



Project **Post-employment Benefits**

Topic **Extracts from the Invensys plc Annual Report 2008**

## Objective

1. The following employee benefit disclosures are provided to stimulate discussion on the questions set out in the rest of the agenda papers for this meeting. A copy of this summary was sent to working group members in March 2009 as part of the questionnaire on disclosures.

## Background

2. These disclosures are extracted from the Invensys plc Annual Report for the year ended 31 March 2008. (The full annual report is available at [http://www.invensys.com/isys/docs/reports/2008/Invensys\\_AR\\_2008.pdf](http://www.invensys.com/isys/docs/reports/2008/Invensys_AR_2008.pdf) or by contacting staff.)
3. Paragraph references to the disclosures required by IAS 19 are highlighted (eg 120A.a).
4. Disclosures not **specifically** required (NSR) by IAS 19 have a text box, shaded background and a note in the top left hand side of box (eg 

Additional disclosures
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This paper has been prepared by the technical staff of the IASB for the purposes of discussion at a public meeting of the IASB working group identified in the header of this paper.

The views expressed in this paper are those of the staff preparing the paper and do not purport to represent the views of any individual members of the Board or the IASB.

The meeting at which this paper is discussed is a public meeting but it is not a decision-making meeting of the Board.

Official pronouncements of the IASB are published only after the Board has completed its full due process, including appropriate public consultation and formal voting procedures.

## NOTES TO THE FINANCIAL STATEMENTS

### Accounting Policies

120A.a)

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#### **Pension costs and other post-retirement benefits**

For defined benefit plans, the service cost of providing retirement benefits to employees during the year is charged to operating profit or loss in the year. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. The full cost of providing amendments to benefits in respect of past service is also charged to operating profit or loss in the year. The expected return on the assets of the schemes during the year based on the market value of scheme assets at the start of the financial year is included within other finance charges - IAS 19. This also includes a charge representing the expected increase in liabilities of the schemes during the year, arising from the liabilities of the scheme being one year closer to payment. Differences between actual and expected returns on assets during the year are recognised in the statement of recognised income and expense in the year, together with differences from changes in assumptions. The net surplus or deficit on defined benefit pension schemes is reported on the balance sheet within the pension asset or liability.

For defined contribution schemes the amount charged to the income statement in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

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## 25 Pensions and post-retirement benefits

### (i) Defined contribution schemes

The Group operates many defined contribution schemes. Pension costs in respect of defined contribution schemes represented contributions payable in the year and amounted to £11 million (2007: £8 million). At 31 March 2008, there were £1 million (2007: £1 million) of outstanding contributions included in payables. 46

### (ii) Defined benefit schemes - general 120A.b

The Group operates many funded and unfunded defined benefit pension and post-retirement schemes. Contributions to the defined benefit schemes are made in accordance with the recommendations of the independent actuary of the relevant scheme. There are two main funded defined benefit schemes in the UK and US, together with other smaller schemes in the rest of the world.

The principal Group scheme covering the majority of UK employees is the Invensys Pension Scheme. The Invensys Pension Scheme is a funded defined benefit scheme. The assets of this scheme are held separately from those of the Group. These assets are managed by trustees, who are required to act in the best interests of the schemes' beneficiaries. The Trustee Board is made up of nine directors, four nominated by the Company and five by the members. The Company is responsible for appointing the Chairman from the Board. The last full actuarial valuation of the Scheme for funding purposes was carried out with a valuation date of 30 September 2005 by independent actuaries using the projected unit credit method for valuing the liabilities. The assumptions that had the most effect on the results of this valuation for funding purposes are those relating to the discount rate and inflation on scheme liabilities and mortality assumptions.

There are numerous schemes operated by overseas subsidiaries. Of these the largest US scheme is assessed annually by an actuary, and the other overseas defined benefit schemes are normally assessed periodically by independent actuaries in accordance with local practice.

The Group also operates a number of non-pension post-retirement benefit plans, the majority of which relate to the provision of medical benefits to retired former employees of the Group's subsidiaries in the US. These schemes are generally unfunded.

The last full valuations of all schemes on an IAS 19 basis have been updated to 31 March 2008 to reflect market conditions and material events in the plans. Not Specifically Required

### (iii) Defined benefit schemes - major assumptions 120A.n

The major assumptions made when valuing the liabilities of funded and unfunded schemes under IAS 19 are as follows:

For March 2008 the major financial assumptions were:

	Funded schemes			Unfunded schemes	
	Invensys Pension Scheme (UK) %	Invensys Pension Plan (US) %	Other %	US healthcare <sup>1</sup> %	Other %
<b>Major assumptions</b>					
Rates of increase in salaries	4.95	4.00	3.81	-	1.48
Rate of increase to pensions in payment <sup>2</sup>	3.80	-	2.78	-	1.11 <span style="color: yellow;">NSR</span>
Discount rate for scheme liabilities	6.10	6.55	6.07	6.55	5.93 <span style="color: yellow;">120A.n</span>
Inflation rate	3.70	2.50	3.10	-	2.17 <span style="color: yellow;">NSR</span>

For March 2007 the major financial assumptions were: 120A..n

	Funded schemes			Unfunded schemes	
	Invensys Pension Scheme (UK) %	Invensys Pension Plan (US) %	Other %	US healthcare <sup>1</sup> %	Other %
<b>Major assumptions</b>					
Rates of increase in salaries	4.45	4.00	3.91	-	1.44
Rate of increase to pensions in payment <sup>2</sup> <span style="color: yellow;">NSR unless principal assumption</span>	3.50	-	2.41	-	0.94
Discount rate for scheme liabilities	5.35	5.95	5.30	5.95	5.36 <span style="color: yellow;">120A.n</span>
Inflation rate <span style="color: yellow;">NSR unless principal assumptions</span>	3.20	2.50	2.74	-	2.10

For March 2006 the major financial assumptions were: Not Specifically Required (Comparatives)

	Funded schemes			Unfunded schemes	
	Invensys Pension Scheme (UK) %	Invensys Pension Plan (US) %	Other %	US healthcare <sup>1</sup> %	Other %
<b>Major assumptions</b>					
Rates of increase in salaries	4.15	4.00	3.63	-	2.47
Rate of increase to pensions in payment <sup>2</sup>	3.35	-	1.91	-	1.68
Discount rate for scheme liabilities	4.95	6.05	5.11	6.05	4.76
Inflation rate	2.90	2.50	2.26	-	2.16

<sup>1</sup> The assumptions used for medical trend rates for beneficiaries of the US healthcare scheme were 9.5% per annum, declining to an ultimate rate of 5.0% in 2008 (2007 and 2006: 9.0% declining to 5.0%) 120A.n

<sup>2</sup> The inflationary pension increases granted for the UK scheme in the year were 3.70% (2007: 3.20%; 2006: 2.90%). NSR

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 25 Pensions and post-retirement benefits (continued)

#### (iii) Defined benefit schemes - major assumptions (continued)

Not specifically required unless principal assumptions

The demographic assumptions which were consistently applied for the main schemes are as follows:

#### *Invensys Pension Scheme (UK)*

Standard actuarial mortality tables PA92 were adopted using year of birth and medium cohort projections. Probability of death at each age was multiplied by 126%.

By way of illustration the impact of the application of these mortality tables on the expected longevity of pensioners is shown below:

		Years
Retiring today at age 65:	Male	20.2
	Female	23.0
Retiring in 20 years at age 65:	Male	21.4
	Female	24.1

#### *Invensys Pension Plan (US)*

The mortality table adopted was the RP 2000 Table for combined employee/annuitants, projected to 2008 using projection scale AA.

#### Sensitivities

The Invensys Pension Scheme (UK) is the largest scheme within the Group, representing 79% of gross liabilities of all defined benefit schemes. The principal sensitivities are illustrated below:

A 0.1% movement in the assumed inflation rate would have the following effect:	0.1% increase £m	0.1% decrease £m
Invensys Pension Scheme (UK) defined benefit obligation: (increase)/decrease	(35)	35
A 0.1% movement in the assumed discount rate would have the following effect:	0.1% increase £m	0.1% decrease £m
Invensys Pension Scheme (UK) defined benefit obligation: decrease/(increase)	54	(54)
A 1 year extension to the pensioners lives would have the following effect:		£m
Invensys Pension Scheme (UK) defined benefit obligation: (increase)		(144)
Applying a 1% underpin to the improvement in mortality implicit in the PA92 tables would have the following effect:		£m
Invensys Pension Scheme (UK) defined benefit obligation: (increase)		(62)

#### *US healthcare scheme*

120A. o)

A 1% movement in the assumed rate of increase in US healthcare costs would have the following effects:	Increase £m	Decrease £m
US healthcare scheme defined benefit obligation: increase/(decrease)	0.97	(0.88)

**(iv) Defined benefit schemes - income and expenses**

120A.g

The amounts that have been recognised in the Consolidated income statement and Consolidated statement of recognised income and expense for the year ended 31 March 2008 are set out below:

	Funded schemes			Unfunded schemes		Total £m
	Invensys Pension Scheme (UK) £m	Invensys Pension Plan (US) £m	Other £m	US healthcare £m	Other £m	
<b>Analysis of amounts (charged)/credited to the Consolidated income statement:</b>						
Current service cost - continuing	(11)	(7)	(4)	-	(3)	(25)
Curtailments	-	1	-	-	-	1
<b>Total charge to operating profit<sup>1</sup></b>	<b>(11)</b>	<b>(6)</b>	<b>(4)</b>	<b>-</b>	<b>(3)</b>	<b>(24)</b>
Current service charge - discontinued	(1)	(1)	-	-	-	(2)
Curtailments	-	2	-	1	-	3
<b>(Loss)/profit after taxation - discontinued operations</b>	<b>(1)</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>
Expected return on plan assets	207	40	11	-	-	258
Interest on plan liabilities	(213)	(42)	(11)	(2)	(5)	(273)
<b>Other finance charges - IAS 19</b>	<b>(6)</b>	<b>(2)</b>	<b>-</b>	<b>(2)</b>	<b>(5)</b>	<b>(15)</b>
<b>Analysis of amounts recognised in the Consolidated statement of recognised income and expense:</b>						
Actual return less expected return on scheme assets	(34)	16	(12)	-	-	(30)
Experience (losses)/gains arising on the scheme liabilities	(11)	(7)	-	3	1	(14)
Changes in assumptions underlying the present value of the plan liabilities	202	47	8	-	5	262
<b>Actuarial gain/(loss) recognised in the Consolidated statement of recognised income and expense</b>	<b>157</b>	<b>56</b>	<b>(4)</b>	<b>3</b>	<b>6</b>	<b>218</b>

NSR

120A.h

The amounts that were recognised in the Consolidated income statement and Consolidated statement of recognised income and expense for the year ended 31 March 2007 are set out below:

120A.g

	Funded schemes			Unfunded schemes		Total £m
	Invensys Pension Scheme (UK) £m	Invensys Pension Plan (US) £m	Other £m	US healthcare £m	Other £m	
<b>Analysis of amounts (charged)/credited to the Consolidated income statement:</b>						
Current service cost	(15)	(8)	(6)	-	(3)	(32)
Past service cost	-	-	(19)	-	-	(19)
Settlements	2	-	(2)	-	-	-
<b>Total charge to operating profit<sup>1</sup></b>	<b>(13)</b>	<b>(8)</b>	<b>(27)</b>	<b>-</b>	<b>(3)</b>	<b>(51)</b>
Expected return on plan assets	203	40	14	-	-	257
Interest on plan liabilities	(204)	(44)	(12)	(2)	(5)	(267)
<b>Other finance (charges)/credit - IAS 19</b>	<b>(1)</b>	<b>(4)</b>	<b>2</b>	<b>(2)</b>	<b>(5)</b>	<b>(10)</b>
<b>Analysis of amounts recognised in the Consolidated statement of recognised income and expense:</b>						
Actual return less expected return on scheme assets	(156)	8	4	-	-	(144)
Experience losses arising on the scheme liabilities	(11)	(10)	(4)	-	(2)	(27)
Changes in assumptions underlying the present value of the plan liabilities	119	(9)	3	-	3	116
Increase in limit due to IAS 19 paragraph 58(b) - restriction of asset recognised	-	-	(1)	-	-	(1)
<b>Actuarial (loss)/gain recognised in the Consolidated statement of recognised income and expense</b>	<b>(48)</b>	<b>(11)</b>	<b>2</b>	<b>-</b>	<b>1</b>	<b>(56)</b>

Not Specifically Required

120A.h

<sup>1</sup> The amounts (charged)/credited to operating profit were (charged)/credited to the following lines in the Consolidated income statement:

120A.g

	2008 £m	2007 £m
Cost of sales	(12)	(16)
Administrative costs	(13)	(16)
Other exceptional items	1	(19)
<b>Total charge to operating profit</b>	<b>(24)</b>	<b>(51)</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 25 Pensions and post-retirement benefits (continued)

#### (v) Defined benefit schemes - changes in present value of defined benefit obligations and fair value of plan assets

Changes in the present value of the defined benefit obligation for the year to 31 March 2008 were as follows: 120A.c

	Funded schemes			Unfunded schemes		Total £m
	Invensys Pension Scheme (UK) £m	Invensys Pension Plan (US) £m	Other £m	US healthcare £m	Other £m	
Opening present value of defined benefit obligation	(4,099)	(738)	(214)	(32)	(119)	(5,202)
Current service cost	(12)	(8)	(4)	-	(3)	(27)
Contributions by employees	-	-	(1)	-	-	(1)
Benefit payments	245	42	17	3	10	317
Interest on plan liabilities	(213)	(42)	(11)	(2)	(5)	(273)
Curtailments	-	3	-	1	-	4
Actuarial gains	191	40	8	3	6	248
Settlements - disposal of subsidiaries <sup>1</sup>	-	-	2	-	2	4
Exchange adjustments	-	8	(8)	1	(10)	(9)
<b>Closing present value of defined benefit obligation</b>	<b>(3,888)</b>	<b>(695)</b>	<b>(211)</b>	<b>(26)</b>	<b>(119)</b>	<b>(4,939)</b>

Changes in the fair value of plan assets for the year to 31 March 2008 were as follows: 120A.e

	Funded schemes			Total £m
	Invensys Pension Scheme (UK) £m	Invensys Pension Plan (US) £m	Other £m	
Opening fair value of plan assets	3,856	637	188	4,681
Expected return on plan assets	207	40	11	258
Contributions by employer	94	18	4	116
Contributions by employees	-	-	1	1
Benefit payments	(245)	(42)	(17)	(304)
Actuarial (losses)/gains	(34)	16	(12)	(30)
Settlements - disposal of subsidiaries <sup>1</sup>	-	-	(1)	(1)
Exchange adjustments	-	(6)	7	1
<b>Closing fair value of plan assets</b>	<b>3,878</b>	<b>663</b>	<b>181</b>	<b>4,722</b>

Actual return on plan assets	173	56	(1)	228
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Changes in the present value of the defined benefit obligation for the year to 31 March 2007 were as follows: Comparatives

	Funded schemes			Unfunded schemes		Total £m
	Invensys Pension Scheme (UK) £m	Invensys Pension Plan (US) £m	Other £m	US healthcare £m	Other £m	
Opening present value of defined benefit obligation	(4,235)	(806)	(222)	(37)	(125)	(5,425)
Current service cost	(15)	(8)	(6)	-	(3)	(32)
Past service cost	-	-	(19)	-	-	(19)
Contributions by employees	-	-	(1)	-	-	(1)
Benefit payments	243	44	11	3	8	309
Reclassified to defined contribution scheme <sup>2</sup>	-	-	28	-	-	28
Interest on plan liabilities	(204)	(44)	(12)	(2)	(5)	(267)
Settlements	4	-	(1)	-	-	3
Actuarial gains/(losses)	108	(19)	(2)	-	1	88
Exchange adjustments	-	95	10	4	5	114
<b>Closing present value of defined benefit obligation</b>	<b>(4,099)</b>	<b>(738)</b>	<b>(214)</b>	<b>(32)</b>	<b>(119)</b>	<b>(5,202)</b>

<sup>1</sup> Included within settlements are £3 million of net pension liabilities classified as held for sale in the half-yearly financial statements.

<sup>2</sup> Following the repatriation of the surplus within the Australian Superannuation Fund in the year ended 31 March 2007, £28 million of assets and liabilities accrued to defined contribution scheme members were therefore reclassified.

Changes in the fair value of plan assets for the year to 31 March 2007 were as follows:

Comparatives

	Funded schemes			Total £m
	Invensys Pension Scheme (UK) £m	Invensys Pension Plan (US) £m	Other £m	
Opening fair value of plan assets	4,007	700	229	4,936
Expected return on plan assets	203	40	14	257
Contributions by employer	47	15	(12)	50
Contributions by employees	-	-	1	1
Benefit payments	(243)	(44)	(11)	(298)
Reclassified to defined contribution scheme <sup>1</sup>	-	-	(28)	(28)
Settlements	(2)	-	(1)	(3)
Actuarial (losses)/gains	(156)	8	5	(143)
Exchange adjustments	-	(82)	(9)	(91)
<b>Closing fair value of plan assets</b>	<b>3,856</b>	<b>637</b>	<b>188</b>	<b>4,681</b>
Actual return on plan assets	47	48	18	113

<sup>1</sup> Following the repatriation of the surplus within the Australian Superannuation Fund in the year ended 31 March 2007, £28 million of assets and liabilities accrued to defined contribution scheme members were therefore reclassified.

**(vi) Defined benefit schemes - reconciliations of balance sheet amounts**

120A.f

Reconciliation of assets and liabilities recognised in the balance sheet as at 31 March 2008:

	Funded schemes			Unfunded schemes		Total £m
	Invensys Pension Scheme (UK) £m	Invensys Pension Plan (US) £m	Other £m	US healthcare £m	Other £m	
Present value of defined benefit obligation	(3,888)	(695)	(211)	(26)	(119)	(4,939)
Fair value of plan assets	3,878	663	181	-	-	4,722
Deficit in the plan	(10)	(32)	(30)	(26)	(119)	(217)
Restrictions of asset recognised	-	-	(1)	-	-	(1)
<b>Net liability</b>	<b>(10)</b>	<b>(32)</b>	<b>(31)</b>	<b>(26)</b>	<b>(119)</b>	<b>(218)</b>
The net asset/(liability) is presented on the balance sheet as follows:						
Non-current pension asset	-	-	1	-	-	1
Non-current pension liability	(10)	(32)	(32)	(26)	(119)	(219)
<b>Net liability</b>	<b>(10)</b>	<b>(32)</b>	<b>(31)</b>	<b>(26)</b>	<b>(119)</b>	<b>(218)</b>

Reconciliation of assets and liabilities recognised in the balance sheet as at 31 March 2007:

Comparatives

	Funded schemes			Unfunded schemes		Total £m
	Invensys Pension Scheme (UK) £m	Invensys Pension Plan (US) £m	Other £m	US healthcare £m	Other £m	
Present value of defined benefit obligation	(4,099)	(738)	(214)	(32)	(119)	(5,202)
Fair value of plan assets	3,856	637	188	-	-	4,681
Deficit in the plan	(243)	(101)	(26)	(32)	(119)	(521)
Restrictions of asset recognised	-	-	(1)	-	-	(1)
<b>Net liability</b>	<b>(243)</b>	<b>(101)</b>	<b>(27)</b>	<b>(32)</b>	<b>(119)</b>	<b>(522)</b>
The net asset/(liability) is presented on the balance sheet as follows:						
Non-current pension asset	-	-	3	-	-	3
Non-current pension liability	(243)	(101)	(30)	(32)	(119)	(525)
<b>Net liability</b>	<b>(243)</b>	<b>(101)</b>	<b>(27)</b>	<b>(32)</b>	<b>(119)</b>	<b>(522)</b>

Liabilities for each scheme are determined using the projected unit credit actuarial valuation method. This is an accrued benefits valuation method that discounts the best estimate of future cash flows and makes allowance for projected earnings.

If the UK Pension Scheme were to be wound up, the relevant employers would be responsible, under section 75 of the Pensions Act 1995 to fund the UK Pension Scheme up to the levels of the cost of buying out the benefits for all scheme members with an insurer. This cost would be considerably more than the value placed on the ongoing liabilities for accounting purposes. The deficit in the UK Pension Scheme calculated on a winding up basis was approximately £1.8 billion as at 30 September 2005, the date of the last actuarial valuation. This will be reviewed and updated at the next valuation.

Not Specifically Required

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 25 Pensions and post-retirement benefits (continued)

#### (vii) Defined benefit schemes - expected rate of return and analysis of scheme assets

The expected long-term rate of return and market value of funded defined benefit schemes at 31 March 2008 are: 120A.k) & n)ii)

	Invensys Pension Scheme (UK)		Invensys Pension Plan (US)		Other		Total
	Expected long-term rate of return %	Market value £m	Expected long-term rate of return %	Market value £m	Expected long-term rate of return %	Market value £m	Market value £m
Equities	8.3	428	8.2	116	7.7	60	604
Bonds	4.6	2,677	6.1	334	5.0	66	3,077
Other	6.9	773	7.0	213	5.9	55	1,041
Fair value of plan assets		3,878		663		181	4,722

The expected long-term rate of return and market value of funded defined benefit schemes at 31 March 2007 were: Comparatives

	Invensys Pension Scheme (UK)		Invensys Pension Plan (US)		Other		Total
	Expected long-term rate of return %	Market value £m	Expected long-term rate of return %	Market value £m	Expected long-term rate of return %	Market value £m	Market value £m
Equities	7.9	844	8.2	155	7.9	66	1,065
Bonds	4.7	2,965	5.3	278	4.8	73	3,316
Other	5.3	47	7.5	204	5.8	49	300
Fair value of plan assets		3,856		637		188	4,681

The expected long-term rate of return and market value of funded defined benefit schemes at 31 March 2006 were: Not Specifically Required

	Invensys Pension Scheme (UK)		Invensys Pension Plan (US)		Other		Total
	Expected long-term rate of return %	Market value £m	Expected long-term rate of return %	Market value £m	Expected long-term rate of return %	Market value £m	Market value £m
Equities	7.6	1,319	8.2	266	7.7	111	1,696
Bonds	4.4	2,611	5.2	373	4.4	89	3,073
Other	4.7	77	5.0	61	5.8	29	167
Fair value of plan assets		4,007		700		229	4,936

The expected return on each asset class has been determined on the basis of market expectations for the rate of return on each asset class over the life of the related obligation, at the balance sheet date. In respect of the UK Pension Scheme, Government and Corporate Bond indices have been used to set the expected rate of return on bonds subject to an adjustment for the risk of default, and a risk premium has been applied to determine the expected long-term rate of return on equity investments. Similar processes are applied to other schemes. 120A.l)

The Trustee of the UK Pension Scheme adopted a new statement of investment principles which resulted in a change in the investment strategy of the scheme in the prior year. The Trustees target a long-term rate of return on investments as a whole, at 1% per annum over Government stock of appropriate duration to the scheme's liabilities. This investment strategy gives an overall expected rate of return of 5.42% per annum (2007: 5.50%) at the balance sheet date based on market conditions at this date.



**(viii) Defined benefit schemes - history of experience adjustments**

120A.p)

	Funded schemes			Unfunded schemes		Total £m
	Invensys Pension Scheme (UK) £m	Invensys Pension Plan (US) £m	Other £m	US healthcare £m	Other £m	
<b>Year ended 31 March 2008</b>						
Present value of defined benefit obligation	(3,888)	(695)	(211)	(26)	(119)	(4,939)
Fair value of plan assets	3,878	663	181	-	-	4,722
Deficit in the plan	(10)	(32)	(30)	(26)	(119)	(217)
Experience adjustments on plan liabilities	(11)	(7)	1	3	1	(13)
Experience adjustments on plan assets	(34)	16	(12)	-	-	(30)
<b>Year ended 31 March 2007</b>						
Present value of defined benefit obligation	(4,099)	(738)	(214)	(32)	(119)	(5,202)
Fair value of plan assets	3,856	637	188	-	-	4,681
Deficit in the plan	(243)	(101)	(26)	(32)	(119)	(521)
Experience adjustments on plan liabilities	(11)	(10)	(4)	-	(2)	(27)
Experience adjustments on plan assets	(156)	8	5	-	-	(143)
<b>Year ended 31 March 2006</b>						
Present value of defined benefit obligation	(4,235)	(806)	(222)	(37)	(125)	(5,425)
Fair value of plan assets	4,007	700	229	-	-	4,936
(Deficit)/surplus in the plan	(228)	(106)	7	(37)	(125)	(489)
Experience adjustments on plan liabilities	53	(10)	(2)	14	-	55
Experience adjustments on plan assets	293	(4)	13	-	-	302
<b>Year ended 31 March 2005</b>						
Present value of defined benefit obligation	(3,885)	(731)	(212)	(56)	(119)	(5,003)
Fair value of plan assets	3,587	634	208	-	-	4,429
Deficit in the plan	(298)	(97)	(4)	(56)	(119)	(574)
Experience adjustments on plan liabilities	(2)	11	(1)	-	1	9
Experience adjustments on plan assets	36	(9)	5	-	-	32
<b>Year ended 31 March 2004</b>						
Present value of defined benefit obligation	(3,806)	(738)	(203)	(57)	(117)	(4,921)
Fair value of plan assets	3,494	624	197	-	-	4,315
Deficit in the plan	(312)	(114)	(6)	(57)	(117)	(606)
Experience adjustments on plan liabilities	65	2	12	9	(19)	69
Experience adjustments on plan assets	206	113	28	-	-	347

**Cumulative actuarial gains and losses**

120A.i)

The cumulative amount of actuarial gains and losses recognised since 1 April 2004 in the Consolidated statement of recognised income and expense is a gain of £24 million (2007: loss of £194 million).

