

Domino Printing Sciences plc
Annual Report and Financial Statements
for the year ended 30 March 2018

Registered number: 01363137



Domino Printing Sciences plc

CONTENTS	Page
Company information	1
Strategic report	2
Directors' report	4
Independent auditor's report	6
Profit and loss account	9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	14

Domino Printing Sciences plc

COMPANY INFORMATION

Directors

Nigel Bond
Rachel Hurst
Toshikazu Koike
Ichio Sasaki
Tetsuro Koide
Harumi Okuyama
Robert Pulford

Secretary

John Paul Martin

Auditor

Deloitte LLP, Statutory Auditor
Abbots House
Abbey Street
Reading
RG1 3BD

Bankers

Natwest
23 Market Street
Cambridge
Cambridgeshire
CB2 3PU

Solicitors

Ashurst
Broadwalk House
5 Appold Street
London
EC2A 2HA

Registered Office

Domino Printing Sciences plc
Trafalgar Way
Bar Hill
Cambridge
Cambridgeshire
United Kingdom
CB23 8TU

Domino Printing Sciences plc

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 30 March 2018.

Business review

Domino Printing Sciences plc is the parent company of the Domino group. The Domino group's principal activities are the research, development, manufacture, sale and service of coding and marking and digital printing solutions and related consumables. The principal activity of the Company continues to be the holding and management of its worldwide subsidiaries.

The profit for the year after taxation was £28,627,000 (2017: £20,960,000). A final ordinary dividend for the year ended 24 March 2017 of 18.31 pence per ordinary share, amounting to £21,000,000, was paid to Brother Industries Limited on 26 June 2017. The Directors recommended not to pay an ordinary dividend for the year ended 30 March 2018.

There have been no impairments of the Company's investments in its subsidiaries during the current or prior reporting period.

The Company's key financial and other performance indicators during the year were as follows:

	2018 £'000	2017 £'000
Operating profit	28,335	19,867
Profit before tax	28,502	20,346
Average number of employees	28	24

Operating profit and profit before tax has increased in the year ended 30 March 2018 due to a higher level of dividend income.

The Directors are satisfied with the results for the year and for the Company's future prospects.

Treasury function

The Company performs a number of treasury activities on behalf of the wider Domino group. Excess cash held by a number of Domino group subsidiaries is placed on deposit with the Company through intercompany working capital facilities. If subsidiaries require short-term borrowings, they can also draw down required funds under the same facilities. The Company also runs the group's intercompany settlement process.

As a result of these activities, the Company is exposed to interest rate movements and changes in the value of sterling relative to a number of foreign currencies. The Company places surplus cash on short-term deposit with approved banks, with limits on the amount of exposure to any individual bank. The Company does not seek to hedge its foreign currency exposures.

Domino Printing Sciences plc

STRATEGIC REPORT (continued)

Principal risks and uncertainties

The Company has maintained its established risk management process throughout the reporting period. Risks and uncertainties are assessed and formally evaluated across the business and actions are taken to mitigate the adverse effects of unplanned events.

The key risks and uncertainties to which the business is exposed are summarised as follows:

- Volatility in exchange rates. The Domino group manufactures products in the UK, Europe, the USA and Asia and sells its products and services across global markets in a range of currencies. As Domino group treasurer, the Company is particularly exposed to currency fluctuations.
- The United Kingdom's decision to leave the European Union presents both risk and opportunities to the Company. Exchange rates will be reviewed on a frequent basis to understand the impact they will have on the business upon exit in 2019.

Future prospects

The acquisition of the Company by Brother Industries Limited has provided the opportunity for investment in and development of the wider Domino business. The Company continues to anticipate enhanced future performance of the Domino group as a result.



Nigel Bond

Director

21 September 2018

Domino Printing Sciences plc

DIRECTORS' REPORT

Registered No. 01363137

The directors present their annual report and the audited financial statements for the year ended 30 March 2018. The Directors who served during the year ended 30 March 2018 are shown on page 1.

Disabled Persons

Applications for employment made by disabled persons are given full and fair consideration, having regard to the abilities and aptitudes of the candidates. If existing employees become disabled, every effort is made to accommodate them within their existing jobs, or if this proves to be impossible, to find them suitable alternative employment. Opportunities for development and promotion are open to all employees.

UK Employee Involvement

Employee communication is organised both centrally and locally. The Company at its various locations organises presentations by directors and managers and holds briefing groups to pass on information to employees and to ascertain their views on matters likely to affect their interests.

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), including FRS 101 "Reduced Disclosure Framework". 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; 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 the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Recommended dividend

The Directors recommended not to pay an ordinary dividend for the year ended 30 March 2018.

Going concern

At 30 March 2018, the Company held a cash balance of £6,548,000 (2017: £10,362,000) and had net assets of £152,918,000 (2017: £145,384,000).

As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully. The Directors have considered the Group's forecasts and projections which include the results of the Company and after making enquiries, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the authorisation of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Domino Printing Sciences plc

DIRECTORS' REPORT (CONTINUED)

Political contributions

The Company made no political contributions in the financial reporting period (2017: £nil).

Auditor

In the case of each of the persons who are Directors of the Company at the date when this report is approved:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board



Company Secretary

21 September 2018

Domino Printing Sciences plc

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF DOMINO PRINTING SCIENCES PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Domino Printing Sciences plc (the 'Company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

Domino Printing Sciences plc

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF DOMINO PRINTING SCIENCES PLC (CONTINUED)

misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions on other matters prescribed by the Companies Act 2006

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

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

Domino Printing Sciences plc

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF DOMINO PRINTING SCIENCES PLC (CONTINUED)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.



Alexander Butterworth (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Reading, United Kingdom

21 September 2018

Domino Printing Sciences plc

Profit and loss account

For the year ended 30 March 2018

	Notes	2018 £'000	2017 £'000
Sales and distribution costs		(708)	(958)
Administrative expenses and foreign exchange losses		(4,835)	(6,132)
Research and development		(113)	(83)
Other operating income	5	33,991	27,040
Operating profit		28,335	19,867
Interest receivable and similar income	8	688	520
Interest payable and similar charges	9	(521)	(41)
Profit before taxation	4	28,502	20,346
Tax on profit	10	125	614
Profit after taxation		28,627	20,960

Operating profits are all derived from continuing operations.

Domino Printing Sciences plc

Statement of comprehensive income

For the year ended 30 March 2018

	Note	2018 £'000	2017 £'000
Profit for the year		<u>28,627</u>	<u>20,960</u>
Other comprehensive income for the period net of tax			
Tax on items taken to equity		<u>6</u>	<u>5</u>
Total comprehensive income for the period attributable to the owners of the Company		<u><u>28,633</u></u>	<u><u>20,965</u></u>

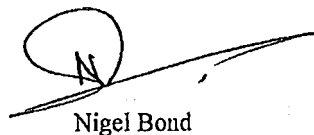
Domino Printing Sciences plc

Balance sheet

As at 30 March 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Intangible assets	12	56	73
Property, plant and equipment	13	1,507	1,509
Investments in subsidiaries	14	121,135	137,123
Deferred tax assets	18	8	8
		<u>122,706</u>	<u>138,713</u>
Current assets			
Receivables	15	99,790	45,354
Derivative financial instruments	21	-	945
Corporation tax		-	715
Cash and cash equivalents		6,548	10,362
		<u>106,338</u>	<u>57,376</u>
Current liabilities			
Payables	16	(76,002)	(48,531)
Derivative financial instruments	21	-	(2,041)
		<u>(76,002)</u>	<u>(50,572)</u>
Net current assets		<u>30,336</u>	<u>6,804</u>
Non-current liabilities			
Deferred tax liabilities	18	(124)	(133)
		<u>(124)</u>	<u>(133)</u>
Net assets		<u>152,918</u>	<u>145,384</u>
Capital and reserves			
Called up share capital	19	5,734	5,734
Share premium account	19	49,302	49,302
Revaluation reserve	19	1,010	1,004
Capital redemption reserve	19	908	908
Taxation reserve	19	-	99
Exchange reserve	19	-	(1,064)
Merger premium reserve	19	22,869	22,869
Retained earnings	19	73,095	66,532
Equity attributable to shareholders		<u>152,918</u>	<u>145,384</u>

The financial statements of Domino Printing Sciences plc, registered number 01363137 were approved by the Board of Directors and authorised for issue on 21 September 2018. They were signed on its behalf by:



Nigel Bond

Director

Domino Printing Sciences plc

Statement of changes in equity

As at 30 March 2018

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Merger premium reserve £'000	Taxation reserve £'000	Exchange reserve £'000	Retained earnings £'000	Total £'000
Balance at 26 March 2016	5,734	49,302	908	999	22,869	99	(1,064)	65,672	144,519
Profit for the period	-	-	-	-	-	-	-	20,960	20,960
Other comprehensive income	-	-	-	5	-	-	-	-	5
Total comprehensive income for the Period	-	-	-	5	-	-	-	20,960	20,965
Dividends (note 11)	-	-	-	-	-	-	-	(20,100)	(20,100)
Balance at 24 March 2017	5,734	49,302	908	1,004	22,869	99	(1,064)	66,532	145,384

Domino Printing Sciences plc

Statement of changes in equity (continued)

As at 30 March 2018

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Merger premium reserve £'000	Taxation reserve £'000	Exchange reserve £'000	Retained earnings £'000	Total £'000
Balance at 25 March 2017	5,734	49,302	908	1,004	22,869	99	(1,064)	66,532	145,384
Profit for the year	-	-	-	-	-	-	-	28,627	28,627
Other comprehensive income	-	-	-	6	-	-	-	-	6
Total comprehensive income for the Year	-	-	-	6	-	-	-	28,627	28,633
Dividends (note 11)	-	-	-	-	-	-	-	(21,000)	(21,000)
Recycle taxation reserve	-	-	-	-	-	(99)	-	-	(99)
Reclassification to retained earnings	-	-	-	-	-	-	1,064	(1,064)	-
Balance at 30 March 2018	5,734	49,302	908	1,010	22,869	-	-	73,095	152,918

Domino Printing Sciences plc

Notes to the financial statements

For the year ended 30 March 2018

1. General information

Domino Printing Sciences plc (the Company) is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

These financial statements are presented in pounds sterling, being the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the group financial statements of Brother Industries Limited. The group financial statements of Brother Industries Limited are available to the public and can be obtained as set out in note 23.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to Company law made by The Companies, Partnerships and Groups (Financial Statements and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

Adoption of new and revised Standards

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. These amendments include:

IAS 7 (amendments)	Disclosure Initiative
IAS 12 (amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
Annual improvements to IFRSs	Annual improvements to IFRSs: 2014-16 Cycle – IFRS 12 amendments

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and had not yet been adopted by the EU:

IFRS 15	Revenue from Contracts with Customers
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IFRS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions
IFRS 4 (amendments)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
IAS 40 (amendments)	Transfers of Investment Property
Annual improvements to IFRSs	Annual improvements to IFRSs: 2014-16 Cycle – IFRS 1 and IAS 28 amendments
IFRS 16	Leases
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between Investor and its Associate or Joint Venture
IFRIC 23	Uncertainty over Income Tax Treatments
IAS 28 (amendments)	Long-term Interests in Associates and Joint Ventures
Annual improvements to IFRSs	Annual improvements to IFRSs: 2014-16 Cycle – IFRS 3, IFRS 11, IAS 12, and IAS 23 amendments
IAS 19 (amendments)	Plan Amendment, Curtailment or Settlement
IFRS 17	Insurance Contracts

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

2. Significant accounting policies

Basis of accounting

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group financial statements of Brother Industries Limited. The group financial statements of Brother Industries Limited are available to the public and can be obtained as set out in note 23.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

The financial statements have been prepared using the going concern basis of accounting.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

2. Significant accounting policies (continued)

Dividend and interest income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Foreign currency translation

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Operating profit

Operating profit is stated before investment income and finance costs.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

2. Significant accounting policies (continued)

Taxation (continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Tangible fixed assets

All tangible fixed assets are stated at cost less accumulated depreciation with the exception of certain properties and land at the Company's headquarters in Cambridge which are stated at deemed cost following transition to IFRS, being valuation less accumulated depreciation at 1 November 2004. The Directors have considered the value of assets that are stated at cost less accumulated depreciation and are satisfied that the aggregate value of those assets is not less than the aggregate amount at which they are stated in the Company's financial statements.

Freehold land is not depreciated.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Buildings	2.5%
Plant and machinery	5% - 20%
Fixtures and fittings	15% - 20%
Computer equipment	20% - 33%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

2. Significant accounting policies (continued)

Tangible fixed assets (continued)

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

2. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet 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 of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

2. Significant accounting policies (continued)

Financial instruments (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Reclassification of financial assets

Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short-term. In all cases, reclassifications of financial assets are limited to debt instruments. Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

2. Significant accounting policies (continued)

Financial instruments (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the profit and loss account. Fair value is determined in the manner described in note 21.

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

2. Significant accounting policies (continued)

Financial instruments (continued)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a current asset due after one year or a creditor due after more than one year if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Software

Software that is not integral to an item of hardware is classified as an intangible asset. Amortisation is charged on a straight-line basis over the shorter of the licence term and three years.

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

There are no critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Impairment of investments in subsidiaries

Determining whether the Company's investments in subsidiaries have been impaired requires estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the balance sheet date was £121,135,000 with no impairment loss recognised in the year ended 30 March 2018 or 24 March 2017.

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

4. Profit before taxation

Profit before taxation has been arrived at after charging:

	2018 £'000	2017 £'000
Net foreign exchange losses	4,609	2,028
Depreciation of tangible fixed assets	2	1
Amortisation of intangible assets (included in administrative expenses)	17	17
Staff costs (see note 7)	<u>4,842</u>	<u>3,729</u>

5. Other operating income

	2018 £'000	2017 £'000
Intercompany royalties	3,829	3,203
Intercompany dividends received	<u>30,162</u>	<u>23,837</u>
Total other operating income	<u>33,991</u>	<u>27,040</u>

6. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual financial statements were £9,200 (2017: £9,700).

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

7. Staff costs

The average monthly number of employees (including Executive Directors) was:

	2018 Number	2017 Number
Selling and distribution	3	3
Administration	24	20
Research and development	1	1
	<u>28</u>	<u>24</u>

Their aggregate remuneration comprised:

	2018 £'000	2017 £'000
Wages and salaries	3,608	2,902
Social security costs	808	390
Other pension costs (see note 20)	426	437
	<u>4,842</u>	<u>3,729</u>

Disclosure of Directors' remuneration is included in note 22.

8. Interest receivable and similar income

	2018 £'000	2017 £'000
Interest receivable:		
Bank deposits	9	33
Interest received from subsidiaries	679	487
	<u>688</u>	<u>520</u>

9. Interest payable and similar charges

	2018 £'000	2017 £'000
Interest payable on bank overdrafts and loans	1	4
Interest payable on intercompany loans	520	37
	<u>521</u>	<u>41</u>

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

10. Tax on profit

	2018 £'000	2017 £'000
Corporation tax:		
UK corporation tax	(122)	(612)
Withholding tax	-	119
Total current tax	(122)	(493)
Total deferred tax (note 18)	(3)	(121)
Tax on profit	(125)	(614)

Corporation tax is calculated at 19.00% (2017: 20.00%) of the estimated taxable profit for the year. The charge for the year can be reconciled to the profit and loss account as follows:

	2018 £'000	2017 £'000
Profit before tax	28,502	20,346
Tax at the UK corporation tax rate of 19.00% (2017: 20.00%)	5,415	4,069
Income not chargeable for tax purposes	(5,689)	(4,770)
Withholding taxes	-	121
Additional recognition and utilisation of deferred tax balances	(3)	(115)
Decrease in local tax rate	-	(6)
Group relief	305	700
Prior period adjustments	(54)	(709)
Other	(99)	96
	(125)	(614)

As at 30 March 2018, the UK tax rate that has been substantively enacted for periods from 1 April 2020 is 17%.

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

11. Dividends

	2018 £'000	2017 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 24 March 2017 (equivalent to 18.31 pence per share, year ended 25 March 2016: 17.53 pence per share).	<u>21,000</u>	<u>20,100</u>
Proposed final dividend for the year ended 30 March 2018 (equivalent to nil pence per share, year ended 24 March 2017: 18.31 pence per share).	<u>-</u>	<u>21,000</u>

12. Intangible assets

	Technology £'000	Patents and trademarks £'000	Software £'000	Total £'000
Cost				
At 25 March 2017 and 30 March 2018	<u>207</u>	<u>158</u>	<u>97</u>	<u>462</u>
Amortisation				
At 25 March 2017	207	85	97	389
Charge for the period	-	17	-	17
At 30 March 2018	<u>207</u>	<u>102</u>	<u>97</u>	<u>406</u>
Carrying amount				
At 30 March 2018	<u>-</u>	<u>56</u>	<u>-</u>	<u>56</u>
At 24 March 2017	<u>-</u>	<u>73</u>	<u>-</u>	<u>73</u>

Patents and trademarks are amortised over their estimated useful lives, which is on average 10 years.

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

13. Fixed assets

	Freehold land £'000	Leasehold buildings £'000	Total £'000
Cost or valuation			
As at 25 March 2017 and 30 March 2018	1,500	78	1,578
Depreciation			
At 25 March 2017	-	69	69
Charge for the year	-	2	2
At 30 March 2018	-	71	71
Net book value			
At 30 March 2018	1,500	7	1,507
At 24 March 2017	1,500	9	1,509

14. Investments in subsidiaries

	£'000
Shares	
At 25 March 2017	121,229
Additions	2,444
At 30 March 2018	123,673
Loans	
At 25 March 2017	18,432
Repayment	(18,432)
At 30 March 2018	-
Provisions	
At 25 March 2017 and 30 March 2018	(2,538)
Net book value	
At 30 March 2018	121,135
At 24 March 2017	137,123

Appendix 1 at page 35 includes details of all related undertakings and forms part of these financial statements.

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

15. Receivables

	2018 £'000	2017 £'000
Amounts owed by subsidiary undertakings	99,575	45,107
Prepayments and accrued income	215	247
	<u>99,790</u>	<u>45,354</u>

Included within the receivables balance are amounts owed by subsidiary undertakings totalling £29,751,000 (2017: £nil) due after more than one year.

16. Payables

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Amounts owed to subsidiary undertakings	39,517	39,071
Amounts owed to Brother Finance (UK) PLC	34,000	7,000
Accruals and deferred income	2,485	2,460
	<u>76,002</u>	<u>48,531</u>

The Company has a credit facility arrangement of £46,300,000 (2017: £19,100,000) with Brother Finance (UK) PLC which is renewable on an annual basis and is used for working capital and investment purposes.

As at 30 March 2018, £34,000,000 was drawn down on this facility. This loan matured on 27 April 2018 and carried an interest rate of 0.85552%. The loan was then renewed on 27 April 2018.

17. Derivative financial instruments

The Company is party to a number of forward foreign exchange contracts, which are used to hedge significant future transactions and expected cash flows in foreign currencies. The instruments purchased are primarily in the currencies of the Company's principal markets.

At the balance sheet date, the total amount of outstanding forward foreign exchange contracts to which the Company is committed are as below (at contractual rates).

	2018 £'000	2017 £'000
Derivatives		
Forward foreign currency contracts	<u>-</u>	<u>21,486</u>

Further details of derivative financial instruments are provided in note 21.

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

18. Deferred tax

Deferred tax balances consist of the following amounts:

	2018 £'000	2017 £'000
Assets		
Temporary differences relating to:		
- other temporary differences	8	8
	<u>8</u>	<u>8</u>
Liabilities		
Temporary differences relating to:		
- capital allowances in excess of depreciation	(1)	(2)
- revaluation of freehold land	(123)	(128)
- other temporary differences	-	(3)
	<u>(124)</u>	<u>(133)</u>

The following are the movements in the major deferred tax assets and liabilities recognised by the Company during the current and prior reporting period.

	Accelerated tax depreciation £'000	Revaluation of land £'000	Other temporary differences £'000	Total £'000
At 25 March 2016	(2)	(134)	(115)	(251)
Credit to profit or loss	-	-	121	121
Credit direct to equity	-	5	-	5
At 24 March 2017	<u>(2)</u>	<u>(129)</u>	<u>6</u>	<u>(125)</u>
Credit to profit or loss	1	-	2	3
Credit direct to equity	-	6	-	6
At 30 March 2018	<u>(1)</u>	<u>(123)</u>	<u>8</u>	<u>(116)</u>

Deferred tax is measured at the rates that are expected to apply in the period when the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. As at 30 March 2018, the UK tax rate that has been substantively enacted for periods from 1 April 2020 is 17%.

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

19. Share capital and reserves

	2018 £'000	2017 £'000
Issued and fully paid:		
114,671,516 ordinary shares of 5 pence each (2017: 114,671,516 ordinary shares of 5 pence each)	<u>5,734</u>	<u>5,734</u>

The Company has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

- The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.
- The revaluation reserve represents the cumulative effect of historic revaluations of freehold land.
- The capital redemption reserve arises in connection with the purchase and cancellation of the Company's own shares between 1 November 1996 and 31 October 2008.
- The taxation reserve arises as a result of tax relating to components of other comprehensive income and tax on items taken to equity.
- The exchange reserve arises as a result of currency translation differences on foreign currency net investments.
- The merger premium reserve arises as a result of the adoption by the Company of the merger relief provisions of the Companies Act 1985 whereby the premium arising on shares issued to fund the acquisitions of American Technologies Inc and Mandergraph Ltd in the year ended 31 October 1987 were taken to a merger premium reserve.
- Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

20. Retirement benefit schemes

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company in funds under the control of trustees.

The total cost charged to income of £426,000 (2017: £437,000) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans.

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

21. Financial Instruments

Categories of financial instruments held at fair value

	2018 £'000	2017 £'000
Financial assets at fair value		
Derivative instruments	-	945
Loans and receivables (including cash and cash equivalents)	106,123	55,469
	<u>106,123</u>	<u>56,414</u>
Financial liabilities at fair value		
Derivative instruments	-	(2,041)

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair values of derivative instruments are calculated using quoted prices. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

21. Financial Instruments (continued)

Significant assumptions used in determining fair value of financial assets and liabilities

Derivatives

Up until February 2017, the Company entered into derivative financial instruments (foreign exchange forward contracts) to manage its exposure to foreign exchange rate risk.

Forward foreign currency contracts

The following table indicates the periods in which the cash flows associated with forward foreign exchange contracts are expected to occur:

	Carrying amount	Expected cash flows	Less than 3 months	3-6 months	6-12 months
	£'000	£'000	£'000	£'000	£'000
30 March 2018	-	-	-	-	-
24 March 2017	(1,096)	21,486	5,045	4,916	11,525

22. Related party transactions

The Directors' remuneration, analysed under the headings required by Company law is set out below.

	2018 £'000	2017 £'000
Directors' remuneration		
Emoluments	1,534	1,392
Company contributions to money purchase pension schemes	207	175
Amounts received under long-term incentive plans	261	156
	<u>2,002</u>	<u>1,723</u>

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

22. Related party transactions (continued)

	2018 Number	2017 Number
The number of Directors who:		
Are members of a money purchase pension scheme	<u>1</u>	<u>1</u>
	2018 £'000	2017 £'000
Remuneration of the highest paid director:		
Emoluments	802	839
Company contributions to money purchase schemes	106	100
Amounts received under long-term incentive plans	157	94
	<u>1,065</u>	<u>1,033</u>

The highest paid director did not exercise share options in the year and had no shares receivable under the long-term incentive plans.

23. Controlling party

In the opinion of the Directors, the Company's ultimate parent company and ultimate controlling party is Brother Industries Limited, a company incorporated in Japan. The parent undertaking of the largest and smallest group, which includes the Company and for which group accounts are prepared is Brother Industries Limited, a company incorporated in Japan.

The Company is therefore exempt from the obligation to prepare and deliver group accounts. Copies of the group financial statements of Brother Industries Limited are available from 15-1 Naeshiro-cho, Mizuho-ku, Nagoya, 467-8561, Japan. The Company's immediate controlling party is Brother Industries Limited.

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

Appendix 1 Related undertakings disclosure

This forms part of these financial statements.

The Company has investments in the following subsidiary undertakings.

Subsidiary undertakings	Address	Country of incorporation	Holding
Domino UK Ltd	Trafalgar Way, Bar Hill, Cambridge, CB23 8TU	England and Wales	
Domino Deutschland GmbH	Lorenz-Schott-Strasse 3, 55252 Mainz Kastel	Germany	
Domino Holding Deutschland GmbH	Industriepark 312 D-78244 Gottmadingen	Germany	
Wiedenbach Apparatebau GmbH	Industriepark 312 D-78244 Gottmadingen	Germany	2
Domino Laser GmbH	Fangdieckstrasse 75a, D-22547 Hamburg	Germany	2
Pri-Ma-Tech Verwaltungs GmbH	Pastorstrasse 16, 56751, Polch	Germany	2
aps Alternative Printing Services GmbH	Stuttgarter Strasse 15, D-71083 Herrenberg	Germany	2
APS France SARL	ZA La Pimpie 26120 Montellier	France	2
Domino Amjet BV	Hoofdveste, 11 A, 3992 DH Houten	The Netherlands	
Domino Holdings France SARL	2 Rue Mege Mouries, ZA du Bel Air, 78120, Rambouillet	France	
Domino SAS	2 Rue Mege Mouries, ZA du Bel Air, 78120, Rambouillet	France	2
Domino Amjet Iberica SA	Av. Fuente Nueva 14, 28703 San Sebastián de los Reyes, Madrid	Spain	

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

Appendix 1 Related undertakings disclosure (continued)

Subsidiary undertakings	Address	Country of incorporation	Holding
Domino Print and Apply AB	Agnesfridsvägen 189, 213 75 Malmö	Sweden	
Domino Sweden AB	Box 1242 581 12 Linköping	Sweden	2
InkJet AB	Box 1242 581 12 Linköping	Sweden	2
Domino Portugal Producao Commercializacao De Equipamento Electronico LDA	Avenue Vasco Gama N 668, 4100-000 Porto	Portugal	1,2
Marque TDI – Tecnologias de Codificação SA	Zona Industrial da Maia Setor X - Complexo Empresarial Soconorte Arm L 4475-249 Maia	Portugal	
Domino Holdings Inc	1290 Lakeside Drive, Gurnee, Illinois, 60031	USA	
Domino Amjet Inc	1290 Lakeside Drive, Gurnee, Illinois, 60031	USA	2
Citronix Inc	2241 S. Watson Road, Suite 111, Arlington, Texas 76010	USA	2
Domino Printing México SA de CV	Industrial Naucalpan, CP 53370 Naucalpan de Juárez	Mexico	
Domino Printing Solutions Inc	2257 rue Guenette, Ville Saint-Laurent, Quebec, H4R 2E9	Canada	
Domino Printech India LLP	Udyog Vihar Phase 1, Gurgaon, Haryana	India	

Domino Printing Sciences plc

Notes to the financial statements (continued)

For the year ended 30 March 2018

Appendix 1 Related undertakings disclosure (continued)

Subsidiary undertakings	Address	Country of incorporation	Holding
Domino China Limited	1150 Yunqiao Road, Shanghai Free Trade Test Zone, Shanghai	China	
Domino Coding (Hong Kong) Limited	6/F., Prosperous Commercial Building, 54-58 Jardines Bazaar, Causeway Bay, Hong Kong	China	
Domino Asia Limited	Part E, 2nd Floor, Building B, No.155, Fute Xiyi Road, Shanghai	China	
Domino Printing Technology Limited	5th Floor, No. 88, Tonggang Road, Jiangsu	China	
Domino Asia Pte Limited	33 Ubi Ave 3 #05-24, The Vertex, Tower B, 408868	Singapore	
Domino Korea Pte Limited	2F, Star Tower, 37, Sagimakgol-ro 62beon-gil, Jungwon-gu, Seongnam-si, Gyeonggi-do	South Korea	
Domino Printing Sciences Investments Corporation	1290 Lakeside Drive, Gurnee, Illinois, 60031	USA	
Graph-Tech AG	Aeschwylstrasse 15, CH-4665 Oftringen	Switzerland	
PostJet Systems Limited	Unit 7, Beechwood, Chineham Park, Basingstoke, RG24 8WA	England and Wales	

The Company directly or indirectly owns 100% of the ordinary share capital of all subsidiaries.

1 Dormant companies, 2 Indirectly held