
NEILL TOOLS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**



NEILL TOOLS LIMITED

COMPANY INFORMATION

Directors	I Archer S Hsu A Shone James Neill Holdings Limited
Company secretary	D M George
Registered number	609353
Registered office	Atlas Way Atlas North Sheffield S4 7QQ
Independent auditor	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL

NEILL TOOLS LIMITED

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NEILL TOOLS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Statutory information

Neill Tools Limited is a private company, limited by shares, domiciled in England and Wales, registration number 609353. The registered office is Atlas Way, Atlas North, Sheffield, S4 7QQ.

Business model and strategy

The principal activity of the Company throughout the year has continued to be procurement, distribution and sale of hacksaw blades, other engineers' cutting tools, pliers and other hand tools.

Financial review

The Company has experienced a 23.4 % decrease in revenue in the year due to the adverse impact that Covid 19 has had on the business. Approximately 70% of the Company's turnover is generated overseas and due to a variety of regional overseas lockdown measures, this has impacted on revenue and profitability. In order to safeguard and protect jobs, the Company accessed the UK Government's job retention scheme and the operating profit for the year includes £231,000 of Government assistance.

Toward the end of the forthcoming financial year, the Company has seen an opening up of its export territories and demand is significantly improving.

The operating loss for the year was £126,000 (2019 – loss of £330,000). After charging net interest and crediting taxation, the loss for the financial year amounted to £188,000 (2019 – £340,000).

The directors do not recommend the payment of a dividend (2019 - £nil).

Financial key performance indicators

	2020	2019
Turnover from continuing operations (£000)	5,623	7,344

As the prime measure of our economic output, revenue growth is key to measuring shareholder return and the success of our expansion strategies.

Gross margin from continuing operations (%)	25.9	24.9
Gross margin from continuing operations (£000)	1,459	1,831

Gross margin provides an indication of the quality of turnover growth and is also a measure of value added by the company, reflecting the quality of design and production processes.

NEILL TOOLS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

Principal risks and uncertainties

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

- consumer and retail demand deteriorating amid a general global economic slow down and/or global pandemic;
- 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 significantly above current levels;
- disruption in the supply chain including raw material purchases and the supply of finished product for distribution and onward sale;
- unfavourable exchange movements;
- attracting and retaining suitably experienced employees in a highly competitive labour market; and
- volatility in investment returns and actuarial assumptions which can significantly affect the defined benefit pension plan deficit for which the Company is a participating employer, impacting on future funding requirements.

The markets in which the Company operates are highly competitive and subject to inflationary pressures across its customer and supplier base. It is Company policy to manage these risks by offering a high level of customer service, by building strong customer and supplier relationships and by adopting a pricing policy that reflects both the cost of purchases and competitor pricing. Credit risks are limited by credit insurance and by procedures under which customer accounts are constantly monitored.

Health and safety, environmental and related issues are becoming an increasing risk to all companies. The Company mitigates risk by a combination of contractual consultancy advice, insurance and the adoption of appropriate working practices.

The Company uses financial instruments, other than derivatives, comprising other items such as inter-company balances and other liabilities that arise directly from its operations. The main purpose of these financial instruments is to finance 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 these risks as summarised below. The policies have remained unchanged from previous periods.

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 and asset-backed lending facilities within Spear & Jackson Group Limited and its UK subsidiary undertakings.

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.

Foreign exchange risk

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

NEILL TOOLS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Brexit

The UK left the European Union ("EU") on 31 January 2020 and the transition period ended on 31 December 2020.

The Company imports from and exports to the EU. Clarity has now been reached in our relationship with our EU partners since the end of the transition. Despite significant changes in the administrative processes and short-term difficulties due to changing trading terms from some of our EU customers, the Group is not witnessing significant disruption or decreases in its trading activity with the EU.

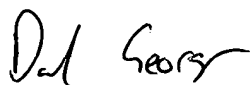
Covid-19 and Going Concern

Initially, in the outset of the pandemic in the April, May and June 2020 Spear & Jackson Group Limited ("the Group"), the Company's ultimate UK parent undertaking, experienced a significant decline in trading activity as a direct result of the Covid-19 pandemic. However, throughout the pandemic, all of its group trading entities continued and management took decisive proactive action to protect the welfare of its employees whilst operations were maintained. Additionally, appropriate measures were taken to reduce costs, manage cash flows, including accessing Government worker retention schemes.

Since those early months, trading prospects have improved significantly across all business operations. The Group continues to work within its banking facilities. The Group has managed its cash resources successfully throughout the pandemic, has a solid relationship with its facility provider and continues to work within its banking facilities.

In adopting the going concern basis for preparing the financial statements, the Directors have considered the business activities of the Group in addition to the business activities of the Company as an individual entity. Based upon improved trading activity, funds availability within its current banking facility and confidence in the renewal of those facilities at the forthcoming annual renewal, the Directors are satisfied that the Company will be able to meet its liabilities as they fall due for a period of at least twelve months from the date of signing these financial statements and that the going concern basis of preparation is appropriate.

This report was approved by the board on 21 JUNE 2021 and signed on its behalf.



D M George
Secretary

NEILL TOOLS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their report and the financial statements for the year ended 30 September 2020.

Directors

The directors who served during the year were:

I Archer
S Hsu
A Shone
James Neill Holdings Limited

Administrative organisation

The Company acts on behalf of Spear & Jackson UK Limited for the purpose of invoicing customers, collecting debts and paying creditors and expenses.

Qualifying third party indemnity provisions

The Company has put in place qualifying third party indemnity provisions for all of the directors of Neill Tools Limited.

Dividends

Information on ordinary dividends has been included in the Strategic Report on page 1.

Research and development activities

The Company continues to invest in research and development. This has resulted in improvements in the products across the range, which will benefit the Company in the medium to long term. The amount of development costs capitalised in the year was £nil (2019 - £nil). Research costs incurred that did not meet the criteria for capitalisation and were therefore expensed in the period totalled £nil (2019 - £nil).

Likely future developments in the business of the Company

Information on likely future developments in the business of the Company has been included in the Strategic Report on page 1.

Existence of branches of the Company outside of the United Kingdom

The Company has no branches outside of the United Kingdom.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going Concern

Refer to the Strategic Report regarding how the Covid-19 pandemic has affected the Company's going concern assessment.

NEILL TOOLS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 21 JUNE 2021 and signed on its behalf.

Del George

D M George
Secretary

NEILL TOOLS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors are responsible for preparing the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

NEILL TOOLS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEILL TOOLS LIMITED

Opinion

We have audited the financial statements of Neill Tools Limited (the 'Company') for the year ended 30 September 2020, which comprise the Income Statement and Statement of Comprehensive Loss, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

NEILL TOOLS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEILL TOOLS LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

NEILL TOOLS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEILL TOOLS LIMITED (CONTINUED)

Use of our report

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

DocuSigned by:

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Paul Davies (Senior Statutory Auditor)

for and on behalf of
BDO LLP

Statutory Auditor

Leeds, United Kingdom

Date: 25 June 2021

NEILL TOOLS LIMITED

**INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Note	2020 £000	2019 £000
Turnover	3	5,623	7,344
Cost of sales		(4,164)	(5,513)
Gross profit		1,459	1,831
Distribution costs		(513)	(922)
Administrative expenses		(1,418)	(1,385)
Restructuring costs	18	(25)	-
Other operating income	4	371	146
Operating loss	5	(126)	(330)
Loss on ordinary activities before interest and taxation		(126)	(330)
Interest payable and similar charges	8	(118)	(95)
Loss on ordinary activities before taxation		(244)	(425)
Tax on loss	9	56	85
Loss for the financial year		(188)	(340)
Total comprehensive loss for the year		(188)	(340)

The notes on pages 13 to 31 form part of these financial statements.

All the above activities arose from continuing operations.

NEILL TOOLS LIMITED
REGISTERED NUMBER:609353

BALANCE SHEET
AS AT 30 SEPTEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	10	17	23
Tangible assets	11	7	9
Investments	12	1,921	1,921
		<u>1,945</u>	<u>1,953</u>
Current assets			
Stocks	13	1,628	2,094
Debtors: amounts falling due after more than one year	14	66	67
Debtors: amounts falling due within one year	14	10,429	9,974
Financial instruments	15	11	26
Cash at bank and in hand		1	1
		<u>12,135</u>	<u>12,162</u>
Creditors: amounts falling due within one year	17	(16,400)	(16,260)
Net current liabilities		<u>(4,265)</u>	<u>(4,098)</u>
Total assets less current liabilities		<u>(2,320)</u>	<u>(2,145)</u>
Provisions for liabilities			
Other provisions	18	(13)	-
		<u>(13)</u>	<u>-</u>
Net liabilities		<u><u>(2,333)</u></u>	<u><u>(2,145)</u></u>
Capital and reserves			
Called up share capital	19	-	-
Profit and loss account		(2,333)	(2,145)
		<u><u>(2,333)</u></u>	<u><u>(2,145)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
21 June 2021.

A Shone

A Shone
Director

The notes on pages 13 to 31 form part of these financial statements.

NEILL TOOLS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 October 2018	-	(1,805)	(1,805)
Comprehensive loss for the year			
Loss for the year	-	(340)	(340)
Total comprehensive loss for the year	-	(340)	(340)
At 1 October 2019	-	(2,145)	(2,145)
Comprehensive loss for the year			
Loss for the year	-	(188)	(188)
Total comprehensive loss for the year	-	(188)	(188)
At 30 September 2020	-	(2,333)	(2,333)

The notes on pages 13 to 31 form part of these financial statements.

NEILL TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. Accounting policies

Neill Tools Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the Strategic Report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. There were no material departures from that standard.

The financial statements have been prepared on a historical cost basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The presentation currency is Pounds Sterling, rounded to the nearest thousand Pounds.

As at 30 September 2020, the Company was a 100% subsidiary of James Neill Holdings Limited, which is a 100% subsidiary of Spear & Jackson Limited. Spear & Jackson Limited is a 100% subsidiary of Spear & Jackson Group Limited, a company incorporated in England. Spear & Jackson Group Limited prepares its financial statements in accordance with International Financial Reporting Standards and, as such, the Company is entitled to the exemption from the requirement to prepare consolidated financial statements provided under the Section 400 of the Companies Act 2006. These financial statements therefore contain information about Neill Tools Limited as an individual company, and not about its group.

The directors have taken advantage of the exemption in FRS 102 section 1.12 from including a Statement of Cash Flows and reconciliation of net debt in the financial statements on the grounds that, at 30 September 2020, the Company was wholly owned and its ultimate United Kingdom parent published a consolidated cash flow statement.

The following principal accounting policies have been applied:

Going concern

The Directors have prepared forecasts for the period to September 2022 based upon a best-estimate scenario which have then been sensitised to incorporate the potential impact of a further reduction in revenue based on a slowing of recovery from the Covid-19 pandemic.

The Group has managed its cash resources successfully throughout the pandemic, has a solid relationship with its facility provider and continues to work within its banking facilities. In light of the improved trading activity, funds availability within its current banking facility and confidence in the renewal of those facilities at the forthcoming annual renewal, the Directors have concluded that the Group and Company have adequate resources for the foreseeable future and will be able to meet their liabilities as they fall due for a period of at least twelve months from the date of signing these financial statements and that the going concern basis of preparation is appropriate. The directors did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Group or Company's ability to continue as a going concern.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

NEILL TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. Accounting policies (continued)

Revenue

Revenue from the sales of goods is recognised when the Company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer. Where the buyer has a right of return, the company defers recognition of revenue until the right to return has lapsed. However, where high volumes of sales are made to established wholesale customers, revenue is recognised in the period where the goods are delivered less an appropriate provision for returns based on past experience.

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 1 to 15 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Website development costs

Where the Company's website is expected to generate future revenues in excess of the costs of developing the website and all other capitalisation criteria are met, expenditure on the functionality of the website is capitalised and treated as an intangible fixed asset. Expenditure incurred on maintaining websites and expenditure incurred on developing websites used only for advertising and promotional purposes are written off as incurred. Development costs that are capitalised in accordance with the requirements of FRS 102 are not treated, for dividend purposes, as a realised loss. The useful economic life of capitalised development costs is 5 years.

NEILL TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. Accounting policies (continued)

Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Foreign currency translation

Foreign currency transactions are translated into Pounds Sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NEILL TOOLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

1. Accounting policies (continued)

Other operating income

Other operating income consists of income not directly related to the sale of goods and mainly comprises licence fee income, rental income from leased properties and outbound freight income.

Intangible assets - research and development costs

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised to 'administrative expenses' on a straight-line basis over their expected useful economic lives, which range from 3 to 6 years.

The expected useful economic life of development costs are estimated based on business plans which set out the development plan and time to market for the associated project.

If it is not possible to distinguish between the research phase and the development phase of an internal project the expenditure is treated as if it were all incurred in the research phase only.

Exceptional items

Exceptional items are items which derive from events or transactions that fall within the ordinary activities of the business and which need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

NEILL TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. Accounting policies (continued)

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Leased assets: lessor

Where assets are leased to a third party and give rights approximating to ownership (finance leases), the assets are treated as if they have been sold outright. The amount removed from the fixed assets is the net book value on disposal of the asset. The profit on disposal, being the excess of the present value of the minimum lease payments over net book value is credited to profit or loss.

Lease payments are analysed between capital and interest components so that the interest element of the payment is credited to profit or loss over the term of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts owed by the lessee.

Incentive payments to new tenants to occupy the Company's investment properties are treated as a reduction in revenue and initially recorded as prepayments. The payments are charged to profit or loss over the term of the lease. Where such prepayments relate to investment properties, the properties are carried at open market value less the amount of the unamortised incentive.

However, the Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 January 2014) to continue to be charged over the shorter period to the first market rent review rather than the term of the lease.

All other leases are treated as operating leases. Their annual rentals are credited to profit or loss on a straight-line basis over the term of the lease.

NEILL TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. Accounting policies (continued)

Leased assets: lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 January 2014) to continue to be charged over the shorter period to the first market rent review rather than the term of lease.

For leases entered into on or after 1 January 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

Where the Company has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued as the 'wear and tear' occurs.

Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease. This is released over the remaining lease term.

Pension costs

Contributions to the Company's defined contribution pension schemes are charged to profit or loss in the year in which they become payable.

The Company is a member of a group defined benefit pension plan operated by James Neill Holdings Limited, the immediate parent undertaking. There is no contractual agreement or stated policy for charging the net defined benefit cost to individual group entities. In line with the requirements of FRS 102 section 20.38, the net defined benefit cost of the Plan has, therefore, been recognised in the individual financial statements of the group entity legally responsible for the Plan, James Neill Holdings Limited. The other group companies who are members of the Plan have recognised a cost equal to their contributions payable for the year in their individual financial statements.

NEILL TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. Accounting policies (continued)

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Government grants

Government grants are recognised once there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grant will be received. During the year, the Company received a Coronavirus Job Retention Scheme grant which was accounted for under the performance model. Amounts received are disclosed within other operating income in the Income Statement.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgments:

- Determine whether leases entered into by the Company as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Company's investments and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cashgenerating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty:

- Deferred taxation (see note 16)

The Company has recorded significant deferred tax assets in its Balance Sheet. A review of all available positive and negative evidence is undertaken by the company at the end of each reporting period to determine the likelihood of realising the deferred tax benefits which potentially arise on its property, plant and equipment, the UK pension defined benefit plan, accruals and allowances, inventories and tax loss carry forwards.

Such reviews consider the available positive and negative evidence, and comprise all those factors believed to be relevant, including the company's recent operating results and its expected future profitability, including the impact of its manufacturing restructuring strategies. Based on these reviews, the company can then determine whether there is a reasonable expectation that it will generate sufficient future taxable income such that its gross deferred tax assets relating to property, plant and equipment, the UK pension defined benefit plan, accruals and allowances and inventories are likely to be realised.

The Company will continue to review the recoverability of its deferred tax assets and, based on such periodic reviews, the company could recognise a change in the valuation allowance relating to its deferred tax assets in the future should, for example, estimates of forecast taxable income be reduced or other favourable or adverse events occur.

NEILL TOOLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. Turnover

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	1,784	2,063
Europe	648	690
Africa	403	581
North and South America	607	689
Australasia	82	127
Rest of the world	2,099	3,194
	<u>5,623</u>	<u>7,344</u>

4. Other operating income

	2020 £000	2019 £000
Coronavirus Job Retention Scheme	231	-
Other operating income	140	146
	<u>371</u>	<u>146</u>

5. Operating loss

The operating loss is stated after charging/(crediting):

	2020 £000	2019 £000
Inventory recognised as an expense	4,151	5,452
Impairment of inventory	13	61
Amortisation of intangible fixed assets	6	6
Depreciation of tangible fixed assets	2	-
Operating lease expense	225	232
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	28	20
Fees payable to the Company's auditor for taxation compliance services	4	4
Exchange differences	69	(112)
Defined contribution pension cost	40	30
Defined benefit pension cost (see note 24)	665	665
	<u>665</u>	<u>665</u>

NEILL TOOLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £000	2019 £000
Wages and salaries	1,684	1,651
Social security costs	147	138
Cost of defined benefit scheme (see note 24)	665	665
Cost of defined contribution scheme	40	30
	<u>2,536</u>	<u>2,484</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Manufacturing and distribution	15	12
Office and management	40	37
	<u>55</u>	<u>49</u>

7. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	93	97
	<u>93</u>	<u>97</u>

There was 1 director in the group's defined benefit pension scheme (2019 - 1).

On 28 March 2014, certain directors transferred their contracts of employment from the company to Spear & Jackson Limited, the immediate parent undertaking. Emoluments of £130,000 (2019 - £130,000) have been included within the staff costs of Spear & Jackson Limited in relation to these individuals.

8. Interest payable and similar charges

	2020 £000	2019 £000
Bank interest payable	<u>118</u>	<u>95</u>

NEILL TOOLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

9. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	(56)	(94)
	<u>(56)</u>	<u>(94)</u>
Total current tax	<u>(56)</u>	<u>(94)</u>
Deferred tax		
Origination and reversal of timing differences	10	13
Adjustment in respect of previous periods	-	(4)
Changes to tax rates	(10)	-
	<u>-</u>	<u>9</u>
Total deferred tax	<u>-</u>	<u>9</u>
Taxation on loss on ordinary activities	<u>(56)</u>	<u>(85)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Loss on ordinary activities before tax	<u>(244)</u>	<u>(425)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(46)	(81)
Effects of:		
Permanently disallowed items	4	4
Under-provision in respect of prior periods	-	(4)
Losses utilised for which no deferred tax asset is recognised	(4)	(4)
Changes to tax rates	(10)	-
Total tax charge for the year	<u>(56)</u>	<u>(85)</u>

NEILL TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

10. Intangible assets

	Website development costs £000
Cost	
At 1 October 2019	30
At 30 September 2020	<u>30</u>
Amortisation	
At 1 October 2019	7
Charge for the year on owned assets	6
At 30 September 2020	<u>13</u>
Net book value	
At 30 September 2020	<u>17</u>
At 30 September 2019	<u>23</u>

NEILL TOOLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

11. Tangible fixed assets

	Plant and machinery £000
Cost	
At 1 October 2019	276
At 30 September 2020	<u>276</u>
Depreciation	
At 1 October 2019	267
Charge for the year on owned assets	2
At 30 September 2020	<u>269</u>
Net book value	
At 30 September 2020	<u>7</u>
At 30 September 2019	<u>9</u>

12. Fixed asset investments

	Investments in subsidiary companies £000
Cost	
At 1 October 2019	1,921
At 30 September 2020	<u>1,921</u>

In August 2010, the Company formed Eclipse Tools Manufacturing Company Limited, ("ETM") a company registered in China in which Neill Tools Limited has a 100% equity interest. The total registered capital of ETM is US\$3,000,000. At 30 September 2019, the Company had contributed the full US\$3,000,000, £1,921,000 (2018 - US\$3,000,000, £1,921,000). The principal activity of ETM is the manufacture of hacksaw blades.

The registered address of ETM is Building 4, No. 128, Jiangmu Road, Gaoxin District, Jiangmen City, Guangdong Province, People's Republic of China.

NEILL TOOLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

13. Stocks

	2020	2019
	£000	£000
Raw materials and consumables	88	99
Finished goods and goods for resale	1,540	1,995
	<u>1,628</u>	<u>2,094</u>

14. Debtors

	2020	2019
	£000	£000
Due after more than one year		
Deferred tax asset (note 16)	66	67
	<u>66</u>	<u>67</u>

	2020	2019
	£000	£000
Due within one year		
Trade debtors	5,568	4,681
Amounts owed by group undertakings	32	83
Amounts owed by fellow subsidiary undertakings	3,453	3,815
Amounts owed by parent undertakings	1,203	1,205
Other debtors	134	164
Deferred tax asset (note 16)	27	26
Coronavirus Job Retention Scheme receivable	12	-
	<u>10,429</u>	<u>9,974</u>

NEILL TOOLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

15. Financial instruments

	2020	2019
	£000	£000
Financial assets		
Forward foreign exchange contracts - held for trading	11	26

The fair values for the above contracts have been estimated using relevant market exchange and interest rates.

The Company enters into significant medium term currency exposures that are not expected to be offset by other currency transactions. They are considered to be part of an economic hedge arrangement but have not been formally designated. The foreign exchange forward contracts relate primarily to forward purchases of US Dollars and the cash flows are expected to occur before 31 January 2021 (2019 – 30 April 2020).

16. Deferred tax

	Accelerated capital allowances £000	Other timing differences £000	Total £000
At 1 October 2018	90	12	102
Taxation charge in the year	(9)	-	(9)
At 30 September 2019	81	12	93
Taxation charge/(credit) in the year	(2)	2	-
At 30 September 2020	79	14	93

The Company has £2,507,000 of trading losses available for utilisation in future periods (2019 - £2,507,000). Mastercraft Tools Limited and James Neill (One) Limited, whose trades were transferred to the Company on 1 October 1991, have taxation losses amounting in total to approximately £5,852,000 (2019 - £5,870,000) which are available for offset against future taxable profits arising in their respective trades. None of these losses have been recognised in the accounts, as there is insufficient evidence that the deferred taxation assets will be recoverable within the meaning of FRS 102, section 29 "Income Tax".

The Company has an advance corporation tax balance of £2,724,000 (2019 - £2,724,000); this is potentially available for offset against future taxation liabilities to the extent that the quantum and timing of the group's UK taxable profits interacts with dividend flows in and out of the UK group in such a way that there is capacity to shelter a liability in a given accounting period. No recognition has been made in these financial statements.

NEILL TOOLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

17. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Bank borrowings	3,093	4,704
Trade creditors	2,741	1,838
Amounts owed to fellow subsidiary undertakings	2,072	2,000
Amounts owed to parent undertakings	4,565	4,485
Amounts owed to subsidiary undertakings	1,669	1,664
Other taxation and social security	1,050	762
Accruals and deferred income	1,210	807
	<u>16,400</u>	<u>16,260</u>

Bank borrowings of £3,093,000 (2019 - £4,704,000) comprise overdrawn bank accounts and amounts drawn down on asset-backed lending facilities secured by certain of the Company's trade receivables and stocks. Refer to note 20 for further details.

18. Provisions

	Restructuring costs £000
At 1 October 2019	-
Charged to profit or loss	25
Utilised in year	(12)
At 30 September 2020	<u>13</u>

The restructuring costs relate to retrenchment expenses.

19. Share capital

	2020 £	2019 £
Authorised, allotted, called up and fully paid		
100 (2019 - 100) ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

NEILL TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

20. Contingent liabilities

Pledge of assets

At the reporting date, the banking facilities of the UK subsidiaries of Spear & Jackson Group Limited (the "UK Group") with the HSBC UK Bank plc comprise asset-backed lending facilities (confidential invoice discounting and inventory borrowing line).

The asset-backed lending facilities are secured on certain trade receivables and inventories in the UK trading operations of the UK Group.

Additionally, the UK Group's net cash balances with HSBC form a pooled fund. Individual account balances may be in an overdrawn position but, collectively a positive net pooled position is required. As part of this pooled fund arrangement, the Company has entered into a cross guarantee to guarantee any bank borrowings within that pooled fund. At 30 September 2020, the extent of this guarantee was £18,642,000 (2019 - £17,780,000). The net pooled cash position at 30 September 2020 was £50,000 (2019 - £137,000).

Refer to note 24 in respect of security and guarantees that are in place in relation to the James Neill Pension Plan.

Other

The Company is, from time to time, subject to legal proceedings and claims arising from the conduct of its business operations, including litigation related to personal injury claims, customer contract matters, employment claims and environmental matters.

While it is impossible to ascertain the ultimate legal and financial liability with respect to contingent liabilities, including lawsuits, the directors of the Company believe that the aggregate amount of such liabilities, if any, in excess of amounts accrued, will not have a material adverse effect on the financial position or results of operations of the Company.

21. Commitments under operating leases

At 30 September 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £000	2019 £000
Within one year	21	34
Between one and five years	13	12
	<u>34</u>	<u>46</u>

NEILL TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

22. Ultimate parent undertaking

The Company is a wholly owned subsidiary undertaking of James Neill Holdings Limited, which is a wholly owned subsidiary undertaking of Spear & Jackson Limited. The entire issued share capital of Spear & Jackson Limited is held by Spear & Jackson Group Limited, a company registered in the United Kingdom. The entire issued share capital of Spear & Jackson Group Limited is held by Pantene Global Holdings Limited, a company registered in Hong Kong.

Pantene Global Holdings Limited is a wholly owned subsidiary of Kings Victory Limited, a company incorporated in the British Virgin Islands with limited liability. Kings Victory Limited is a wholly owned subsidiary of SNH Global Holdings Limited, a privately-owned company incorporated in the British Virgin Islands with limited liability.

The smallest group in which the results of the company are consolidated is that headed by Spear & Jackson Group Limited. The address of Spear & Jackson Group Limited's registered office is Atlas Way, Atlas North, Sheffield, S4 7QQ. Copies of the consolidated accounts of Spear & Jackson Group Limited may be obtained from Companies House, Cardiff, CF14 3UZ.

23. Related party transactions

The Company has taken advantage of the exemption under FRS 102 section 33.1A, "Related Party Disclosures", not to disclose transactions with other wholly owned subsidiaries of the group headed by Spear & Jackson Group Limited.

The Company purchases manufactured parts directly from Ningbo Hi-tech Assemblies Co. Ltd ("Ningbo Hi-tech"), a company in which Eclipse Magnetics, a fellow subsidiary undertaking, has an 18% interest. In the year ended 30 September 2020, goods to the value of approximately £177,000 (2019 - £233,000) were purchased from Ningbo Hi-tech. At 30 September 2020, the amount payable to Ningbo Hi-tech was £65,000 (2019 - £39,000).

Key management personnel include all directors and a number of senior managers across the Company who together have authority and responsibility for planning, directing and controlling the activities of the Company. The total compensation paid to key management personnel for services provided was £466,000 (2019 - £453,000). This includes amounts paid on behalf of the Company by fellow group undertakings.

NEILL TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

24. Retirement benefit obligations

The Company is a member of a group pension plan (the "Plan") which is operated by James Neill Holdings Limited ("JNH"). The Plan is a contributory defined benefit pension plan covering certain employees in the UK-based subsidiaries of Spear & Jackson Group Limited. The benefits covered by the Plan are based on years of service and compensation history. The Plan's assets are held separately from the assets of the Spear & Jackson Group Limited and are administered by the Plan's trustees and are managed professionally. The Plan is not open to new entrants.

The Company is a participating employer in the Plan. There is no contractual agreement or stated policy for charging the net defined benefit cost to individual group entities. In line with the requirements of FRS 102 section 20.38, the net defined benefit cost of the Plan has, therefore, been recognised in the individual financial statements of the group entity legally responsible for the Plan, JNH. The other group companies who are members of the Plan have recognised a cost equal to their contributions payable for the year in their individual financial statements.

The pension charge attributable to the annual contributions payable to the Plan by the Company amounted to £665,000 (2019 - £665,000).

The latest formal valuation of the Plan was carried out at 5 April 2019 by Isio, the actuarial advisors to the Plan and was agreed by the Trustees of the Plan and the Company on 30 April 2020. Following the finalisation of the 2019 actuarial valuation, a long-term funding plan was agreed between the Plan and the Company which provided for a fixed annual contribution of £2.8 million commencing from 1 July 2020 and extending to 29 February 2032.

This contribution schedule is based on the recovery of a deficit of £59.2 million as indicated by the triennial valuation at 5 April 2019. In addition to recovering the deficit, the annual fixed contributions also cover the funding of the annual ongoing accrual and the annual Pension Protection Fund Levy which is borne directly by the Plan. The revised schedule is subject to UK pension regulatory approval, and may be liable to revision and amendments in future periods dependent on fluctuations, both favourable and adverse, in the actuarially determined value of the Plan investments and liabilities and the financial strengths and cash flow requirements of the Plan's sponsoring employers.

Full disclosure of the net pension liability is included in the financial statements of JNH.

NEILL TOOLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

24. Retirement benefit obligations (continued)

The fair value of the assets held by the Plan as at 30 September 2020 and 2019 together with the liabilities at those dates, are as follows:

	2020 £000	2019 £000
Total market value of Plan assets	116,481	119,461
Present value of Plan liabilities	(162,197)	(161,155)
Deficit in the Plan	(45,716)	(41,694)
Related deferred tax asset	8,686	7,099
Net pension liability	(37,030)	(34,595)

On 28 March 2014, a Flexible Apportionment Agreement was entered into whereby the employment of members of the Plan in the company and certain other participating employers was transferred to Spear & Jackson Limited ("SJL"). SJL became the Principal Employer of the Plan and the liabilities of the relevant participating employers were apportioned and transferred to SJL. At the same time the Company and the relevant participating employers entered into separate agreements with the Trustees of the Plan whereby they guaranteed all present and future monies, obligations and liabilities whether actual or contingent and whether owned jointly or severally.

In addition to cash contributions made to the Plan, a second legal charge has been executed in favour of the Plan representing 50% of Spear & Jackson Group Limited's freehold land and buildings at Atlas Way, Sheffield England,

Furthermore, guarantees have been provided by SJL and Bowers Group Limited, to secure certain obligations ("the guaranteed obligations") relative to the Plan in the event of a contribution default by any of the participating employers or in certain other circumstances.

The guaranteed obligations represent all present and future obligations (actual or contingent) of each participating employer to make payments to the Plan up to a maximum amount that is equal to the lowest non-negative amount which, in 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.