

Notes to the Consolidated Financial Statements continued

30 Retirement benefit schemes

The Group operates several pension schemes in the UK and overseas.

In the UK, the Group operates the Keller Group Pension Scheme, a defined benefit scheme, which has been closed to new members since 1999 and was closed to all future benefit accrual ('curtailment') with effect from 31 March 2006. Under the scheme employees are normally entitled to retirement benefits on attainment of a retirement age of 65.

The Group has two UK defined contribution retirement benefit schemes. There were no contributions outstanding in respect of these schemes at 31 December 2007 (2006: £nil). The total UK defined contribution pension charge for the year was £0.7m (2006: £0.3m).

In Germany and Austria, the Group has defined benefit retirement obligations for employees who joined the Group prior to 1 January 1998. These obligations are funded on the Group's balance sheet.

The Group operates a defined contribution scheme for employees in the US, where the Group is required to match employee contributions up to a certain level in accordance with the scheme rules. The total US pension charge for the year was £2.5m (2006: £1.9m).

In Australia there is a defined contribution scheme where the Group is required to ensure that a prescribed level of superannuation support of an employee's notional base earnings is made. This prescribed level of support is currently 9% (2006: 9%). The total Australian pension charge for the year was £1.6m (2006: £1.2m).

Details of the Group's defined benefit schemes are as follows:

	The Keller Group Pension Scheme UK Year ended 31 December 2007 £m	The Keller Group Pension Scheme (UK) Year ended 31 December 2006 £m	German and Austrian Schemes Year ended 31 December 2007 £m	German and Austrian Schemes Year ended 31 December 2006 £m
Present value of the scheme liabilities	31.4	(32.5)	9.3	(8.9)
Present value of assets	26.8	25.7	-	-
Deficit in the scheme	4.6	(6.8)	9.3	(8.9)

The value of the scheme liabilities has been determined by the actuary using the following assumptions:

	31 December 2007	31 December 2006 %	31 December 2007	31 December 2006 %
Discount rate	5.8	5.2	5.3	4.5
Expected return on scheme assets	6.2	6.3	n/a	n/a
Rate of increase in salaries	n/a	n/a	-	-
Rate of increase in pensions in payment	3.4	3.1	1.5	1.5
Rate of increase in pensions in deferment	3.4	3.1	1.5	1.5
Rate of inflation	3.4	3.1	1.5	1.5
Mortality table:				
Pensioners	PA92 C2000	PA92 C2000		*
Non-pensioners	PA92 C2020	PA92 C2020		*

* Richttafeln 2005 G.

The assets of the schemes were as follows:

	Value as at 31 December 2007 £m	Value as at 31 December 2006 £m	Value as at 31 December 2007 £m	Value as at 31 December 2006 £m
Equities	16.9	15.7	n/a	n/a
Bonds	9.9	10.0	n/a	n/a
Total present value of assets	26.8	25.7	n/a	n/a

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	The Keller Group Pension Scheme (UK) Year ended 31 December 2007 £m	The Keller Group Pension Scheme (UK) Year ended 31 December 2006 £m	German and Austrian Schemes Year ended 31 December 2007 £m	German and Austrian Schemes Year ended 31 December 2006 £m
Changes in scheme liabilities				
Opening balance	32.5)	(31.7)	8.9)	(8.6)
Current service cost	-	(0.1)	0.3)	(0.2)
Member contributions	-	(0.1)	-	-
Interest cost	1.7)	(1.5)	0.3)	(0.3)
Past service cost	-	(0.2)	-	-
Benefits paid	0.8	1.0	0.4	0.4
Exchange differences	-	-	1.0)	0.2
Actuarial gains/(losses)	2.0	0.1	0.8	(0.4)
Closing balance	31.4)	(32.5)	9.3)	(8.9)
Changes in scheme assets				
Opening balance	25.7	19.8	-	-
Expected return on scheme assets	1.5	1.3	-	-
Employer contributions	1.2	5.3	-	-
Member contributions	-	0.1	-	-
Benefits paid	0.8)	(1.0)	-	-
Actuarial (losses)/gains	0.8)	0.2	-	-
Closing balance	26.8	25.7	-	-
Actual return on scheme assets	0.8	1.5	-	-
Statement of recognised income and expense (SORIE)				
Actuarial (losses)/gains from assets	0.8)	0.2	-	-
Actuarial gains/(losses) from liabilities	2.0	0.1	0.8	(0.4)
Net actuarial gains/(losses)	1.2	0.3	0.8	(0.4)
Cumulative actuarial losses	6.0)	(7.2)	0.7)	(1.5)
Expense (income) recognised in the income statement				
Current service cost	-	0.1	0.3	0.2
Past service cost	-	0.2	-	-
Operating costs	-	0.3	0.3	0.2
Interest cost	1.7	1.5	0.3	0.3
Expected return on assets	1.5)	(1.3)	-	-
Expense recognised in the income statement	0.2	0.5	0.6	0.5
Movements in the balance sheet liability				
Net liability at start of year	6.8	11.9	8.9	8.6
Expense recognised in the income statement	0.2	0.5	0.6	0.5
Contributions	1.2)	(5.3)	-	-
Benefits paid	-	-	0.4)	(0.4)
Exchange differences	-	-	1.0	(0.2)
Actuarial (gains)/losses recognised in SORIE	1.2)	(0.3)	0.8)	0.4
Net liability at end of year	4.6	6.8	9.3	8.9

The expected return on the average value of the assets over the year was calculated using the long-term average rate of return expected over the remaining term of the scheme's liabilities. The contributions expected to be paid during 2008 are £1.2m.

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The history of experience adjustments on scheme assets and liabilities for all the Group's defined benefit pension schemes is as follows:

	2007 £m	2006 £m	2005 £m	2004 £m	2003 £m
Present value of defined benefit obligations	40 7)	(41.4)	(40.3)	(33.4)	(27.1)
Fair value of scheme assets	26 8	25.7	19.8	16.8	17.4
Deficit in the schemes	13 9)	(15.7)	(20.5)	(16.6)	(9.7)
Experience adjustments on scheme liabilities					
Amount	2 8	(0.3)	(7.7)	(3.1)	0.2
Percentage of scheme liabilities	6 9	0.7%	19.0%	9.4%	0.6%
Experience adjustments on scheme assets					
Amount	0 8)	0.2	1.8	0.5	1.0
Percentage of scheme assets	3 0	0.8%	9.0%	2.7%	5.6%