

Digital Projection International Limited  
Directors' report and financial statements  
for the year ended 31 December 2004

Registered Number 03280170



# Digital Projection International Limited

## Directors' report and financial statements for the year ended 31 December 2004

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# **Digital Projection International Limited**

## **Officers and professional advisors for the year ended 31 December 2004**

### **Directors**

B R Critchley

T J Cronin

### **Secretary**

T J Cronin

### **Auditors**

Deloitte & Touche LLP

Manchester

### **Solicitors**

Beachcroft Wansborough

St Annes House

St Anne Street

Manchester

M2 7LP

### **Bankers**

Lloyds Bank plc

PO Box 349

53 King Street

Manchester

M60 2LE

### **Registered Office**

Greenside Way

Middleton

Manchester

M24 1XX

# **Digital Projection International Limited**

## **Directors' report for the year ended 31 December 2004**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2004.

### **Principal activities**

The principal activity of the group is the research, design, manufacture and sale of electronic projectors.

### **Review of business and future developments**

Digital Projection International Limited produces and sells high brightness, large screen electronic projectors.

The company's headquarters are in Middleton, Manchester where products are developed and manufactured. Digital Projection Inc. based in Atlanta, Georgia provides full sales and marketing, product service and support to the North American market. The directors consider the business operation to be satisfactory and will continue to place emphasis substantially on the research activities of the group.

### **Results and dividends**

The results for the year are set out in the consolidated profit and loss account on page 5. The directors do not recommend the payment of a dividend (2003-£nil).

### **Directors and their interests**

The directors who held office during the year are given below:

B R Critchley

T J Cronin

None of the directors held any interests in the shares of the company during the year. The interests of the directors in the ultimate parent company are shown in that company's accounts.

No director had any interest in a contract (other than their service contracts) to which the company or a subsidiary undertaking was a party during the accounting year.

### **Research and development**

The group has devoted substantial resources to research and development during the year. This, together with contracts with outside parties, will enable the company to maintain its leading position in technology and design.

### **Statement of directors' responsibilities**

United Kingdom company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently. In addition, the directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2004 and that applicable accounting standards have been followed.

# Digital Projection International Limited

## Directors' report for the year ended 31 December 2004 (continued)

### Statement of directors' responsibilities (continued)

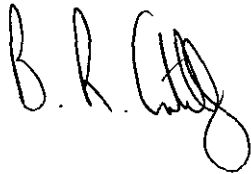
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

The auditors, Deloitte & Touche LLP have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed at the Annual General Meeting.

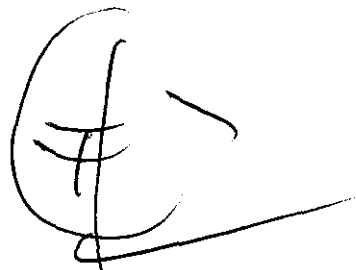
### By order of the Board

B R Critchley  
Director



23 January 2006

T J Cronin  
Director



23 January 2006

# Digital Projection International Limited

## Independent auditors' report to the members of Digital Projection International Limited

We have audited the financial statements of Digital Projection International Limited for the year ended 31 December 2004 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the statement of total recognised gains and losses, the statement of accounting policies and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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

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

### Basis of audit opinion

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

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

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2004 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
Manchester

23 January 2006

# Digital Projection International Limited

## Consolidated profit and loss account for the year ended 31 December 2004

	Note	2004 £000	2003 £000
Turnover	1	17,764	12,850
Cost of sales		(12,180)	(9,734)
<b>Gross profit</b>		<b>5,584</b>	<b>3,116</b>
Distribution costs		(2,080)	(1,767)
Administrative expenses		(5,107)	(4,344)
<b>Operating loss</b>	3	<b>(1,603)</b>	<b>(2,995)</b>
Interest payable and similar charges	4	(478)	(640)
Interest receivable and similar income	5	509	927
<b>Loss on ordinary activities before taxation</b>		<b>(1,572)</b>	<b>(2,708)</b>
Tax on loss on ordinary activities	6	1,185	880
<b>Loss for the year</b>	16	<b>(387)</b>	<b>(1,828)</b>

The above results relate to continuing operations.

# Digital Projection International Limited

## Statement of total recognised gains and losses for the year ended 31 December 2004

	2004 £000	2003 £000
Loss for the financial year	(387)	(1,828)
Currency translation differences on foreign currency net investments	110	(471)
Total recognised losses relating to the year	(277)	(2,299)



# Digital Projection International Limited

## Consolidated balance sheet as at 31 December 2004

	Note	2004 £000	2003 £000
<b>Fixed assets</b>			
Tangible assets	8	221	342
<b>Current assets</b>			
Stocks	10	2,537	3,025
Debtors	11	2,156	1,519
Cash at bank and in hand		548	610
		5,241	5,154
<b>Creditors: amounts falling due within one year</b>	12	(7,629)	(6,548)
<b>Net current liabilities</b>		(2,388)	(1,394)
<b>Total assets less current liabilities</b>		(2,167)	(1,052)
<b>Long term liabilities</b>			
<b>Creditors: amounts falling due after more than one year</b>	13	6,227	7,065
<b>Capital and reserves</b>			
Called up share capital - Equity	15	185	185
Share premium account	16	12,463	12,463
Profit and loss account	16	(21,042)	(20,765)
<b>Equity shareholders' deficit</b>	17	(8,394)	(8,117)
<b>Total long term liabilities and shareholders' deficit</b>		(2,167)	(1,052)

The financial statements on pages 5 to 24 were approved by the Board on 23 January 2006 and signed on its behalf by:

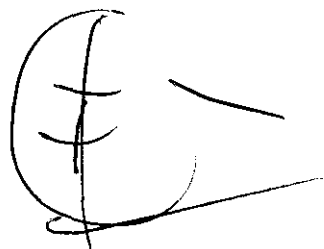
B R Critchley

Director



T J Cronin

Director



# Digital Projection International Limited

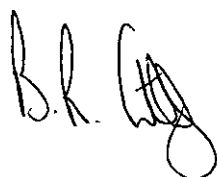
## Company balance sheet as at 31 December 2004

	Note	2004 £000	2003 £000
<b>Fixed assets</b>			
Investments	8	-	-
<b>Current assets</b>			
Debtors	11	52	27
Cash at bank and in hand		2	2
		54	29
<b>Creditors: amounts falling due within one year</b>	12	(1,953)	(1,121)
<b>Net current liabilities</b>		(1,899)	(1,092)
<b>Total assets less current liabilities</b>		(1,899)	(1,092)
<b>Creditors: amounts falling due after more than one year</b>	13	6,227	7,065
<b>Provisions for liabilities and charges</b>	14	-	-
<b>Capital and reserves</b>			
Called up share capital - Equity	15	185	185
Share premium account	16	12,463	12,463
Profit and loss account	16	(20,774)	(20,805)
<b>Equity shareholders' deficit</b>		(8,126)	(8,157)
<b>Total long term liabilities and shareholders' deficit</b>		(1,899)	(1,092)

The financial statements on pages 5 to 24 were approved by the board of directors on 23 January 2006 and signed on its behalf by:

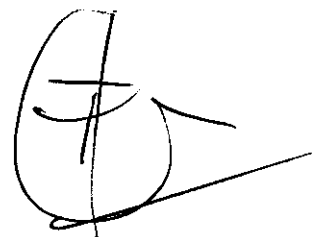
B R Critchley

Director



T J Cronin

Director



# Digital Projection International Limited

## Consolidated cash flow statement for the year ended 31 December 2004

	Note	2004 £000	2003 £000
<b>Net cash outflow from operating activities</b>	18	(722)	(627)
<b>Returns on investments and servicing of finance</b>			
Interest received		-	12
Interest paid		(101)	(159)
<b>Net cash outflow on investments and servicing of finance</b>		(101)	(147)
<b>Taxation</b>			
UK Corporation tax recovered		1,208	940
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		(13)	(103)
<b>Net cash outflow for capital expenditure</b>		(13)	(103)
<b>Financing</b>			
Repayment of borrowings	19	(434)	(497)
<b>Net cash outflow from financing</b>		(434)	(497)
<b>Decrease in cash</b>	19	(62)	(434)

The notes on pages 11 to 24 form part of these financial statements

# Digital Projection International Limited

## Accounting policies

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

### Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

### Consolidation and results

For all subsidiary undertakings the accounts include the results of those companies controlled throughout the year or to the date of disposal or from the date of acquisitions as appropriate.

### Acquisitions

In accordance with FRS 6 and FRS 7, on the acquisition of a business, fair values are attributable to the assets and liabilities of the acquired business. Any excess of purchase consideration over the fair value of the assets acquired is purchased goodwill. As a matter of accounting policy, prior to the issue of FRS10, goodwill was permitted to be written off directly to reserves, and this was the treatment adopted by the company on its acquisitions prior to the introduction of the standard.

### Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Short-term leasehold improvement	Over the term of the lease
Plant and machinery	15% per annum
Motor vehicles	25% per annum
Development and test equipment	20% per annum
Fixtures, fittings, tools and computer equipment	Between 7.5% and 33.3% per annum

Provision is made for any impairment in the carrying value of fixed assets as the directors consider appropriate.

### Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

### Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Net realisable value is based on estimate selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

### Current taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

# Digital Projection International Limited

## Accounting policies (continued)

### Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they may well be recovered. *Deferred tax assets and liabilities are not discounted.*

### Leases

Operating lease rentals are charged to income in equal amounts over the lease term.

### Research and development

Expenditure is charged to the profit and loss account in the year it is incurred.

### Pension costs

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll. The transitional arrangements of FRS17 have been adopted.

### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end or related forward contract rates. Trading results are translated at the average exchange rates for the year. Profits and losses arising in the normal course of trading and exchange differences arising on the conversion or repayment of foreign currency borrowings are dealt with in the profit and loss account. Unrealised exchange differences arising on the translation of overseas net assets are taken direct to reserves.

# Digital Projection International Limited

## Notes to the financial statements for the year ended 31 December 2004

### 1 Turnover loss before taxation

Turnover represents amounts derived from the provision of goods and services which fall within the group's ordinary activities after deduction of trade discounts and value added tax. The turnover and loss before taxation are attributable to one activity. A geographical analysis of the turnover and loss has not been provided due to the commercial sensitivity of such information.

### 2 Information regarding directors and employees

	2004 £000	2003 £000
<b>Directors' emoluments</b>		
Remuneration	322	281

The emoluments of the highest paid director were £169,211 (2003 - £169,111).

One (2003- one) director was a member of the group's defined benefit pension scheme and group pension contributions to the scheme were £60,000 (2003 - £55,150).

	2004 Number	2003 Number
<b>Average number of persons employed</b>		
Production and Research and Development	37	36
Sales and distribution	37	36
Administration	13	15
	87	87

	2004 £000	2003 £000
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	3,213	2,935
Social security costs	488	427
Pension costs	242	258
	3,493	3,620

# Digital Projection International Limited

## 3 Operating loss

	2004 £000	2003 £000
<b>Operating loss is after charging:</b>		
Research and development costs	2,733	2,927
Depreciation and amortisation:		
Owned assets	123	168
Rentals under operating leases:		
Other operating leases	262	268
Auditors' remuneration - audit	30	28
- non-audit	20	70

## 4 Interest payable and similar charges

	2004 £000	2003 £000
Interest on long term loans	478	640

## 5 Interest receivable and similar income

	2004 £000	2003 £000
Interest received	-	12
Foreign exchange movement on US dollar loans	509	915
	509	927

# Digital Projection International Limited

## 6 Tax on loss on ordinary activities

There is a tax recovery in the current year due to credit received for research and development expenditure and tax losses surrendered.

	2004 £000	2003 £000
UK corporation tax at 30% based on the loss for the year	-	-
Adjustments in respect of prior years	1,208	940
Overseas taxation	(23)	(60)
	<u>1,185</u>	<u>880</u>

Reconciliation:

Factors affecting the tax credit for the year:

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2004 £000	2003 £000
Loss on ordinary activities before taxation	(1,572)	(2,708)
Tax at 30%	472	812
Permanent differences	(38)	(606)
R & D tax credit uplift	410	453
Excess of capital allowances over depreciation	46	174
Other timing differences	589	94
Overseas taxation	(23)	(60)
Prior period adjustment	1,208	940
Utilisation of tax losses	(1,479)	(927)
Current tax credit	<u>1,185</u>	<u>880</u>

## 7 Parent company's profit and loss account

The company has taken advantage of the exemption contained in Section 230 of the Companies Act 1985 in not disclosing the profit and loss account of the parent company. The parent company's profit for the financial year was £31,000 (2003: profit - £275,000).



# Digital Projection International Limited

## 8 Tangible fixed assets

	Short-term Leasehold improvements £000	Plant and machinery £000	Development and test equipment £000	Fixtures, fittings tools and equipment £000	Total £000
<b>Cost</b>					
At 1 January 2004	732	616	1,631	910	3,889
Foreign exchange	(6)	(34)	(2)	(20)	(62)
Additions	-	6	-	7	13
<b>At 31 December 2004</b>	<b>726</b>	<b>588</b>	<b>1,629</b>	<b>897</b>	<b>3,840</b>
<b>Accumulated depreciation</b>					
At 1 January 2004	732	414	1,631	770	3,547
Foreign exchange	(6)	(25)	(2)	(18)	(51)
Charge for the year	-	52	-	71	123
<b>At 31 December 2004</b>	<b>726</b>	<b>441</b>	<b>1,629</b>	<b>823</b>	<b>3,619</b>
<b>Net book value</b>					
<b>At 31 December 2004</b>	<b>-</b>	<b>147</b>	<b>-</b>	<b>74</b>	<b>221</b>
<b>Net book value</b>					
At 31 December 2003	-	202	-	140	342

There were no tangible fixed assets in the company during the year.

# Digital Projection International Limited

## 9 Investments held as fixed assets

	Shares in subsidiaries £000	Company Long term loans to subsidiaries £000	Total £000
<b>Cost</b>			
At 1 January 2004 and 31 December 2004	-	22,830	22,830
<b>Provisions</b>			
At 1 <sup>st</sup> January 2004 and 31 December 2004	-	22,830	22,830
Net book value 31 December 2004 and 31 December 2003	-	-	-

### Interests in subsidiaries

The investment in subsidiaries shares amounted to £2 and represents 100% of the issued ordinary share capital of both Digital Projection Limited and Digital Projection Trustees Limited at 31 December 2004 and 2003. Both companies are registered in England and Wales. The principal activity of Digital Projection Limited is the design, manufacture and sale of electronic projectors. Digital Projection Trustees Limited is a dormant company and has not traded in the year.

The company also owns, through Digital Projection Limited, 100% of the issued ordinary share capital of Digital Projection Inc., a company registered in the United States of America whose principal activity is the sale of electronic projectors.

Long term loans to subsidiaries represent advances with no fixed date of repayment.

## 10 Stocks

	Group 2004 £000	2003 £000
Raw materials and consumables	622	301
Finished goods and goods for resale	1,915	2,724
	<b>2,537</b>	<b>3,025</b>

There is no stock in the company.

## 11 Debtors

	Group 2004 £000	2003 £000	Company 2004 £000	2003 £000
Trade debtors	1,827	1,223	-	-
Other debtors	254	224	-	-
Prepayments and accrued income	75	72	52	27
	<b>2,156</b>	<b>1,519</b>	<b>52</b>	<b>27</b>

# Digital Projection International Limited

## 12 Creditors: amounts falling due within one year

	Group		Company	
	2004 £000	2003 £000	2004 £000	2003 £000
Trade creditors	5,454	4,549	-	-
Amounts due to group undertakings	167	-	1,228	667
Taxation and social security	156	151	-	-
Other creditors	157	536	-	-
Accruals and deferred income	976	865	6	7
\$2.7million 10% secured loan-repayable by instalments	719	447	719	447
	<b>7,629</b>	<b>6,548</b>	<b>1,953</b>	<b>1,121</b>

## 13 Creditors: amounts falling due after more than one year

	Group		Company	
	2004 £000	2003 £000	2004 £000	2003 £000
<b>Amounts repayable between one and two years</b>				
\$2.7million 10 % secured loan –repayable by instalments	-	771	-	771
<b>Amounts repayable within two and five years:</b>				
\$10 million 6 % convertible secured loan due December 2008	6,227	6,294	6,227	6,294
	<b>6,227</b>	<b>7,065</b>	<b>6,227</b>	<b>7,065</b>

The secured loans above are secured by fixed and floating charges over all the assets of the group.

## 14 Provisions for liabilities and charges

There is no deferred taxation provision in either the group or company, due to the availability of tax losses. The unprovided deferred tax asset at 31 December 2004 was as follows:

	Group		Company	
	2004 £000	2003 £000	2004 £000	2003 £000
Depreciation in excess of capital allowances	494	601	-	-
Tax Losses	5,381	4,357	382	-
Other	875	-	-	-
Total unprovided asset	<b>6,750</b>	<b>4,958</b>	<b>382</b>	<b>-</b>

# Digital Projection International Limited

## 15 Called up share capital

The company had the following authorised and called up share capital:

	2004 £000	2003 £000
<b>Authorised</b>		
39,250,000 ordinary shares of 1p each	393	393
<b>Called up, allotted and fully paid</b>		
18,474,446 ordinary shares of 1p each	185	185

## 16 Reserves

<b>Group</b>	<b>Share premium account £000</b>	<b>Profit and loss account £000</b>	<b>Total £000</b>
Brought forward at 1 January 2004	12,463	(20,765)	(8,302)
Foreign exchange translation	-	110	110
Retained loss for the year	-	(387)	(387)
<b>At 31 December 2004</b>	<b>12,463</b>	<b>(21,042)</b>	<b>(8,579)</b>

<b>Company</b>	<b>Share premium account £000</b>	<b>Profit and loss account £000</b>	<b>Total £000</b>
Brought forward at 1 January 2004	12,463	(20,805)	(8,342)
Retained profit for the year	-	31	31
<b>At 31 December 2004</b>	<b>12,463</b>	<b>(20,774)</b>	<b>(8,311)</b>

In accordance with Statement of Standard Accounting Practice 20, the profit and loss account for the group and the company includes unrealised exchange gains of £509,000 (2003 - £915,000) arising from unsettled long term monetary items. The directors consider the departure from the requirement of the Companies act 1985 to include only realised profits in the profit and loss account is necessary in order that the financial statements give a true and fair view.

# Digital Projection International Limited

## 17 Reconciliation in movements in shareholders' deficit

Group	2004 £000	2003 £000
Consolidated loss for the financial year	(387)	(1,828)
Foreign exchange translation reserve	110	(471)
Net increase in shareholders' deficit	(277)	(2,299)
Shareholders' deficit brought forward	(8,117)	(5,818)
Shareholders' deficit carried forward	(8,394)	(8,117)

## 18 Reconciliation of operating loss to net cash outflow from operating activities

	2004 £000	2003 £000
Operating loss	(1,603)	(2,995)
Depreciation	123	168
Foreign exchange translation	121	(453)
Decrease / (increase) in stocks	488	(1,169)
(Increase) / decrease in debtors	(637)	2,787
Increase in creditors	786	1,035
Net cash outflow from operating activities	(722)	(627)

# Digital Projection International Limited

## 19 Reconciliation of net cash flow to movement in net debt

	2004 £000	2003 £000
Decrease in cash	(62)	(434)
Cash outflow from repayment of borrowings	434	497
Change in net debt resulting from cash flows	372	63
Translation difference	509	915
Non-cash movement	(377)	(481)
Movement in net debt in the year	504	497
Net debt at beginning of year	(6,902)	(7,399)
Net debt at end of year	(6,398)	(6,902)

The non-cash movement relates to interest rolled up within the long term loan balances.

The analysis of net debt is as follows:

Cash	548	610
Loans repayable within one year	(719)	(447)
Loans repayable after one year	(6,227)	(7,065)
Net debt at end of year	(6,398)	(6,902)

# Digital Projection International Limited

## 20 Pensions

Accounting standard FRS17 - Retirement Benefits issued by the ASB requires companies who operate defined benefit schemes to incorporate in their accounts the performance of the pension scheme. For the year ended 31 December 2004, the company has adopted the transitional disclosures set out in the standard. These are set out below:

The group operates a defined benefit scheme in the UK. Pension costs for the year are shown in note 2. A full actuarial valuation was carried out at 5 April 2003, which showed a deficit of £525,000. The market value of the assets at that date were £1,344,000. The projected unit method was used. This was updated to 31 December 2004 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

	2004	2003	2002
Rate of increase in salaries	3.77%	3.64%	3.34%
Rate of increase of pensions in payment	2.77%	2.64%	2.34%
Rate of increase of pensions in deferment	2.77%	2.64%	2.34%
Discount rate	5.29%	5.36%	5.47%
Inflation assumption	2.77%	2.64%	2.34%

The assets in the scheme and the expected rate of return were:

	2004	2004 £000	2003	2003 £000	2002	2002 £000
Equities	7.00%	1,430	7.00%	1,161	7.00%	815
Bonds	5.00%	286	5.00%	224	5.00%	220
		1,716		1,385		1,035
Actuarial value of liability		(3,253)		(2,503)		(2,170)
Recoverable deficit in the scheme		(1,537)		(1,118)		(1,135)
Related deferred tax asset		461		335		340
Net pension liability		(1,076)		(783)		(795)

# Digital Projection International Limited

## 21 Pensions (continued)

### Balance Sheet as at 31 December 2004

	2004 £000	2003 £000
Net liabilities excluding pension liability	(8,394)	(8,117)
Pension liability	(1,076)	(783)
Net liabilities including pension liability	(9,470)	(8,900)

### Profit and loss reserve as at 31 December 2004

	2004 £000	2003 £000
Profit and loss reserve excluding pension liability	(21,042)	(20,765)
Pension reserve	(1,076)	(783)
Profit and loss reserve including pension liability	(22,118)	(21,548)

### Analysis of amount charged to operating profit

	2004 £000	2003 £000
Service cost	130	126

### Analysis of net return on pension scheme

	2004 £000	2003 £000
Expected return on pension scheme assets	98	74
Interest on pension liabilities	(137)	(122)
Net charge	(39)	(48)

### Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

	2004 £000	2003 £000
Actual return less expected return on assets	53	97
Experience gains and losses on liabilities	(44)	111
Changes in assumptions	(449)	(204)
Actuarial (loss) / gain recognised in STRGL	(440)	4



# Digital Projection International Limited

## 21 Pensions (continued)

### Movement in deficit during year

	2004 £000	2003 £000
Deficit in scheme at beginning of year	(1,118)	(1,135)
Current service cost	(130)	(126)
Contributions	190	187
Past service costs	-	-
Other finance costs	(39)	(48)
Actuarial (loss) / gain	(440)	4
Deficit in scheme at end of year	(1,537)	(1,118)

Over the year to 31 December 2004 contributions were paid into the Plan at the rate of 40% of pensionable pay by the employer and at 2.7% of pensionable pay (on average) by the employees. The Plan is a closed scheme and therefore under the projected unit method the current service cost would be expected to increase as members approach retirement.

### History of experience gains and losses

	2004 £000	2003 £000
Difference between expected and actual return on scheme assets	53	97
Percentage of scheme assets	3%	7%
Experience gains and losses on scheme liabilities	(44)	111
Percentage of scheme liabilities	1%	4%
Total amount recognised in statement of recognised gains and losses	(440)	4
Percentage of scheme liabilities	14%	0%

# Digital Projection International Limited

## 21 Financial commitments

	2004 £000	2003 £000
<b>Capital commitments</b>		
Contracted for but not provided	-	-

### Operating lease commitments:

At 31 December 2004 the group was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings		Other	
	2004 £000	2003 £000	2004 £000	2003 £000
<b>Leases which expire:</b>				
Within one year	48	-	4	3
Within 2 to 5 years	60	113	23	29
	<b>108</b>	<b>113</b>	<b>27</b>	<b>32</b>

## 22 Related party transactions

The company has taken advantage of the exemption contained in FRS8 "Related Party Disclosures" in not disclosing transactions with other companies within the group of which it is itself a wholly owned subsidiary.

There were no other related party transactions.

## 23 Ultimate parent and controlling party

The smallest and largest group in which the results of Digital Projection International Limited and its subsidiaries are to be consolidated is that headed by the company's immediate and ultimate parent, Brandplain Limited, a company registered in the UK.

In the opinion of the directors, Brandplain Limited is the controlling party. Copies of its financial statements will be available from Companies House, Cardiff.