a wing.

Dale Pardy
Company Secretary

Michigan Drive,
Tongwell,
Milton Keynes,
MK15 8HT

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards, and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Altus House
One North Fourth Street
Milton Keynes
MK9 1NE
United Kingdom

Independent auditors' report to the members of Dainippon Screen (UK) Limited

We have audited the financial statements of Dainippon Screen (UK) Limited for the year ended 31 March 2010 set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Dainippon Screen (UK) Limited
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



M Matthewman (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants Altrius House
One North Fourth Street
Milton Keynes MK9 1NE

Date 25 June 2010

Profit and loss account
for the year ended 31 March 2010

	<i>Note</i>	2010 £	2009 £
Turnover	2	10,364,327	14,614,357
Cost of sales		(6,778,327)	(8,650,019)
		<hr/>	<hr/>
Gross profit		3,586,000	5,964,308
Selling and distribution costs		(1,848,099)	(4,764,965)
Administrative expenses		(2,155,919)	(1,434,044)
		<hr/>	<hr/>
Operating Loss		(418,018)	(234,701)
Other interest receivable and similar income	<i>6</i>	45,329	376,425
Interest payable and similar charges	<i>7</i>	(36,051)	(20)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation	3-5	(408,740)	141,704
Tax on (loss)/profit on ordinary activities	<i>8</i>	81,315	(97,869)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities after taxation		(327,425)	43,835
		<hr/>	<hr/>

The operations of the company continued throughout both periods and no operations were acquired or discontinued

Statement of total recognised gains and losses
for the year ended 31 March 2010

	2010 £	2009 £
(Loss)/profit for the financial year as reported	(327,425)	43,835
Actuarial gain/(loss) recognised in the pension scheme	60,000	(412,000)
Deferred tax arising on loss/gain in the pension scheme	(16,800)	115,360
	<hr/>	<hr/>
Total gains/(losses) relating to the financial year	43,200	(296,640)
	<hr/>	<hr/>
Total recognised gains and losses since the last annual report	(284,225)	(252,805)
	<hr/> <hr/>	<hr/> <hr/>

Balance sheet
at 31 March 2010

	<i>Note</i>	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Tangible assets	9		1,614,929		1,665,055
			<u>1,614,929</u>		<u>1,665,055</u>
Current assets					
Stocks	10	2,588,854		2,509,563	
Debtors	11	9,579,891		11,020,421	
Cash at bank and in hand		1,527,972		2,789,040	
		<u>13,696,717</u>		<u>16,319,024</u>	
Creditors: amounts falling due within one year	12	(3,532,930)		(5,869,298)	
Net current assets			10,163,787		10,449,726
Total assets less current liabilities			11,778,716		12,114,781
Pension liabilities	21		(64,800)		(116,640)
Net assets			<u>11,713,916</u>		<u>11,998,141</u>
Capital and reserves					
Called up share capital	15	10,250,000		10,250,000	
Profit and loss account	16	1,463,916		1,748,141	
Equity shareholders' funds	14		<u>11,713,916</u>		<u>11,998,141</u>

These financial statements were approved by the board of directors on **25 JUN 2010** and were signed on its behalf by

BJ Filler
Director



Registered number 1171592

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost accounting rules, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards. The principal accounting policies adopted are described below

Under FRS1 the company is exempt from the requirement to prepare a cashflow statement on the grounds that its parent undertaking, which is incorporated in Japan, includes the company in its own published consolidated financial statements and these consolidated accounts are publicly available

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows

Computer equipment and software	-	20-50%
Plant and machinery and demonstration equipment	-	20-50%
Furniture, office equipment, fixtures and fittings	-	7.5-20%
Freehold buildings	-	4% of the original cost to the group

Interest costs incurred in bringing assets to a state where they are ready to be used are capitalised as part of the costs of the asset

Demonstration equipment is capitalised when it becomes apparent that it will be used primarily for that purpose

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred

Notes (continued)

1 Accounting policies (continued)

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The company also operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

Turnover

Turnover represents amounts receivable in respect of goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Dividends on shares presented within shareholders funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes (continued)

2 Analysis of turnover by destination

	2010 £	2009 £
United Kingdom	5,065,348	7,034,313
Europe	1,662,346	2,611,553
Middle East and Africa	3,564,538	4,839,862
Far East	-	12,182
Australasia	72,095	116,447
	<u>10,364,327</u>	<u>14,614,357</u>

The total turnover for the company for the current and preceding year is derived from its principal activity and is wholly derived from the United Kingdom

3 (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)

	2010 £	2008 £
Auditors' remuneration		
- audit	66,890	65,930
- other services relating to taxation	22,000	28,328
- other services	60,196	-
Profit on disposal of fixed assets	-	83
Hire of plant and machinery	72,089	65,037
Depreciation and amounts written off tangible assets	115,894	136,912
Net exchange losses (gains)	46,921	(363,577)
	<u> </u>	<u> </u>

4 Directors remuneration

	2010 £	2009 £
Aggregate emoluments (excluding pension contributions)	315,109	344,866
Pension contributions to money purchase scheme	70,632	71,118
	<u>385,741</u>	<u>415,984</u>

The emoluments of the highest paid director were £192,600 (2009 £202,600) and pension contributions of £44,357 (2009 £44,357) The highest paid director is not a member of any of the defined benefit schemes

	No of Directors 2010	2009
Retirement benefits are accruing to the following number of directors under Money purchase scheme	<u>2</u>	<u>2</u>

Notes (continued)

5 Staff numbers and costs

The average number of people employed by the group in the United Kingdom during the year was

	No of employees	
	2010	2009
Selling and distribution	35	42
Administration	9	9
	<u>44</u>	<u>51</u>

The aggregate remuneration (including directors) comprised

	2010 £	2009 £
Wages and salaries	2,172,355	2,533,106
Social security costs	282,776	178,787
Other pension costs (see note 21)	308,640	350,661
	<u>2,763,771</u>	<u>3,062,554</u>

6 Other interest receivable and similar income

	2010 £	2009 £
Bank interest received	4,177	129,841
Interest income on pension scheme liabilities (see note 21)	-	5,000
Net exchange (loss)/gain on foreign currency balances	(16,715)	153,203
Other interest	57,867	88,381
	<u>45,329</u>	<u>376,425</u>

7 Interest payable and similar charges

	2010 £	2009 £
Bank loans and overdrafts	51	20
Interest expense on pension (see note 21)	36,000	-
	<u>36,051</u>	<u>20</u>

Notes (continued)

8 Taxation

Analysis of charge in period

	2010 £	2010 £	2009 £	2009 £
<i>UK corporation tax</i>				
Current tax on income for the period	2,450		2,614	
Adjustments in respect of prior periods	(2,614)		-	
	<hr/>		<hr/>	
Total current tax	(164)			2,614
<i>Deferred tax</i>				
Origination/reversal of timing differences	(81,151)		58,855	
Adjustment in respect of prior periods	-		36,400	
	<hr/>		<hr/>	
Total deferred tax	(81,151)			95,255
		<hr/>		<hr/>
Tax (credit)/charge on profit on ordinary activities		(81,315)		97,869
		<hr/>		<hr/>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2009 lower) than the standard rate of corporation tax in the UK 28% (2009 28%). The difference is explained below

	2010 £	2009 £
Current tax reconciliation		
(Loss)/profit on ordinary activities before tax	(408,740)	141,704
	<hr/>	<hr/>
Corporation tax @ 28% (2009 28%)	(114,447)	39,677
<i>Effects of</i>		
Expenses not deductible for tax purposes	39,106	(30,154)
Capital allowances for the period in excess of depreciation	(83,516)	(6,909)
Other timing differences	67,483	-
Adjustments in respect of prior periods	(2,614)	-
Tax losses carried forward	93,824	-
	<hr/>	<hr/>
Total current tax charge	(164)	2,614
	<hr/>	<hr/>

Notes (continued)

9 Tangible fixed assets

	Plant and machinery & demonstration equipment £	Furniture, office equipment, fixtures & fittings £	Freehold land and buildings £	Total £
Cost				
At 1 April 2009	465,604	1,085,737	2,500,000	4,051,341
Additions	50,800	14,968	-	65,768
Disposals	-	(1,150)	-	(1,150)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2010	516,404	1,099,555	2,500,000	4,115,959
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2009	461,058	1,028,461	896,767	2,386,286
Charged in year	11,410	18,790	85,694	115,894
Disposals	-	(1,150)	-	(1,150)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2010	472,468	1,046,101	982,461	2,501,030
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2010	43,936	53,454	1,517,539	1,614,929
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2009	4,546	57,276	1,603,233	1,665,055
	<hr/>	<hr/>	<hr/>	<hr/>

Freehold land, amounting to £1,214,590 (2009 £1,214,590) for the company, has not been depreciated. The land was valued on the basis of open market value by the directors on 1 October 1998. If the historical cost basis had been used this would have been shown as follows for the company:

	2010 £	2009 £
Cost and net book amount	758,800	758,800
	<hr/>	<hr/>

Notes (continued)

10 Stocks

	2010 £	2009 £
Raw materials	190,856	177,147
Goods for resale	2,397,998	2,332,416
	<u>2,588,854</u>	<u>2,509,563</u>

11 Debtors

	2010 £	2009 £
Trade debtors	2,206,060	5,573,188
Amounts owed by group undertakings	6,371,186	4,918,801
Other debtors	316,912	45,545
Deferred tax (see note 13)	150,407	72,616
Corporation tax debtor	174,675	82,244
Prepayments and accrued income	360,651	328,027
	<u>9,579,891</u>	<u>11,020,421</u>

12 Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	336,763	449,122
Amounts owed to the parent and other group undertakings	2,778,557	4,589,450
Other taxation and social security	88,480	104,966
Other creditors	29,413	149,600
Accruals and deferred income	299,717	576,160
	<u>3,532,930</u>	<u>5,869,298</u>

Notes (continued)

13 Deferred taxation

The amounts provided for deferred taxation are set out below

	Deferred taxation £
At the beginning of the year	72,616
Credited to the profit and loss account	77,791
	<hr/>
Asset at the end of the year (see note 11)	150,407
	<hr/>

In addition, £3,360 relating to the deferred tax on pension payments and net finance cost was charged to the profit and loss account. The elements of deferred taxation are set out below

	2010 £	2009 £
Difference between accumulated depreciation and capital allowances	(12,385)	71,131
Other timing differences	68,968	1,485
Losses carried forward	93,824	-
	<hr/>	<hr/>
	150,407	72,616
	<hr/>	<hr/>

A deferred tax asset of £150,407 (2009 £72,616) in respect of timing differences and losses carried forward has been recognised reflecting the extent to which the directors consider there is a reasonable expectation that there will be suitable taxable profits from which the future reversal of the underlying timing differences and tax losses can be deducted

14 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
(Loss)/profit for the financial year	(327,425)	43,835
Other recognised gains /(losses) for the year	43,200	(296,640)
	<hr/>	<hr/>
Net reduction to shareholders' funds	(284,225)	(252,805)
Opening equity shareholders' funds	11,998,141	12,250,946
	<hr/>	<hr/>
Closing equity shareholders' funds	11,713,916	11,998,141
	<hr/>	<hr/>

Notes (continued)

15 Called up share capital

	2010 £	2009 £
<i>Authorised</i>		
20,000,000 ordinary shares of £1 each	20,000,000	20,000,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
10,250,000 ordinary shares of £1 each	10,250,000	10,250,000
	<u> </u>	<u> </u>

16 Reserves

	Profit and loss Account £
At 1 April 2009	1,748,141
Retained loss for the year	(327,425)
Actuarial gain recognised, net of deferred tax	43,200
	<u> </u>
At 31 March 2010	1,463,916
	<u> </u>

17 Commitments

The company had no capital commitments at the year end for which no provision had been made
(2009 none)

Annual commitments under non-cancellable operating leases are as follows

	2010 Other £	2009 Other £
Operating leases which expire		
- within one year	70,899	48,787
- in the second to fifth years inclusive	43,243	19,614
	<u> </u>	<u> </u>
	114,142	68,401
	<u> </u>	<u> </u>

Notes (continued)

18 Related party transactions

The company has taken advantage of paragraph 3 of FRS 8 'Related party disclosures' not to disclose transactions with members of the Dainippon Screen Manufacturing Company group

19 Ultimate parent company

The company is a subsidiary undertaking of Dainippon Screen Manufacturing Company Limited, a company incorporated in Japan. The largest and smallest group in which the results of the company are consolidated is that headed by Dainippon Screen Manufacturing Company Limited. The consolidated accounts of this group are available to the public and may be obtained from Dainippon Screen Manufacturing Company Limited, 1-1, Teranouchi agaru 4 chome, Horikawa-dori, Kamikyo-ku, Kyoto 602, Japan

20 Ultimate controlling party

The controlling and ultimate controlling party is considered to be Dainippon Screen Manufacturing Company Limited by virtue of its shareholding

21 Pensions

The group operates the following pension schemes for its employees

- A Group Personal Pension scheme for contributions since April 1997, currently operated by Friends Provident,
- A Personal Pension Scheme with St James Place for four employees and
- Funded Defined Benefit Schemes

The group normally contributes between 5% and 15% of the pensionable salaries to the group personal pension scheme. During the year, pension contributions amounted to £308,640 (2009 £350,661). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The Dainippon Screen (UK) Ltd Pension and Life Assurance Scheme – defined benefit schemes

The Dainippon Screen (UK) Ltd Pension and Life Assurance Scheme is operated by BDO Stoy Hayward. The scheme contains the benefits of thirty three members, of which thirty one have deferred benefits and two members are taking benefits. The latest actuarial valuation was on 1 April 2008 using the attained age method. The defined benefit scheme is assessed in accordance with the advice of the scheme actuary from BDO Stoy Hayward, independent consulting actuaries. At the date of the latest actuarial valuation the market value of the assets of the scheme was £2,268,000 and the actuarial value of the assets was sufficient to cover 93% of the liabilities of the scheme.

Notes (continued)

21 Pensions (continued)

The Dainippon Screen (UK) Ltd Pension and Life Assurance Scheme

The Company operates a pension scheme providing benefits based on final pensionable pay. The latest full actuarial valuation was carried out at 1 April 2008 and was updated for FRS 17 purposes to 31 March 2010 by a qualified independent actuary. Investments have been valued, for this purpose, at fair value.

The main assumptions used for the actuarial valuation were:

	2010	2009	2008
Rate of increase in deferred pensions	3.9%	3.2%	3.0%
Rate of increase in pensions in payment	3.0%	3.0%	3.0%
Discount rate	5.5%	6.7%	6.9%
Inflation assumption	3.9%	4.3%	3.7%

There are no active members under the scheme as at 31 March 2010 and hence no salary assumption is required.

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	2010 £	2009 £	2008 £	2007 £	2006 £
Fixed interest portfolio of a managed fund policy issued by Guardian Pensions Management	2,484,000	1,881,000	2,321,000	2,361,000	2,197,000
Total fair value of assets	2,484,000	1,881,000	2,321,000	2,361,000	2,197,000
Present value of scheme liabilities	(2,674,000)	(2,043,000)	(2,124,000)	(2,458,000)	(2,502,000)
(Deficit)/Surplus in the scheme	(90,000)	(162,000)	197,000	(97,000)	(305,000)
Related deferred tax asset/(liability)	25,200	45,360	(55,160)	29,100	91,500
Net pension (liability)/asset	(64,800)	(116,640)	141,840	(67,900)	(213,500)

Notes (continued)

21 Pensions (continued)

The expected rates of return on the assets in the scheme were

	Long term rate of return 2010	Long term rate of return 2009	Long term rate of return 2008	Long term rate of return 2007	Long term rate of return 2006
Equities	7.0%	7.0%	7.5%	7.5%	7.0%
Bonds	4.5%	4.0%	4.8%	4.8%	4.7%
Other	2.0%	2.0%	5.5%	5.5%	4.5%

The scheme is a closed scheme and therefore under the projected unit method the current service cost would be expected to increase as the members of the scheme approach retirement

Movement in (deficit)/surplus during the year

	2010 £	2009 £
(Deficit)/surplus in scheme at beginning of year	(162,000)	197,000
Contributions paid	48,000	48,000
Other finance costs/(income)	(36,000)	5,000
Actuarial gain/(loss)	60,000	(412,000)
Deficit at end of year	(90,000)	(162,000)

Analysis of other pension costs charged in arriving at operating profit

	2010 £	2009 £
Current service cost	-	-
Past service cost	-	-
Previously unrecognised surplus deducted from past service cost	-	-
Gains/losses on settlements or curtailments	-	-
Previously unrecognised surplus deducted from the settlement or curtailment losses	-	-
	-	-

Analysis of amounts included in other finance costs

	2010 £	2009 £
Expected return on pension scheme assets	98,000	151,000
Interest on pension scheme liabilities	(134,000)	(146,000)
Net finance costs/(income)	(36,000)	5,000

Notes (continued)

21 Pensions (continued)

Analysis of amount recognised in statement of total recognised gains and losses

	2010 £	2009 £
Difference between assumed and actual return on assets	(425,000)	(588,000)
Experience gains and losses	7,000	229,000
Changes in assumptions underlying the present value of scheme liabilities	478,000	(53,000)
	<hr/>	<hr/>
Total actuarial gain /(loss) recognised in statement of total recognised gains and losses	60,000	(412,000)
	<hr/>	<hr/>