

Notes to the consolidated financial statements (continued)

24. Post employment benefits

The Group operates a number of defined benefit and defined contribution pension plans for our employees. The Group's largest defined benefit scheme is in the UK. For further details see "Critical accounting judgements and key sources of estimation uncertainty" in note 1 to the consolidated financial statements.

Accounting policies

For defined benefit retirement plans, the difference between the fair value of the plan assets and the present value of the plan liabilities is recognised as an asset or liability on the statement of financial position. Scheme liabilities are assessed using the projected unit funding method and applying the principal actuarial assumptions at the reporting period date. Assets are valued at market value.

Actuarial gains and losses are taken to the statement of comprehensive income as incurred. For this purpose, actuarial gains and losses comprise both the effects of changes in actuarial assumptions and experience adjustments arising from differences between the previous actuarial assumptions and what has actually occurred. The return on plan assets, in excess of interest income, and costs incurred for the management of plan assets are also taken to other comprehensive income.

Other movements in the net surplus or deficit are recognised in the income statement, including the current service cost, any past service cost and the effect of any settlements. The interest cost less the expected interest income on assets is also charged to the income statement. The amount charged to the income statement in respect of these plans is included within operating costs or in the Group's share of the results of equity accounted operations, as appropriate.

The Group's contributions to defined contribution pension plans are charged to the income statement as they fall due.

Background

At 31 March 2019 the Group operated a number of pension plans for the benefit of its employees throughout the world, with varying rights and obligations depending on the conditions and practices in the countries concerned. The Group's pension plans are provided through both defined benefit and defined contribution arrangements. Defined benefit schemes provide benefits based on the employees' length of pensionable service and their final pensionable salary or other criteria. Defined contribution schemes offer employees individual funds that are converted into benefits at the time of retirement.

The Group operates defined benefit schemes in Germany, Ghana, India, Ireland, Italy, the UK, the United States and the Group operates defined benefit indemnity plans in Greece and Turkey. Defined contribution pension schemes are currently provided in Egypt, Germany, Greece, Hungary, India, Ireland, Italy, New Zealand, Portugal, South Africa, Spain and the UK.

Income statement expense

	2019 €m	2018 €m	2017 €m
Defined contribution schemes	166	178	192
Defined benefit schemes	57	44	20
Total amount charged to income statement (note 23)	223	222	212

Defined benefit schemes

The Group's retirement policy is to provide competitive pension provision, in each operating country, in line with the market median for that location. The Group's preferred retirement provision is focused on Defined Contribution ('DC') arrangements and/or State provision for future service.

The Group's main defined benefit funding liability is the Vodafone UK Group Pension Scheme ('Vodafone UK plan'). Since June 2014 the plan has consisted of two segregated sections: the Vodafone Section and the Cable & Wireless Section ('CWW Section'). Both sections are closed to new entrants and to future accrual. The Group also operates smaller funded and unfunded plans in the UK, funded and unfunded plans in Germany and funded plans in Ireland. Defined benefit pension provision exposes the Group to actuarial risks such as longer than expected longevity of participants, lower than expected return on investments and higher than expected inflation, which may increase the liabilities or reduce the value of assets of the schemes.

The main defined benefit schemes are administered by trustee boards which are legally separate from the Group and consist of representatives who are employees, former employees or are independent from the Company. The boards of the pension schemes are required by legislation to act in the best interest of the participants, set the investment strategy and contribution rates and are subject to statutory funding objectives.

The Vodafone UK plan is registered as an occupational pension plan with HM Revenue and Customs ('HMRC') and is subject to UK legislation and operates within the framework outlined by the Pensions Regulator. UK legislation requires that pension schemes are funded prudently and that valuations are undertaken at least every three years. Separate valuations are required for the Vodafone Section and CWW Section.

The trustees obtain regular actuarial valuations to check whether the statutory funding objective is met and whether a recovery plan is required to restore funding to the level of the agreed technical provisions. On 19 October 2017, the 31 March 2016 triennial actuarial valuation for the Vodafone Section and CWW Section of the Vodafone UK plan, which is used to judge the funding the Group needs to put into the scheme, was concluded.