

Currency exposures shown above take into account the effect of the Group's transaction hedging activities.

On the assumption that the change in exchange rates is applied to the risk exposures in existence at the balance sheet date and that designated net investment hedges are 100% effective, an increase/decrease of 10% in the value of the functional currencies of the entities concerned against the currencies in which the financial assets and liabilities are denominated would increase/decrease the Group's profit before tax by \$1.8 million (3 January 2009: \$5.0 million).

Currency exposures on the Group's net assets, after taking into account the translation hedges applied to the Group's borrowings, were as follows:

	As at 2 January 2010			As at 3 January 2009		
	Net assets excluding net (debt)/funds \$ million	Net (debt)/funds \$ million	Net assets \$ million	Net assets excluding net (debt)/funds \$ million	Net (debt)/funds \$ million	Net assets \$ million
Currency:						
– US dollar	930.8	(343.6)	587.2	1,164.2	(305.8)	858.4
– Sterling	76.2	87.8	164.0	101.9	(12.7)	89.2
– Euro	150.6	(33.4)	117.2	229.9	(94.6)	135.3
– Canadian dollar	137.7	(42.8)	94.9	171.6	(104.4)	67.2
– Other	590.2	124.5	714.7	548.1	41.1	589.2
	1,885.5	(207.5)	1,678.0	2,215.7	(476.4)	1,739.3

34. Post-employment benefit obligations

A. Background

The Group operates pension plans throughout the world, covering the majority of its employees. The plans are structured to accord with local conditions and practices in each country and include defined contribution plans and defined benefit plans.

The Group provides defined contribution pension benefits in most of the countries in which it operates; in particular, the majority of the Group's employees in the US are entitled to such benefits. Contributions payable by the Group to these plans amounted to \$33.4 million (2008: \$37.9 million; 2007: \$47.6 million). At the balance sheet date, the Group had not paid over to the plans contributions due amounting to \$14.8 million (3 January 2009: \$15.1 million). All amounts due for the period were paid over subsequent to the balance sheet date.

The Group operates defined benefit pension plans in several countries; in particular, in the US and the UK. Generally, the pension benefits provided under these plans are based upon pensionable salary and the period of service of the individual employees. The assets of the plans are held separately from those of the Group in funds that are under the control of trustees. All of the defined benefit pension plans operated by the Group are closed to new entrants. In addition to the funded defined benefit pension plans, the Group has unfunded defined benefit obligations to certain current and former employees.

The Group also provides other post-employment benefits, principally health and life insurance cover, to certain of its employees in North America. These plans, which are unfunded, are defined benefit plans.

As discussed in note 7, during 2009, the Group recognised a gain of \$63.0 million on the amendment of pension and post-retirement healthcare plans in North America.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34. Post-employment benefit obligations (continued)**B. Summary of financial effect**

An analysis of the effect of providing post-employment benefits on the Group's results is set out below.

Year ended 2 January 2010

	Pensions			Other post-employment benefits		
	Operating profit \$ million	Finance charges \$ million	Total \$ million	Operating profit \$ million	Finance charges \$ million	Total \$ million
Defined contribution plans	33.4	–	33.4	–	–	–
Defined benefit plans						
Recognised in profit or loss:						
– Current service cost	6.7	–	6.7	0.4	–	0.4
– Past service cost	2.7	–	2.7	–	–	–
– Negative past service cost	(0.3)	–	(0.3)	(17.2)	–	(17.2)
– Settlement and curtailments	(36.4)	–	(36.4)	(10.5)	–	(10.5)
– Interest cost	–	61.0	61.0	–	9.0	9.0
– Expected return on plan assets	–	(62.6)	(62.6)	–	–	–
	(27.3)	(1.6)	(28.9)	(27.3)	9.0	(18.3)
Recognised in equity:						
– Net actuarial loss			119.8			24.0
– Effect of the asset ceiling			(18.6)			–
			101.2			24.0
			72.3			5.7

Year ended 3 January 2009

	Pensions			Other post-employment benefits		
	Operating profit \$ million	Finance charges \$ million	Total \$ million	Operating profit \$ million	Finance charges \$ million	Total \$ million
Defined contribution plans	37.9	–	37.9	–	–	–
Defined benefit plans						
Recognised in profit or loss:						
– Current service cost	8.7	–	8.7	0.5	–	0.5
– Past service cost	–	–	–	0.6	–	0.6
– Settlement and curtailments	(2.4)	–	(2.4)	–	–	–
– Interest cost	–	67.9	67.9	–	10.5	10.5
– Expected return on plan assets	–	(75.5)	(75.5)	–	–	–
	6.3	(7.6)	(1.3)	1.1	10.5	11.6
Recognised in equity:						
– Net actuarial loss/(gain)			122.4			(23.6)
– Effect of the asset ceiling			(12.3)			–
			110.1			(23.6)
			108.8			(12.0)

Year ended 29 December 2007

				Pensions	Other post-employment benefits		
	Operating profit \$ million	Finance charges \$ million	Loss from discontinued operations \$ million	Total \$ million	Operating profit \$ million	Finance charges \$ million	Total \$ million
Defined contribution plans	46.8	–	0.8	47.6	–	–	–
Defined benefit plans							
Recognised in profit or loss:							
– Current service cost	11.6	–	0.2	11.8	0.4	–	0.4
– Past service cost	0.2	–	–	0.2	–	–	–
– Settlement and curtailments	(3.8)	–	(2.4)	(6.2)	–	–	–
– Interest cost	–	66.1	1.0	67.1	–	10.2	10.2
– Expected return on plan assets	–	(75.0)	(1.2)	(76.2)	–	–	–
	8.0	(8.9)	(2.4)	(3.3)	0.4	10.2	10.6
Recognised in equity:							
– Net actuarial gain				(89.9)			(6.0)
– Effect of the asset ceiling				43.8			–
				(46.1)			(6.0)
				(49.4)			4.6

The net liability recognised in the Group's balance sheet in respect of defined benefit plans was as follows:

	As at 2 January 2010			As at 3 January 2009		
	Pensions \$ million	Other benefits \$ million	Total \$ million	Pensions \$ million	Other benefits \$ million	Total \$ million
Present value of the benefit obligation:						
– Funded	1,071.7	–	1,071.7	978.9	–	978.9
– Unfunded	44.3	142.1	186.4	39.2	147.7	186.9
	1,116.0	142.1	1,258.1	1,018.1	147.7	1,165.8
Fair value of plan assets	(924.5)	–	(924.5)	(862.1)	–	(862.1)
	191.5	142.1	333.6	156.0	147.7	303.7
Effect of the asset ceiling	8.6	–	8.6	24.6	–	24.6
Net liability	200.1	142.1	342.2	180.6	147.7	328.3

The net liability is presented in the Group's balance sheet as follows:

	As at 2 January 2010			As at 3 January 2009		
	Pensions \$ million	Other benefits \$ million	Total \$ million	Pensions \$ million	Other benefits \$ million	Total \$ million
Surpluses	(1.3)	–	(1.3)	(5.3)	–	(5.3)
Deficits	201.4	142.1	343.5	185.9	147.7	333.6
Net liability	200.1	142.1	342.2	180.6	147.7	328.3

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34. Post-employment benefit obligations (continued)

C. Pensions

The principal assumptions used in the actuarial valuations of the defined benefit pension plans were as follows:

	UK % per annum	US % per annum	Other countries % per annum
Valuation as at 2 January 2010			
Salary increases	4.50%	3.36%	3.70%
Increase to pensions in payment	3.50%	n/a	n/a
Increase to deferred pensions	3.50%	n/a	n/a
Long-term rate of return on plan assets	6.31%	7.75%	6.02%
Discount rate	5.75%	5.75%	4.80%
Inflation rate	3.50%	n/a	1.39%
Valuation as at 3 January 2009			
Salary increases	4.00%	5.65%	3.28%
Increase to pensions in payment	3.00%	n/a	n/a
Increase to deferred pensions	3.00%	n/a	n/a
Long-term rate of return on plan assets	6.64%	8.00%	5.97%
Discount rate	6.50%	5.88%	5.95%
Inflation rate	3.00%	0.00%	1.34%

The current life expectancies underlying the benefit obligations of the Group's principal pension plans were as follows:

	UK	US	Other countries
As at 2 January 2010			
Current pensioners (at age 65) – male	21.2 years	17.7 years	19.1 years
– female	24.2 years	20.3 years	21.6 years
Future pensioners (at age 65) – male	22.2 years	17.7 years	19.1 years
– female	25.2 years	20.3 years	21.6 years
As at 3 January 2009			
Current pensioners (at age 65) – male	21.2 years	17.7 years	19.1 years
– female	24.2 years	20.3 years	21.6 years
Future pensioners (at age 65) – male	22.2 years	17.7 years	19.1 years
– female	25.2 years	20.3 years	21.6 years

The net liability recognised in the Group's balance sheet in respect of defined benefit pension plans was as follows:

	As at 2 January 2010				As at 3 January 2009			
	UK \$ million	US \$ million	Other countries \$ million	Total \$ million	UK \$ million	US \$ million	Other countries \$ million	Total \$ million
Present value of benefit obligation:								
– Funded	366.7	565.3	139.7	1,071.7	280.5	586.5	111.9	978.9
– Unfunded	0.1	36.6	7.6	44.3	5.1	32.4	1.7	39.2
Fair value of plan assets	366.8 (353.7)	601.9 (458.1)	147.3 (112.7)	1,116.0 (924.5)	285.6 (294.0)	618.9 (479.5)	113.6 (88.6)	1,018.1 (862.1)
Effect of the asset ceiling	13.1 8.6	143.8 –	34.6 –	191.5 8.6	(8.4) 24.6	139.4 –	25.0 –	156.0 24.6
Net liability	21.7	143.8	34.6	200.1	16.2	139.4	25.0	180.6

Changes in the present value of the benefit obligation were as follows:

	Year ended 2 January 2010				Year ended 3 January 2009			
	UK \$ million	US \$ million	Other countries \$ million	Total \$ million	UK \$ million	US \$ million	Other countries \$ million	Total \$ million
At the beginning of the period	285.6	618.9	113.6	1,018.1	433.2	617.8	145.5	1,196.5
Transfer of plans	(5.0)	5.0	–	–	–	–	–	–
Current service cost	0.6	2.0	4.1	6.7	1.1	2.9	4.7	8.7
Past service cost	–	–	2.7	2.7	–	–	–	–
Negative past service cost	–	(0.3)	–	(0.3)	–	–	–	–
Curtailements	–	(29.1)	(7.3)	(36.4)	(0.6)	(2.0)	–	(2.6)
Settlements	–	(0.3)	–	(0.3)	–	(0.4)	(3.4)	(3.8)
Interest cost	19.5	34.6	6.9	61.0	23.4	37.3	7.2	67.9
Special termination benefits	–	–	–	–	–	0.2	–	0.2
Net actuarial loss/(gain)	54.1	22.6	24.7	101.4	(35.2)	28.5	(16.4)	(23.1)
	354.8	653.4	144.7	1,152.9	421.9	684.3	137.6	1,243.8
Disposal of subsidiaries	–	–	–	–	–	(15.9)	–	(15.9)
Employees' contributions	0.1	–	0.2	0.3	0.2	–	0.2	0.4
Benefits paid	(17.2)	(51.5)	(8.2)	(76.9)	(19.8)	(49.5)	(6.4)	(75.7)
Foreign currency translation	29.1	–	10.6	39.7	(116.7)	–	(17.8)	(134.5)
At the end of the period	366.8	601.9	147.3	1,116.0	285.6	618.9	113.6	1,018.1

Changes in the fair value of plan assets were as follows:

	Year ended 2 January 2010				Year ended 3 January 2009			
	UK \$ million	US \$ million	Other countries \$ million	Total \$ million	UK \$ million	US \$ million	Other countries \$ million	Total \$ million
At the beginning of the period	294.0	479.5	88.6	862.1	449.8	558.8	116.4	1,125.0
Expected return on plan assets	21.2	35.5	5.9	62.6	29.3	39.4	6.8	75.5
Settlements	–	(0.3)	–	(0.3)	–	(0.4)	(3.4)	(3.8)
Net actuarial gain/(loss)	6.5	(31.8)	6.9	(18.4)	(49.6)	(79.1)	(16.8)	(145.5)
	321.7	482.9	101.4	906.0	429.5	518.7	103.0	1,051.2
Disposal of subsidiaries	–	–	–	–	–	(16.2)	–	(16.2)
Employer's contributions	18.7	26.7	7.3	52.7	8.5	26.5	10.4	45.4
Employees' contributions	0.1	–	0.2	0.3	0.2	–	0.2	0.4
Benefits paid	(17.2)	(51.5)	(8.2)	(76.9)	(19.8)	(49.5)	(6.4)	(75.7)
Foreign currency translation	30.4	–	12.0	42.4	(124.4)	–	(18.6)	(143.0)
At the end of the period	353.7	458.1	112.7	924.5	294.0	479.5	88.6	862.1

The fair value of plan assets by asset category was as follows:

	As at 2 January 2010				As at 3 January 2009			
	UK \$ million	US \$ million	Other countries \$ million	Total \$ million	UK \$ million	US \$ million	Other countries \$ million	Total \$ million
Equity instruments	166.2	288.7	44.1	499.0	151.5	268.9	32.8	453.2
Debt instruments	187.4	153.0	46.9	387.3	141.4	184.7	36.9	363.0
Other assets	0.1	16.4	21.7	38.2	1.1	25.9	18.9	45.9
	353.7	458.1	112.7	924.5	294.0	479.5	88.6	862.1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34. Post-employment benefit obligations (continued)**C. Pensions (continued)**

Plan assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group.

The return and risk expectations for each asset class incorporate assumptions about historical return relationships, current financial market conditions and the degree of global capital market integration. The assumptions used have been derived from rigorous historical performance analysis combined with forward-looking views of the financial markets as revealed through the yield on long-term bonds and the price earnings ratios of the major stock market indices. The actuaries review analyses of historical risk and the correlation of the return on asset classes and apply subjective judgment based on their knowledge of the Group's plans. The result of this analysis is incorporated into a risk matrix from which expected long-term risk premiums for each asset class are developed. The nominal return expectations are determined by combining the asset class risk premiums with expected inflation and real risk-free rate assumptions. As a final consideration, the nominal return assumptions are blended with current market conditions to develop long-term equilibrium expectations.

The Group's investment strategy for pension plan assets includes diversification to minimise interest and market risks. Accordingly, the interest rate risk inherent in the benefit obligation of the Group's US funded pension plans is hedged using a combination of bonds and interest rate swaps with a combined average duration of 10.1 years. In general, the investment strategy for the Group's pension plans outside the US does not involve the use of derivative financial instruments.

Plan assets are rebalanced periodically to maintain target asset allocations. Maturities of investments are not necessarily related to the timing of expected future benefit payments, but adequate liquidity to make immediate and medium-term benefit payments is ensured.

The weighted averages of the expected returns on plan assets were as follows:

	As at 2 January 2010			As at 3 January 2009			As at 29 December 2007		
	UK	US	Other countries	UK	US	Other countries	UK	US	Other countries
Equity instruments	7.80%	8.70%	8.80%	8.00%	9.51%	9.13%	7.95%	9.31%	9.39%
Debt instruments	4.92%	5.20%	5.31%	4.83%	6.40%	4.87%	5.65%	6.30%	5.11%
Other assets	4.20%	3.30%	2.00%	4.30%	3.90%	1.00%	4.85%	4.80%	1.00%

The actual return on plan assets was as follows:

	Year ended 2 January 2010 Number	Year ended 3 January 2009 Number	Year ended 29 December 2007 Number
UK	9.4%	(4.5)%	6.0%
US	0.8%	(7.1)%	8.3%
Other countries	7.1%	(8.6)%	3.1%

Actuarial gains and losses recognised in relation to defined benefit pension 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 benefit obligation	1,116.0	1,018.1	1,196.5	1,270.0	1,216.9
Fair value of plan assets	(924.5)	(862.1)	(1,125.0)	(1,041.8)	(904.9)
Deficit in the plans	191.5	156.0	71.5	228.2	312.0
Recognised in the period:					
– Net actuarial (loss)/gain on plan assets	(18.4)	(145.5)	(3.0)	15.1	25.9
– Net actuarial (loss)/gain on benefit obligation	(101.4)	23.1	92.9	25.6	(104.7)
	(119.8)	(122.4)	89.9	40.7	(78.8)

As at 2 January 2010, the cumulative net actuarial loss recognised in other comprehensive income amounted to \$213.8 million (3 January 2009: loss of \$94.0 million).

The Group expects to contribute approximately \$40 million to defined benefit pension plans in 2010.

D. Other post-employment benefits

The weighted averages of the principal assumptions used in the actuarial valuations of the other post-employment benefit plans were as follows:

	As at 2 January 2010 % per annum	As at 3 January 2009 % per annum	As at 29 December 2007 % per annum
Discount rate	5.63%	6.08%	6.28%
Medical cost inflation rate	12.64%	8.20%	7.13%

The Group's other post-employment benefit plans are unfunded. Accordingly, the liability recognised in the Group's balance sheet in respect of these plans represents the present value of the benefit obligation.

Changes in the present value of the benefit obligation were as follows:

	Year ended 2 January 2010 \$ million	Year ended 3 January 2009 \$ million
At the beginning of the period	147.7	180.8
Current service cost	0.4	0.5
Past service cost	–	0.6
Negative past service cost	(17.2)	–
Curtailements	(10.5)	–
Interest cost	9.0	10.5
Net actuarial loss/(gain)	24.0	(23.6)
	153.4	168.8
Disposal of subsidiaries	–	(2.2)
Benefits paid	(14.9)	(13.0)
Foreign currency translation	3.6	(5.9)
At the end of the period	142.1	147.7

Actuarial gains and losses recognised in relation to other post-employment 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 benefit obligation	142.1	147.7	180.8	189.7	193.5
Recognised in the period: – Actuarial (loss)/gain on benefit obligation	(24.0)	23.6	6.0	(2.7)	3.1

As at 2 January 2010, the cumulative net actuarial gain recognised in other comprehensive income amounted to \$51.7 million (3 January 2009: net gain of \$75.7 million).

Sensitivity to change in the assumed medical cost inflation rate used in the actuarial valuations as at 2 January 2010 is as follows:

	Increase of one percentage point \$ million	Decrease of one percentage point \$ million
Effect on the aggregate of the current service cost and the interest cost	0.5	(0.5)
Effect on the accumulated benefit obligation	9.1	(7.7)