

Actuarial gains and losses recognised in relation to the defined benefit plans were as follows:

	Year ended 2 January 2010 \$ million	Year ended 3 January 2009 \$ million	Year ended 29 December 2007 \$ million	Year ended 30 December 2006 \$ million	Year ended 31 December 2005 \$ million
At the end of the period					
Present value of the benefit obligation	251.5	193.1	290.6	302.4	276.9
Fair value of plan assets	(248.0)	(208.3)	(314.9)	(300.6)	(260.8)
Deficit/(surplus) in the plan	3.5	(15.2)	(24.3)	1.8	16.1
Recognised in the period					
Net actuarial gain/(loss) on plan assets	2.9	(32.1)	0.6	(3.3)	21.5
Net actuarial (loss)/gain on benefit obligation	(36.4)	22.4	20.1	12.9	(32.4)
	(33.5)	(9.7)	20.7	9.6	(10.9)

As at 2 January 2010, the cumulative net actuarial loss recognised in the statement of total recognised gains and losses amounted to \$49.0 million (3 January 2009: \$15.5 million).

The Company expects to contribute approximately \$12.5 million to the defined benefit pension plans in 2010.

B. Defined contribution schemes

The Company makes contributions to the personal pension arrangements of employees who are not eligible, or chose not, to participate in its deferred benefit plans. Contributions payable by the Company to these arrangements amounted to \$0.1 million (2008: \$nil). At the balance sheet date, the Group had not paid over to the plans contributions due amounting to \$0.1 million (3 January 2009: \$nil). All amounts due for the period were paid over subsequent to the balance sheet date.

12. Share-based incentives

A. Background

The Company operates a number of share-based compensation arrangements to provide incentives to the Group's senior executives and other eligible employees. Details of the schemes in respect of which options and awards are outstanding are set out in the Remuneration Committee report.

Although the Company's ordinary shares are denominated in US dollars, they are quoted in sterling on the London Stock Exchange.

The information provided below relates only to options and awards that were granted to persons who are employees of the Company.

B. Share options

Following a review by the Board in 2004, it was decided that the Company's executive share option schemes would not be renewed when they lapsed for the purposes of new awards in May 2005. Awards granted under these schemes were subject to a performance condition that the rate of increase in the Group's earnings per share must exceed the growth in the UK Retail Prices Index by an average of 2% per annum over any three-year period after the options were granted. The final unvested options under these schemes vested during 2007.

Options continue to be granted from time to time under the Company's Sharesave Scheme, which is restricted to employees who are resident for tax purposes in the UK. It offers eligible employees the option to buy ordinary shares in Tomkins plc after a period of three, five or seven years, funded from the proceeds of a savings contract to which employees may contribute up to £250 per month.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Share-based incentives (continued)

B. Share options (continued)

In 2009, the compensation expense recognised in respect of share options was \$0.1 million (2008: \$nil).

Changes in the total number of share options outstanding to employees of the Company during the period were as follows:

	Year ended 2 January 2010		Year ended 3 January 2009	
	Options Number	Weighted average exercise price Pence	Options Number	Weighted average exercise price Pence
Outstanding at the beginning of the period	9,802,658	241.34	10,602,911	243.06
Granted during the period	220,281	96.00	117,551	140.20
Forfeited during the period	–	–	(32,872)	225.28
Cancelled during the period	(103,473)	138.56	(76,406)	208.47
Lapsed during the period	(58,628)	205.39	(808,526)	252.96
Outstanding at the end of the period	9,860,838	239.39	9,802,658	241.34
Exercisable at the end of the period	9,623,128	242.73	9,623,128	242.73

No options were exercised during 2009 or 2008.

The fair value of options granted under the Sharesave Scheme was measured at their respective grant dates using the Black-Scholes option-pricing formula based on the following assumptions:

	Year ended 2 January 2010	Year ended 3 January 2009
Weighted average fair value	68.20p	37.66p
Weighted average assumptions:		
– Share price	161.75p	176.75p
– Exercise price	96.00p	140.20p
– Expected volatility	33.39%	24.46%
– Expected life	4.42 years	4.47 years
– Risk-free interest rate	3.74%	4.55%
– Expected dividends	6.25p	13.89p

Expected volatility was determined based on the historical volatility of the market price of the Company's ordinary shares over the expected life of the options. Adjustments have been made to the expected life used in the model to reflect the effects of non-transferability, exercise restrictions and behavioural considerations.

The weighted average contractual life of share options outstanding to the Company's employees at the end of the period was as follows:

	As at 2 January 2010		As at 3 January 2009	
	Outstanding Number	Weighted average remaining contractual life Years	Outstanding Number	Weighted average remaining contractual life Years
Range of exercise prices:				
– Less than 100p	203,979	4.02	–	–
– 100p to 150p	27,426	2.76	107,948	4.16
– 151p to 200p	3,088,072	2.11	3,088,072	3.10
– 201p to 250p	2,769,411	3.93	2,832,842	4.84
– 251p to 300p	2,756,722	2.93	2,758,568	3.92
– 301p and higher	1,015,228	2.11	1,015,228	3.10
	9,860,838		9,802,658	

C. Other awards

The Company's principal ongoing share-based compensation arrangements are the ABIP and the PSP. Both are restricted to the Company's senior executives. In 2009, the IBP was introduced as a temporary, one-year substitute for the ABIP.

The ABIP provides awards of Restricted Award Shares and Deferred Award Shares based on the 'bonusable profit' of the business for which the participants have responsibility. Restricted Award Shares normally vest after a period of three years. Dividends are paid on the Restricted Award Shares. Deferred Award Shares normally vest after a period of three years, conditional on the participant's continued employment with the Group. Dividends are not paid on the Deferred Award Shares until they have vested. During 2009, awards were granted over 173,711 ordinary shares (2008: 180,348 ordinary shares) under the ABIP in relation to bonuses earned in 2008. The IBP differs from the ABIP only in that awards made under the plan are based on the trading cash flow of the business for which the participants have responsibility and on the attainment of strategic achievement milestones that are set for each of the participants. Awards over shares under the IBP are expected to be made in March 2010. In 2009, an accrual of \$0.4 million was recognised in respect of the Restricted Award Shares to be awarded under the IBP.

The PSP provides awards of shares which vest after a period of three years, conditional on the Group's total shareholder return relative to its cost of equity over the vesting period and the participant's continued employment with the Group. During 2009, awards were granted over 1,838,839 ordinary shares under the PSP (2008: 2,103,039 ordinary shares).

The fair value of awards made under the ABIP is measured based on the market price of the Company's ordinary shares on the date of the award. Where the awards do not attract dividends during the vesting period, the market price is reduced by the present value of the dividends expected to be paid during the expected life of the awards. The weighted average fair value of awards made under these schemes during the period was 130.46p (2008: 129.34p).

The fair value of awards made under the PSP was measured at their respective grant dates using the Monte Carlo valuation model based on the following assumptions:

	Year ended 2 January 2010	Year ended 3 January 2009
Weighted average fair value	53.40p	34.20p
Weighted average assumptions:		
– Expected volatility	46.38%	37.49%
– Expected life	3.00 years	3.00 years
– Risk-free interest rate	2.17%	4.57%
– Dividend yield	3.88%	9.97%

Expected volatility was determined based on the historical volatility of the market price of the Company's ordinary shares over the expected life of the awards.

In 2009, the compensation expense recognised in respect of other awards was \$2.4 million (2008: \$2.3 million).

13. Deferred tax

At present, the Company does not recognise deferred tax assets because their future recoverability is uncertain due to the extent of forecast tax losses available for surrender within the UK tax group to which the Company belongs. Deferred tax assets will be recognised when it is considered more likely than not that they will be recovered.

Deferred tax assets not recognised were as follows:

	As at 2 January 2010 \$ million	As at 3 January 2009 \$ million
Depreciation in excess of tax allowances	1.2	1.6
Share-based incentives	0.4	0.3
Pensions	3.4	1.5
Other timing differences	1.2	1.5
	6.2	4.9