

MacDermid plc

**Directors' report and financial
statements**

Registered number 1290882

For the year ended 31 December 2010

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Contents

Directors' report	1
Statement of directors' responsibilities in respect of the directors' report and the financial statements	4
Independent auditor's report to the members of MacDermid plc	5
Profit and loss account	7
Balance sheet	8
Statement of total recognised gains and losses	9
Notes	10

Directors' report

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

Principal activities

MacDermid plc is a wholly owned subsidiary of MacDermid Europe Limited, which is ultimately owned by MacDermid Holdings LLC, a company incorporated in the United States of America

The principal activities of the company continue to be the manufacture and supply of speciality chemicals and materials for use in surface coating and printed circuit board industries and the manufacture and supply of industrial lubricants

The company provides technology-based solutions to the surface coating industry. Our customers are mainly coating applications, found in all industrial manufacturing sectors. The company also supplies innovative, environmentally-sound products to printed circuit board manufacturers involved in industries from mobile phones to automotive

Business review

There was a profit for the year after taxation amounting to £9.3 million (2009 £10.9 million)

Key performance indicators

The key performance indicators monitored by management are growth in turnover, gross profit margin and profit after tax

Financial overview

2010 has seen a dramatic improvement in turnover. Total turnover increased by 37.4% (2009 decreased by 22.7%) over the prior year, with sales to UK customers increasing by 21.0% (2009 decreased by 18.7%), sales to other EC countries by 207.3% (2009 decreased by 34.6%) and sales to the rest of the world by 82.8% (2009 decreased by 42%). The improvement in turnover and control of costs has resulted in operating profit of £2,504,000 compared to £457,000 in 2009. The company's profit after tax decreased by 14.8% due primarily to lower dividend income and a higher tax charge.

Future developments

The 2011 outlook is for organic growth of sales to the surface preparation and coatings industries. The growth is possible as a result of the new and improved products which have been developed by the Research and Development group. The company will continue to benefit from its roads into the metallurgy and metal working industries.

The continued growth of turnover and lower cost base will help the company to achieve the targets set for 2011.

The company will continue to invest in people and the development of new products to meet the demands of our customers.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have paid an interim dividend of £7,007,000 (2009 £12,743,080).

Directors' report *(continued)*

Financial risk management objectives and policies

The company's principal financial instruments comprise an intra-group loan. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The company does not enter into derivative transactions.

The main risks arising from the company's financial instruments are liquidity risk and credit risk. The board reviews and agrees policies for managing these risks as summarised below.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Credit risk

The company trades with only recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

Research and development

The company carries out research and development of products used primarily for the surface preparation, surface modification and post-treatment of metals and plastics. The products have a wide variety of uses in manufacturing sectors for the automotive and aircraft industries, domestic appliances, shop fittings, fasteners, jewellery and mobile phones.

Directors

The directors who served during the year were as follows:

TJ Clarke
J Cordani
LJ Phasey
RE Richards

Donations

The company made charitable donations amounting to £Nil during the year (2009 £Nil). The company made no political donations in either the current or preceding year.

Payment to suppliers

It is the company's policy to settle the terms of payments with suppliers when agreeing the terms of the transactions, to ensure that suppliers are aware of these terms and to abide by them. Trade creditors at the year end amount to 77 days (2009 42 days) of average supplies for the year.

Employees

It is the policy of the company that no job application or employee, full time or part time, will receive less favourable treatment because of a disability unless objectively justifiable. The company gives full and fair consideration to people with disabilities during recruitment, who are judged on whether or not they have the skills or experience to do the job in question. Particular consideration is given to the training and other needs of employees with disabilities (and especially of those individuals who become disabled during employment). It is the aim of the company to comply at all times with the obligations imposed on it by the Disability Discrimination Act 1996.

Management believes that employees will work more effectively if, subject to obvious legal and business constraints, they are kept informed of the progress of their own company and of the group as a whole. For this reason, the executive directors of MacDermid Holdings LLC regularly brief the managing directors of the various operating companies who, in turn, are responsible for communicating relevant information to their employees on a regular and systematic basis and consult them where appropriate.

Directors' report *(continued)*

Disclosure of information to auditors

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will, therefore, continue in office

On behalf of the board



RE Richards
Director

198 Golden Hillock Road
Birmingham
B11 2PN

2 June 2011

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

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

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

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



KPMG LLP

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of MacDermid plc

We have audited the financial statements of MacDermid plc for the year ended 31 December 2010 set out on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

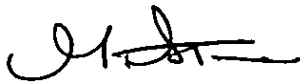
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of MacDermid plc *(continued)*

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



M Steventon (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

2 June 2011

Profit and loss account
for the year ended 31 December 2010

	<i>Note</i>	2010 £000	2009 £000
Turnover	2	16,920	12,312
Cost of sales		(11,058)	(8,069)
		<hr/>	<hr/>
Gross profit		5,862	4,243
Other operating charges	3	(5,688)	(5,607)
Other operating income	4	2,330	1,821
		<hr/>	<hr/>
Operating profit	5	2,504	457
Dividend receivable from subsidiary undertaking		7,000	9,743
Interest receivable and similar income	8	545	387
Interest payable		(7)	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation		10,042	10,587
Tax on profit on ordinary activities	10	(769)	287
		<hr/>	<hr/>
Profit for the financial year		9,273	10,874
		<hr/>	<hr/>

All of the activities of the company are classed as continuing

There is no difference between the result as disclosed in the profit and loss account and the result on a historical cost basis

The notes on pages 10 to 23 form part of these financial statements

Balance sheet
 at 31 December 2010

	<i>Note</i>	2010 £000	£000	2009 £000	£000
Fixed assets					
Intangible assets	11	-	-	-	-
Tangible assets	12	5,203	5,203	5,035	5,035
Investments	13	60	60	60	60
			<u>5,263</u>		<u>5,095</u>
Current assets					
Stocks	14	2,400		1,365	
Debtors	15	36,364		35,431	
Cash at bank		1,542		1,881	
		<u>40,306</u>		<u>38,677</u>	
Creditors Amounts falling due within one year	17	(32,507)		(31,105)	
Net current assets			<u>7,799</u>		<u>7,572</u>
Total assets less current liabilities			<u>13,062</u>		<u>12,667</u>
Creditors Amounts falling due after more than one year	18		(761)		(476)
Provision for liabilities and charges	16		(448)		(331)
Net assets before pension liability			<u>11,853</u>		<u>11,860</u>
Net pension asset/(liability)	19		2,746		(704)
Net assets after pension liability			<u>14,599</u>		<u>11,156</u>
Capital and reserves					
Called up equity share capital	22		3,000		3,000
Share premium account	23		1,135		1,135
Profit and loss account	23		10,464		7,021
Shareholders' funds	23		<u>14,599</u>		<u>11,156</u>

These financial statements were approved by the board of directors on 2 June 2011 and were signed on its behalf by



RE Richards
 Director

Company number 1290882

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

	2010 £000	2009 £000
Profit for the financial year	9,273	10,874
Actuarial gain in respect of defined benefit pension scheme	1,583	134
Movement in pension scheme deferred tax asset relating to actuarial gains	(406)	(38)
Total recognised gains and losses recognised since the last financial statements	10,450	10,970

Notes

(forming part of the financial statements)

1 Accounting policies

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

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 1 to 3. The financial position of the company is set out in the balance sheet on page 8.

In addition, the Directors' Report includes the company's financial risk management objectives and policies and discussion of its liquidity, credit and currency risk.

Going concern

Despite the economic conditions, the company has remained profitable and retains significant cash reserves as well as having reduced its pension deficit by means of a special contribution. Due to strong performances from subsidiary undertakings, the company experienced an increase in profit before tax due to intergroup dividends received.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Practice.

Consolidation

The company has taken the exemption provided by UITF Abstract 43 "The interpretation of equivalence for the purposes of Section 401(2) of the Companies Act 2006" and has not prepared consolidated financial statements on the basis that the company is included in the consolidated financial statements of a larger group which are drawn up on an equivalent basis to the Seventh Directive (83/349/EEC). See note 26 for further details of the financial statements and the address from which they may be obtained. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent company publishes a consolidated cash flow statement.

Related party transactions

The company is exempt from the requirements of Financial Reporting Standard No 1 (Related party disclosures) to disclose transactions with other group undertakings or transactions with investees of the group qualifying as related parties, as it is a wholly owned subsidiary and its financial statements are included in the consolidated financial statements of the ultimate parent company and those financial statements are publicly available.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods to customers. Turnover is recognised on the date of delivery of goods to customers.

Research and development

Expenditure on research and development is written off against profits in the year in which it is incurred except for expenditure on tangible fixed assets.

Notes (continued)

1 Accounting policies (continued)

Goodwill

Goodwill relating to businesses acquired since 1 January 1998 follow the provisions of FRS 10 whereby goodwill is capitalised and amortised by equal annual instalments over its estimated useful economic life, determined individually for each acquisition but normally a period not exceeding twenty years. Negative goodwill is credited to the balance sheet and amortised over the lives of the underlying non-monetary assets to which it relates.

Fixed assets

All fixed assets are recorded at cost with an allowance for depreciation.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and equipment	-	5 to 14 years
Motor vehicles	-	4 to 5 years

Leases

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

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises materials, labour and appropriate overhead expenses. Specific provisions are made as necessary for slow moving and obsolete stock.

Pension costs

The company operates a pension scheme with one section based on final pensionable pay and one section based on contributions. The assets of the scheme are held separately from those of the company. Contributions to the scheme are paid in accordance with the recommendations of an independent actuary.

Defined benefit scheme

Pension scheme assets are measured at market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent it is recoverable) or deficit is recognised in full. The movement in the scheme is split between operating charges, finance items and in the statement of total recognised gains and losses, actuarial gains and losses.

Defined contribution scheme

The amounts charged to the profit and loss account represent the contributions payable to the scheme in respect of the period.

Deferred taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

1 Accounting policies (continued)

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to operating profit over the estimated useful economic lives of the assets to which they relate

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction, or if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Financial instruments

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as they represent a constant proportion of the capital outstanding.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2 Turnover

The turnover and profit before tax are attributable to the principal activities of the company. An analysis of turnover by geographical destination is given below.

	2010 £000	2009 £000
United Kingdom	12,685	10,483
Other EC countries	2,200	716
Rest of the world	2,035	1,113
	<u>16,920</u>	<u>12,312</u>

Further segmental information is not provided as the directors are of the opinion that to do so would be seriously prejudicial to the company.

3 Other operating charges

	2010 £000	2009 £000
Distribution costs	2,005	2,014
Administrative expenses	3,683	3,593
	<u>5,688</u>	<u>5,607</u>

Notes (continued)

4 Other operating income

	2010 £000	2009 £000
Research and development cost recharge to other group companies	2,330	1,821

5 Operating profit

	2010 £000	2009 £000
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Operating profit is stated after charging/(crediting)

Amortisation		
Intangible fixed assets	-	6
Research and development expenditure written off	2,219	1,671
Depreciation of owned fixed assets	430	301
Operating lease costs		
Plant and equipment	66	52
Other	285	387
<i>Auditors' remuneration</i>		
Audit fees	30	30
Taxation services	18	18

6 Remuneration of directors

	2010 £000	2009 £000
Emoluments receivable	285	264
Value of company pension contributions to money purchase schemes	26	24
	311	288

Emoluments of highest paid director

Total emoluments (excluding pension contributions)	114	106
Value of company pension contributions to money purchase schemes	11	11
	125	117

Notes (continued)

6 Remuneration of directors (continued)

The number of directors who accrued benefits under company pension schemes was as follows

	Number of directors	
Money purchase schemes	3	3

No directors (2009 none) exercised share options or received benefits under long term incentive schemes

7 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was as follows

	Number of employees	
	2010	2009
Production	14	12
Administrative	36	35
Sales and marketing	38	39
Warehousing	7	6
	<u>95</u>	<u>92</u>

The aggregate payroll costs of these persons were as follows

	£000	£000
Wages and salaries	3,402	2,950
Social security costs	378	323
Other pension costs	235	216
	<u>4,015</u>	<u>3,489</u>

8 Interest receivable and similar income

	2010	2009
	£000	£000
Bank interest receivable	44	157
Interest from group undertakings	129	135
Net finance income in respect of defined benefit pension schemes	372	95
	<u>545</u>	<u>387</u>

Interest from group undertakings is related to an intercompany loan due from MacDermid European Holdings BV of £5 million, payable on demand, at an interest rate of LIBOR + 2.05%

Notes (continued)

9 Dividends

	2010 £000	2009 £000
Equity shares		
Interim dividends paid	7,007	12,743

10 Taxation

Analysis of charge/(credit) in year

	2010 £000	£000	2009 £000	£000
<i>UK corporation tax</i>				
Current tax on income for the year	(209)		(1,170)	
Adjustments in respect of prior years	(22)		(355)	
Total current tax		(231)		(1,525)
<i>Deferred tax</i>				
Origination and reversal of timing differences	1,016		720	
Movement in pension scheme deferred tax asset	1		518	
Rate change	(17)		-	
		1,000		1,238
Tax on profit on ordinary activities		769		(287)

Factors affecting the tax charge for the current year

The current tax credit for the year is higher (2009 higher) than the standard rate of corporation tax in the UK 28% (2009 28%). The differences are explained below

	2010 £000	2009 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	10,042	10,587
Current tax at 28% (2009 28%)	2,812	2,964
<i>Effects of</i>		
Expenses not recognised for tax purposes	4	19
Capital allowances for period in excess of depreciation	(121)	(682)
Adjustments to tax charge in respect of previous periods	(22)	(355)
Other timing differences	(4)	(164)
Movement in FRS 17 provision	(884)	(518)
UK dividends received	(1,960)	(2,728)
Additional tax credit for research and development	(56)	(61)
Total current tax charge (see above)	(231)	(1,525)

Factors that may affect future charges

The ability to recognise the tax credit depends on the availability of taxable profits in the wider UK group

Notes (continued)

11 Intangible fixed assets

	Goodwill £000	Product licence £000	Total £000
<i>Cost</i>			
At beginning and end of year	2,110	30	2,140
<i>Amortisation</i>			
At beginning and end of year	2,110	30	2,140
<i>Net book value</i>			
At 31 December 2010	-	-	-
At 31 December 2009	-	-	-

12 Tangible fixed assets

	Leasehold improvements £000	Plant and equipment £000	Motor vehicles £000	Assets under construction £000	Total £000
<i>Cost or valuation</i>					
At beginning of year	3,775	2,157	10	-	5,942
Additions	-	299	-	299	598
Disposals	-	(113)	-	-	(113)
At end of year	3,775	2,343	10	299	6,427
<i>Depreciation</i>					
At beginning of year	168	729	10	-	907
Charge for the year	252	178	-	-	430
Disposals	-	(113)	-	-	(113)
At end of year	420	794	10	-	1,224
<i>Net book value</i>					
At 31 December 2010	3,355	1,549	-	299	5,203
At 31 December 2009	3,607	1,428	-	-	5,035

Notes (continued)

13 Investments

	Shares in Subsidiary undertakings £000
<i>Cost</i>	
At beginning and end of year	60
	<hr/>
Net book value	
At 31 December 2010	60
	<hr/>
At 31 December 2009	60
	<hr/>

The company owns all the issued share capital of MacDermid Canning Limited which is incorporated in England. Its principal activity is the manufacture and sale of environmentally acceptable fluids for use in hydraulic systems and during drilling and logging operations.

MacDermid Canning Limited owns all of the issued share capital of MacDermid Printing Solutions Limited which is incorporated in England. Its principal activity is the manufacture and sale of printing plates and technology to the newspaper industry.

14 Stocks

	2010 £000	2009 £000
Raw materials and consumables	1,076	548
Finished goods and goods for resale	1,324	817
	<hr/>	<hr/>
	2,400	1,365
	<hr/>	<hr/>

15 Debtors

	2010 £000	2009 £000
Trade debtors	2,937	2,172
Amounts owed by group undertakings	32,948	31,510
Other debtors	293	23
Prepayments and accrued income	186	208
Amounts owed by group undertakings for group relief	-	1,518
	<hr/>	<hr/>
	36,364	35,431
	<hr/>	<hr/>

Notes (continued)

16 Deferred taxation

The deferred tax included in the balance sheet is as follows

	2010 £000	2009 £000
Included in pension deficit (see note 19)	(1,015)	274
Provisions for liabilities and charges	(448)	(331)
	<u>(1,463)</u>	<u>(57)</u>

The movement in the non-pension related deferred taxation account during the year was

	2010 £000
At beginning of year	(331)
Profit and loss account movement arising during the year	(117)
	<u>(448)</u>
At end of year	<u>(448)</u>

The balance of the non-pension related deferred taxation account consists of the tax effect of timing differences in respect of

	2010 £000	2009 £000
Excess of taxation allowances over depreciation on fixed assets	(461)	(348)
Other timing differences	13	17
	<u>(448)</u>	<u>(331)</u>
Non pension related deferred tax (liability)/asset	<u>(448)</u>	<u>(331)</u>

	Deferred tax asset/(liability) on pension deficit/surplus £000	Other deferred taxation £000	Total £000
At beginning of year	274	(331)	(57)
Released during the year for profit and loss account items	(883)	(117)	(1,000)
Provided during the year for balance sheet items	(406)	-	(406)
	<u>(1,015)</u>	<u>(448)</u>	<u>(1,463)</u>
At end of year	<u>(1,015)</u>	<u>(448)</u>	<u>(1,463)</u>

Notes (continued)

17 Creditors: Amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	2,309	939
Amounts owed to group undertakings	29,474	29,608
Corporation tax	56	-
Other taxation	131	91
Other creditors	72	101
Accruals and deferred income	465	366
	<u>32,507</u>	<u>31,105</u>

18 Creditors: Amounts falling due after more than one year

	2010 £000	2009 £000
Accruals and deferred income	761	476
	<u>761</u>	<u>476</u>

Creditors falling due after more than one year relate to rental costs. The £476,000 2009 rental accrual has been moved from creditors falling due within one year to creditors falling due after more than one year. This has no effect on the prior year results.

Included within creditors falling due after more than one year is £0.6 million due for payment more than five years from the Balance Sheet date.

Notes (continued)

19 Pension commitments

Defined benefit scheme

The principal scheme operated in the UK is the MacDermid Canning Pension Scheme. It is a defined benefit scheme for service prior to 6 April 1997 and defined contribution for service on or after that date. The scheme is established as a separate fund and administered by a corporate trustee. The scheme's assets are invested independently of the company with no element of self-investment.

The latest full actuarial valuation was carried out at 6 April 2010 and was updated for FRS 17 purposes to 31 December 2010.

The amounts recognised in the balance sheet at 31 December 2010 were

	2010 £000	2009 £000	2008 £000
Equities	26,957	22,353	18,617
Bonds	16,174	14,762	14,236
Property	3,921	2,952	-
Others	1,960	2,109	3,650
	<hr/>	<hr/>	<hr/>
Total market value of assets	49,012	42,176	36,503
Present value of scheme liabilities	(45,251)	(43,154)	(39,466)
	<hr/>	<hr/>	<hr/>
Surplus/(deficit) in the scheme	3,761	(978)	(2,963)
Related deferred tax (liability)/asset	(1,015)	274	829
	<hr/>	<hr/>	<hr/>
Net pension asset/(liability)	2,746	(704)	(2,134)

Changes in the present value of the defined benefit obligation are as follows

	2010 £000	2009 £000
Opening defined benefit obligation	43,154	39,466
Current service cost	525	544
Scheme participants' contributions	218	232
Interest cost	2,005	1,945
Actuarial losses	1,276	3,162
Benefits paid	(1,711)	(1,951)
Administrative expenses paid	(216)	(244)
	<hr/>	<hr/>
Closing defined benefit obligation	45,251	43,154

Notes (continued)

19 Pension commitments (continued)

Changes in the fair value of plan assets are as follows

	2010 £000	2009 £000
Opening fair value of scheme assets	42,176	36,503
Actual return on assets	5,236	5,336
Contributions by employer	3,309	2,300
Scheme participants' contributions	218	232
Benefits paid	(1,711)	(1,951)
Administrative expenses paid	(216)	(244)
	<hr/>	<hr/>
Closing fair value of scheme assets	49,012	42,176
	<hr/>	<hr/>

The company expects to contribute £3,320,000 to the Scheme in the next accounting year

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

	2010 £000	2009 £000
Actual return more than expected return on scheme assets	1,900	2,481
Liability gain during year	1,545	-
Loss on changes in assumptions underlying the present value of scheme liabilities	(1,862)	(2,347)
	<hr/>	<hr/>
Actuarial gains	1,583	134
	<hr/>	<hr/>

Analysis of the amount recognised in the profit and loss account

	2010 £000	2009 £000
Current service cost	451	461
Interest cost	2,005	1,945
Actual return on assets	(2,377)	(2,040)
	<hr/>	<hr/>
	79	366
	<hr/>	<hr/>

The expense is recognised in the following line items in the profit and loss account

	2010 £000	2009 £000
Cost of sales	34	36
Administrative expenses	334	345
Distribution costs	83	80
Interest receivable	(372)	(95)
	<hr/>	<hr/>
	79	366
	<hr/>	<hr/>

Notes (continued)

19 Pension commitments (continued)

A history of experience gains and losses is shown below

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Defined benefit obligation	(45,251)	(43,154)	(39,466)	(41,746)	(41,246)
Scheme assets	49,012	42,176	36,503	42,084	38,215
Surplus/(deficit)	3,761	(978)	(2,963)	338	(3,031)
Experience gains/(losses) on scheme assets					
Amount	1,900	2,481	(7,583)	(360)	(421)
% of scheme assets	3.88	5.88	22.77	0.86	1.10
Total amount recognised in statement of total recognised gains and losses					
Amount	1,583	134	(5,783)	350	1,254

Defined contribution scheme

The contributions paid to the scheme during the year were £527,000 (2009 £532,000)

The contributions outstanding at the year were £Nil (2009 £Nil)

20 Commitments under operating leases

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings		Assets other than land and buildings	
	2010 £000	2009 £000	2010 £000	2009 £000
Operating leases which expire				
Within one year	-	-	-	-
Within two to five years	-	-	25	4
After five years	285	285	41	39
	285	285	66	43

21 Related party transactions

The company is exempt from the requirements of Financial Reporting Standard 8 (Related party disclosures) to disclose transactions with other group undertakings or transactions with investees of the group qualifying as related parties, as it is wholly owned subsidiary and its financial statements are included in the consolidated financial statements of the ultimate parent company and those financial statements are publicly available from the address in note 26

Notes (continued)

22 Share capital

	2010 £000	2009 £000
<i>Allotted, called up and fully paid</i>		
3 000,000 ordinary shares of £1 each	3,000	3,000

23 Reconciliation of movements in shareholders' funds

	Share capital £000	Share premium accounts £000	Profit and loss account £000	Total shareholders' funds £000
At beginning of year	3,000	1,135	7,021	11,156
Profit for the year	-	-	9,273	9,273
Dividends	-	-	(7,007)	(7,007)
Pension scheme actuarial gain for the year	-	-	1,583	1,583
Deferred tax in respect of defined benefit pension Scheme	-	-	(406)	(406)
At end of year	3,000	1,135	10,464	14,599

24 Capital commitments

At 31 December 2010 there were capital commitments amounting to £Nil (2009 £Nil) which were contracted for and not paid

25 Contingent liabilities

The company is party to an unlimited intercompany composite guarantee in favour of its bankers, Royal Bank of Scotland. The other participants in the guarantee are all fellow UK subsidiaries of the MacDermid group

26 Ultimate parent company

The ultimate parent company and controlling party is MacDermid Holdings LLC, which is incorporated in the United States of America

The largest and smallest group in which the results of this company are consolidated is that headed by MacDermid Holdings LLC. Copies of the group financial statements are available to the public from the following address

MacDermid Holdings LLC
1401 Blake Street
Denver
Colorado 80202
USA