

(25) Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2006	2005
Less than one year	89	81
Between one and five years	172	166
More than five years	43	37
	<u>304</u>	<u>284</u>

(28) Acquisition of subsidiaries

Name of company	Country	Date of acquisition	Percentage of ownership
Mailprofs Employment	Netherlands	January	100%
Talisman Software	Switzerland	February	68%
Special Agent	UK	February	85%
The Blomfield Group	UK	April	70%
CNC	Canada	May	93%
MOT Models	UK	May	75%
Rest Personal Eventual	Argentina	May	75%
Walker-Cox	UK	May	97%
Coopers Recruitment	Australia	July	75%
Armadillo	UK	October	70%
Digby Morgan Consulting	UK	December	80%
Voxius	Netherlands	December	66%

In addition to these acquisitions, Vedior also made a number of other investments during the course of the year. The consideration paid for the acquisitions and investments amounts to €157 million, which has been paid in cash. All acquisitions have been accounted for by the purchase method of accounting. Vedior grants put options to certain minority shareholders; as a consequence these acquisitions are accounted for as 100% acquisitions and the fair value of the liability to the minority shareholder is presented as deferred consideration.

The acquisitions had the following effect on the Group's assets and liabilities:

Acquirees' assets and liabilities at the acquisition date	Carrying amounts
Property, equipment and software	6
Current assets	54
Current liabilities	-38
Cash and cash equivalents	10
Non current liabilities	-1
Net identifiable assets and liabilities	31
Goodwill on acquisition	169
Total purchase consideration	200
Less: cash and cash equivalents acquired	-10
Less: deferred consideration business combinations	-33
Net cash outflow	157

(29) Retirement benefit obligations

Liability for defined benefit obligations

	2006	2005
Present value of obligations	90	87
Fair value of plan assets	<u>-79</u>	<u>-74</u>
Present value of net obligations	11	13
Unrecognised actuarial gains and losses		<u>-1</u>
Recognised liability for defined benefit obligations	<u>11</u>	<u>12</u>

The Group makes contributions to one defined benefit plan that provides pension benefits for employees upon retirement. The plan assets are investments held by an external insurance company. These assets are not available to the company and consist mainly of investments in government bonds.

The participants in the defined benefit plan will join a new defined contribution plan as of 1 January 2007. The curtailment effect has been included in the income statement and no future salary increases have been taken into account.

Movements in the net liability for defined benefit obligations recognised in the balance sheet

	2006	2005
Net liability for defined benefit obligations at 1 January	<u>12</u>	<u>15</u>
Contributions received	-2	-6
Expense recognised in the income statement	<u>1</u>	<u>3</u>
Net liability for defined benefit obligations at 31 December	<u>11</u>	<u>12</u>

Expenses recognised in the income statement

	2006	2005
Current service cost	3	3
Interest cost	4	3
Curtailement effect	-6	
Net actuarial loss	3	
Expected return on plan assets	-3	-3
	<u>1</u>	<u>3</u>

	2006	2005
Actual return on plan assets	3	6

Liability for defined benefit obligations

Principal actuarial assumptions at the balance sheet date, expressed as weighted annual averages:

	2006	2005
Discount rate at 31 December	4.5%	4.0%
Expected return on plan assets at 31 December	5.0%	4.5%
Future salary increase		2.3%
Pension increases	1.7%	1.0%
Inflation	2.0%	2.0%