ECLIPSE MAGNETICS LIMITED 531327

Report and Accounts

30 September 2010

Eclipse Magnetics Limited

Registered No 531327

DIRECTORS
J B Dargavel
P J Dyson
T Kelly
H W Lim
K Martin
S B McCallorum
L Wells
James Neill Holdings Limited

SECRETARY
J M Dallman

AUDITOR
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
2 Broadfield Court
Sheffield
S8 0XF

BANKERS
HSBC Bank plc
Unit 4 Europa Court
Sheffield Business Park
Sheffield
S9 1XE

SOLICITORS
hlw
Commercial House
Commercial Street
Sheffield
S1 2AT

REGISTERED OFFICE
Atlas Way
Atlas North
Sheffield
S4 7QQ

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 September 2010

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company throughout the year has been the manufacture, procurement and sale of permanent magnets, magnetic work holding systems and other associated products The company also markets the Moore & Wright range of micrometers and other precision measuring tools

During the year the company's operating performance was adversely affected by the ongoing effects of the global economic slow down and increasing raw material and utility costs The directors expect the current level of activity to be maintained in the forthcoming year and will look to benefit from any upturns in the company's principal markets

The directors believe that the key risks facing the company include, without limitation

- consumer and retail demand deteriorating amid a general economic slow down,
- current sales prices and product mixes not being maintained,
- the loss of key customers resulting in reduced revenues or significant bad debts,
- raw material, factored product, and utility prices increasing above current levels, and
- unfavourable exchange movements

In managing the business the directors have established controls to enable them to respond to and mitigate the impact of such risks

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as inter-company and external debtors and inter-company and external trade creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations The main risks arising from the company's financial instruments are interest rate risk, liquidity risk and foreign currency risk The directors review and agree policies for managing each of these risks and they are summarised below The policies have remained unchanged from previous periods

Interest rate risk

The company finances its operations through a mixture of retained profits, inter-company accounts and bank borrowings The company's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of both fixed and floating facilities

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 Primarily, this is achieved through utilisation of a pooled banking arrangement within the UK subsidiaries of Spear & Jackson plc and Bowers Group plc, as well as the utilisation of short-term money market deposits Short term flexibility is achieved by overdraft facilities

Currency risk

The company is exposed to transaction and translation foreign exchange risk Transaction exposures are hedged, when known

DIRECTORS' REPORT

RESULTS AND DIVIDEND
The operating profit for the year after charging exceptional items of £192,000 was £592,000 (2009 – £993,000 with no exceptional items in the year) The profit for the year after charging taxation of £41,000 was £551,000 (2009 - £993,000) The directors do not recommend the payment of a dividend (2009 - £nil)

ULTIMATE PARENT UNDERTAKING
Eclipse Magnetics Limited is a wholly owned subsidiary of Neill Tools Limited

The entire issued share capital of the company's ultimate UK parent undertaking, Spear & Jackson plc, is held by S and J Acquisitions Corp , a company incorporated in the United States of America, whose immediate parent undertaking is Pantene Global Acquisitions Corp ("PGAC"), a company incorporated in the United States of America In addition to its shareholding in Spear & Jackson plc, S and J Acquisitions Corp also owns the entire issued share capital of Bowers Group plc, a fellow subsidiary undertaking of Eclipse Magnetics Limited 100% of the common stock of PGAC is owned by United Pacific Industries Limited ("UPI"), a company incorporated in Bermuda and listed on the Hong Kong Stock Exchange

DIRECTORS
The directors of the company who served during the year and up to the date of this report were

J B Dargavel
P J Dyson
T Kelly
K Martin
L Wells
B C Beazer (resigned 1 October 2010)
H W Lim (appointed 30 June 2010)
S B McCallorum (appointed 6 September 2010)
James Neill Holdings Limited

ADMINISTRATIVE ORGANISATION
Eclipse Magnetics Limited acts on behalf of Magnacut Limited for the purpose of invoicing customers, collecting debts and paying creditors and expenses

AUDITOR
Grant Thornton UK LLP have expressed their willingness to continue in office as Auditors and a resolution will be proposed to re-appoint them at the Annual General Meeting

By order of the board

J M Dallman
Secretary

14 March 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the accounts 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 Accounting Standards (United Kingdom 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 judgements 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 accounts 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ECLIPSE MAGNETICS LIMITED

We have audited the financial statements of Eclipse Magnetics Limited for the year ended 30 September 2010 which comprise the profit and loss account, balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditors
As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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 website 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 30 September 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

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 ECLIPSE MAGNETICS LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

Michael Redfern
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
SHEFFIELD
14 March 2011

PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2010

	Notes	*2010* *£000*	*2009* *£000*
TURNOVER	2	8,000	8,069
NET OPERATING COSTS	3	(7,408)	(7,076)
OPERATING PROFIT	3	592	993
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		592	993
Taxation on profit on ordinary activities	6	(41)	-
PROFIT FOR THE FINANCIAL YEAR	16	551	993

All the above activities arose from continuing operations

There are no recognised gains or losses other than the profit for the financial year as set out above

The accompanying accounting policies and notes form an integral part of this profit and loss account

BALANCE SHEET
at 30 September 2010

	Notes	*2010* *£000*	*2009* *£000*
FIXED ASSETS			
Intangible assets	7	-	-
Tangible assets	8	-	-
Investments	9	130	130
		130	130
CURRENT ASSETS			
Stocks	10	1,034	1,129
Debtors	11	3,773	3,339
Cash at bank and in hand		5,425	4,702
		10,232	9,170
CREDITORS. amounts falling due within one year	12	4,963	4,291
NET CURRENT ASSETS		5,269	4,879
TOTAL ASSETS LESS CURRENT LIABILITIES		5,399	5,009
PROVISIONS FOR LIABILITIES	13	657	818
NET ASSETS		4,742	4,191
CAPITAL AND RESERVES			
Called up share capital	15	80	80
Profit and loss account	16	4,662	4,111
SHAREHOLDERS' FUNDS	17	4,742	4,191

These accounts were approved by the directors and authorised for issue on 14 March 2011 and are signed on their behalf by

P J Dyson

Company No 531327

The accompanying accounting policies and notes form an integral part of this balance sheet

1 **ACCOUNTING POLICIES**

Basis of preparation

The accounts are prepared under the historical cost convention in accordance with applicable accounting standards The accounting policies of the company have remained unchanged from the prior year

After making appropriate enquiries and reviewing budgets, profit and cash flow forecasts and business plans, the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the company has more than sufficient resources and available facilities to continue in operational existence for the foreseeable future For this reason the Directors consider that the adoption of the going concern basis in preparing the financial statements is appropriate

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value of each asset, over its expected useful life, as follows

Plant and machinery - over 1 to 15 years

Impairment

Fixed assets are subject to review for impairment in accordance with Financial Reporting Standard ("FRS") 11 "Impairment of Fixed Assets and Goodwill" Any impairment is recognised in the profit and loss account in the year in which it occurs

Investments

Fixed asset investments are shown at cost less amounts written off

Stocks

Stocks are stated at the lower of cost and net realisable value Cost includes all costs incurred in bringing each product to its present location and condition, as follows

Raw materials and consumables	-	purchase cost on a first-in, first-out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on the normal level of activity

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal Provision is made for obsolete, slow moving, or defective items where appropriate

1 ACCOUNTING POLICIES (Continued)

Deferred taxation

In accordance with FRS 19, provision for deferred taxation is made in full on all timing differences that have originated but not reversed at the balance sheet date Deferred tax assets are regarded as recoverable, and therefore recognised, only when it is regarded as more likely than not that there will be sufficient future taxable profits from which the reversal of the underlying timing differences can be deducted

Deferred taxation is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date Deferred taxation is measured on a non-discounted basis

Advance corporation tax, which is expected to be recoverable in the future, is deducted from the deferred taxation balance

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date All differences are taken to the profit and loss account, with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term

Goodwill

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life of no more than 20 years Any permanent impairment in the value of goodwill is recognised immediately through the profit and loss account

Pensions

The company operates a defined contribution pension scheme Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme In addition, certain senior employees are members of a defined benefit scheme administered by a fellow subsidiary undertaking of the company, James Neill Holdings Limited The amount charged to the profit and loss account represents employer contributions paid in the year unless actuarial estimates for the provision of pension benefits in the year less an allowance for interest on the scheme prepayment is materially different

1 **ACCOUNTING POLICIES (Continued)**

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 to produce a constant rate of return on the outstanding liability

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

Cash flow statement

The directors have taken advantage of the exemption in FRS 1 (Revised 1996) from including a cash flow statement in the accounts on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement

2 **TURNOVER**

Turnover, which is stated net of value added tax, represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities Turnover is attributable to one continuing activity, the manufacture and marketing of permanent magnets, magnetic work holding systems and other associated products

An analysis of turnover by geographical market is given below

	2010	*2009*
	£000	*£000*
United Kingdom	4,800	4,617
Europe	2,202	1,765
Africa	78	64
North and South America	637	1,308
Australasia	95	185
Rest of the World	188	130
	8,000	8,069

3 OPERATING PROFIT

(a) Operating profit before exceptional items comprises

		2010 *£000*	*2009* *£000*
Turnover		8,000	8,069
Change in stocks of finished goods and work in progress		(184)	(297)
Other operating income		142	69
		7,958	7,841
Raw materials and consumables		4,114	3,753
Staff costs (note 5)		1,403	1,381
Depreciation of owned fixed assets		-	12
Auditors' remuneration	- audit services	11	11
	- non audit services	4	4
Operating lease rentals	- plant and machinery	59	51
Other operating charges		1,583	1,636
		7,174	6,848
Operating profit before exceptional items		784	993

(b) Exceptional items charged to operating profit

	2010 £000	2009 £000
Increase in provision for onerous lease obligations in connection with the company's leasehold premises	(141)	-
Legal fees	(51)	-
Exceptional items	(192)	-
Operating profit	592	993

Net operating costs are analysed as

	2010 £000	2009 £000
Other external charges	4,230	4,047
Staff costs	1,403	1,381
Depreciation	-	12
Other operating charges	1,583	1,636
Exceptional items	192	-
	7,408	7,076

4 DIRECTORS' REMUNERATION

	2010	*2009*
	£000	*£000*
Emoluments (excluding pension contributions)	187	203

	2010	*2009*
	No	*No*
Members of a defined benefit pension scheme	2	3

5 STAFF COSTS

	2010	*2009*
	£000	*£000*
Wages and salaries	1,148	1,055
Social security costs	123	120
Other pension costs	132	206
	1,403	1,381

The average number of employees (excluding directors) during the year was as follows

	2010	*2009*
	No	*No*
Manufacturing	11	11
Office and management	29	32
	40	43

6 TAXATION

The taxation charge arising on the profit on ordinary activities comprises the following

	2010	*2009*
	£000	*£000*
Deferred taxation, origination and reversal of timing differences	41	-

No taxation charge or credit arises in the year

The effective rate of current taxation assessed on the profit for the year differs from the standard rate of corporation tax in the UK The differences are as follows

	2010	*2009*
	£000	*£000*
Tax on the profit on ordinary activities at the UK statutory rate of 28%	166	278
Permanently disallowable items	4	3
Group relief received for which no payment will be made	(112)	(227)
Non-taxable income	(23)	-
Shortfall in capital allowances over qualifying depreciation	-	3
Release of provisions	(35)	(59)
Other	-	2
Current taxation charge as reported	-	-

7 INTANGIBLE FIXED ASSETS

	Goodwill *£000*
Cost	
At 1 October 2009 and 30 September 2010	80
Amortisation	
At 1 October 2009 and 30 September 2010	80
Net book value	
At 1 October 2009 and 30 September 2010	-

8 TANGIBLE FIXED ASSETS

	Plant, machinery and equipment *£000*
Cost	
As 1 October 2009 and 30 September 2010	403
Depreciation	
As at 1 October 2009 and 30 September 2010	403
Net book value	
At 1 October 2009 and 30 September 2010	-

9 INVESTMENTS

	Total *£000*
At 1 October 2009 and 30 September 2010	130

In January 2006 the Company paid £130,000, including costs, to acquire a 25% ordinary shareholding in a joint venture company, Ningbo Hitech Magnetic Assemblies Co Ltd, a company incorporated in the Peoples Republic of China

10 STOCKS

	2010 £000	2009 £000
Raw materials and consumables	234	145
Work in progress	73	47
Finished goods	727	937
	1,034	1,129

11 DEBTORS

	2010 £000	2009 £000
Amounts falling due within one year		
Trade debtors	1,081	818
Amounts due from group undertakings	464	440
Amounts due from fellow subsidiary undertakings	1,629	1,555
Prepayments and accrued income	290	176
Deferred tax assets (note 14)	218	205
	3,682	3,194
Amounts falling due after one year		
Deferred tax assets (note 14)	91	145
	3,773	3,339

12 CREDITORS amounts falling due within one year

	2010 £000	2009 £000
Bank borrowings	319	247
Trade creditors	1,019	597
Amounts due to group undertakings	544	426
Amounts due to immediate parent undertakings	2,919	2,893
Other taxes and social security	106	99
Accruals and deferred income	56	29
	4,963	4,291

13 PROVISION FOR LIABILITIES

Relocation provision	£000
At 1 October 2009	818
Paid in the year	(302)
Charged in the year (note 3)	141
At 30 September 2010	657

The provision relates to costs incurred in connection with the onerous lease obligation regarding the relocation of the company's office and factory premises

14 DEFERRED TAXATION

Deferred taxation is included in the balance sheet as follows

	2010 £000	2009 £000
Debtors receivable within one year (note 11)	218	205
Debtors receivable after more than one year (note 11)	91	145
	309	350

Deferred taxation is included in the balance sheet in respect of the following items

	2010 £000	2009 £000
Depreciation in advance of capital allowances	123	118
Other timing differences relating to Provisions	186	232
	309	350

The following deferred tax assets have not been recognised in the accounts

	2010 £000	2009 £000
Other timing differences relating to Depreciation in advance of capital allowances	37	46
Other timing differences relating to provisions	4	-
	41	46

There is insufficient evidence that these assets will be recoverable within the meaning of FRS 19 "Deferred Taxation" Additionally, the company has advance corporation tax of £1,127,000 (2009 - £1,127,000) available for offset against future taxation liabilities

15 SHARE CAPITAL

			Authorised, allotted, called up and fully paid	
	2010	*2009*	*2010*	*2009*
	No	*No*	*£000*	*£000*
Ordinary shares of £1 each	80,000	80,000	80	80

16 RESERVES

	Profit and loss account £000
At 1 October 2009	4,111
Profit for the year	551
At 30 September 2010	4,662

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010	*2009*
	£000	*£000*
Shareholders' funds at 1 October 2009	4,191	3,198
Profit for the financial year	551	993
Shareholders' funds at 30 September 2010	4,742	4,191

18 OTHER FINANCIAL COMMITMENTS

At 30 September 2010 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings		*Plant, machinery and Motor vehicles*	
	2010	*2009*	*2010*	*2009*
	£000	*£000*	*£000*	*£000*
Operating leases which expire				
Within one year	158	-	28	5
Within two to five years	-	210	7	36
	158	210	35	41

19 CONTINGENT LIABILITIES

Bank facility

The bank overdrafts and bank borrowings of Eclipse Magnetics Limited, together with those of Bowers Group plc, Spear & Jackson plc and their UK subsidiary undertakings ("the group") have been secured by a mortgage debenture with the HSBC Bank plc, incorporating a fixed first charge on certain of the group's freehold land and buildings, a charge on certain trade receivables of the UK trading subsidiaries and a fixed and floating charge over the group's remaining undertakings and assets

The group's UK bank borrowings with the HSBC Bank plc form a pooled fund As part of this arrangement, the company has entered into a cross guarantee with the HSBC Bank plc to guarantee any bank overdrafts of other undertakings within the pooled fund At 30 September 2009 the extent of this guarantee was £27,290,000 (2009 - £26,811,000) The net pooled borrowings position at 30 September 2010 was £2,741,000 (2009 - £1,124,000)

Litigation

A claim has been brought against the company regarding an alleged defective magnetic lifting application No provision for any potential costs has been made in theses financial statements as the directors believe that the case has no merit and it will therefore be vigorously defended

20 ULTIMATE PARENT UNDERTAKING

The parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the company is a member is United Pacific Industries Limited ("UPI"), a company registered in Bermuda and listed on the Hong Kong Stock Exchange

21 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption provided under FRS 8 not to disclose transactions with other group companies

22 DERIVATIVES

The fair value of derivatives held by the company at the year end, not recognised in the financial statements is set out below

	2010	*2009*
	£000	*£000*
Forward exchange contracts – (liability)	(33)	-

23 PENSIONS

The company is a member of a group pension plan ("the Plan") operated by James Neill Holdings Limited ("JNH") The Plan is a defined benefit scheme based on final salaries, the assets of which are held in trustee administered funds separate from those of the group The Plan is not open to new members

The company is unable to identify its share of the underlying assets and the liabilities of the Plan on a consistent and reasonable basis for the purpose of FRS 17, 'Retirement Benefits', as it participates in the Plan with other group companies Each participating employer is exposed to actuarial risks associated with the current and former employees of the other employers who are members of the scheme As the company's share of the underlying assets and liabilities of the Plan cannot be reliably identified, the pension cost to the company under FRS 17 is therefore shown as the contributions paid to the scheme by the company in the year

The total contributions paid to the Plan for the year ended 30 September 2010 amounted to approximately £1 3 million (2009 - £1 9 million) Contributions will be £0 75 million for the year to 31 March 2011, £0 954 million for the year to 31 March 2012 and £1 079 million for the year to 31 March 2013 From 1 April 2013 the annual rate of contribution will be £2 1 million and this will increase each year at a rate of 4 2% for the remainder of the recovery period This contribution schedule may be subject to revision and amendment in future periods dependent on fluctuations, both favourable and adverse, in the actuarially determined value of Plan investments and liabilities and the financial strengths and cash flow requirements of the Plan's sponsoring employers Additionally, a charge has been executed in favour of the Plan, representing 50% of the value of the Spear & Jackson group's freehold land and buildings at Atlas Way, Sheffield

In addition, in connection with the renegotiation of the employer's contribution scheme relating to the annual payments to be made by the participating employers of the Plan, guarantees have been provided by Spear & Jackson plc and Bowers Group plc to secure certain obligations ("the guaranteed obligations") relating to the Plan in the event of a contribution default by any of the participating companies or in certain other circumstances

The guaranteed obligations means all present and future obligations (actual or contingent) of each participating employer to make payments to the Plan up to a maximum amount equal to the lowest non-negative amount which, when added to the assets of the Plan, would result in the Plan being at least 105% funded on the date on which any liability under the guarantee crystallised based on an actuarial valuation of the Plan carried out on that date

23 PENSIONS (Continued)

The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are as follows

	At 30 September 2010	*At 30 September 2009*
	%	%
Discount rate for assessing plan liabilities	5 10	5 70
Rate of increase in salaries	0 00	2 95
Rate of increases in inflation-linked deferred Pensions	2 85	2 55
Rate of increase for pensions in payment		
- Pre 88 GMPs	0 00	0 00
- Post 88 GMPs	2 40	2 25
- Excess Over GMP (Fixed 5% increases)	5 00	5 00
- Excess over GMP (increase in line with LPI)	2 85	2 55
Inflation Rate Assumption	3 00	2 75

	2010	*2009*
Number of years a current pensioner is expected to live beyond 65		
- Men	17 8	18 7
- Women	20 1	21 4
Number of years a current pensioner is expected to live beyond 70		
- Men	12 8	13 7
- Women	15 1	16 3

	Long-term rate of return expected at 30 September 2010	*Long-term rate of return expected at 30 September 2009*
	%	%
Equities	8 00	8 30
Bonds	5 10	5 70
Cash	0 50	0 50

The expected return on assets assumption has been derived by considering the appropriate return for each of the main asset classes The yields assumed on bond type investments are based on published redemption yields at the balance sheet date The assumed return on equities reflects an assumed allowance for the out-performance of these asset classes over UK Government bonds in the long-term The rates of return are shown net of investment manager expenses

23 PENSIONS (Continued)

The fair value of the assets held by the Plan as at 30 September 2010 and 2009, together with the liabilities at those dates calculated on the above bases, are as follows

	Fair Value at 30/09/2010 £000	*Fair Value at 30/09/2009 £000*
Total market value of Plan assets	101,850	95,146
Present value of Plan liabilities	(114,405)	(108,224)
Deficit in Plan	(12,555)	(13,078)
Related deferred tax asset	3,390	3,662
Net pension liability	(9,165)	(9,416)