



## PENSION CAPITAL STRATEGIES

### **PENSION CAPITAL STRATEGIES FTSE 100 REPORT WARNS OF POTENTIAL DRAMATIC IMPACT OF IFRIC14 ON PENSION SCHEMES SURPLUSES OR DEFICITS**

**London, 21 January, 2008** – Pension Capital Strategies Limited (PCS) published its full FTSE 100 Report in association with Numis Securities today following the release of top line figures in early January showing that the total deficit in FTSE 100 pension schemes at 31 December 2007 is estimated to be £8bn. This is an improvement of £27bn on the position 12 months ago.

The Report warns that new IAS19 guidance (IFRIC14) could dramatically impact pension surpluses or deficits published in 2008 accounts.

Charles Cowling, Managing Director, PCS, says, "Compass Group is the first FTSE100 company to adjust its accounts for IFRIC14, resulting in a £92million increase in its overall pension deficit. As well as impacting disclosed deficits / surpluses we expect IFRIC14 to have a significant impact on pension scheme investment strategies. If shareholders see none of the upside of pension scheme investment in equities and all of the downside, there will inevitably be further pressure on company management to encourage moves towards lower risk investments in pension schemes. This could have a huge impact on pension schemes in 2008."

The Report also highlights strong signs of shifts in pension scheme investment strategies to reduce risks that are already taking place.

Charles Cowling continues, "There is evidence emerging of moves in the last year to reduce the mismatching of pension assets to liabilities. Lonmin are the latest company to move to a 100% bonds investment strategy and 20 FTSE 100 companies now have more than 50% of their pension assets in bonds.

Given the continued desire to reduce mismatching risk and the likely impact of IFRIC14 we expect to see more significant moves by pension schemes out of equities and into bonds in 2009.”

The PCS report, *The FTSE100 and Their Pension Disclosures*, published in association with Numis Securities, explores the pension disclosures of the FTSE100 companies, as well as the steps being taken to address pension scheme deficits. To access the latest *The FTSE100 and Their Pension Disclosures* report, please refer to the PCS website at: [www.pensionstrategies.co.uk](http://www.pensionstrategies.co.uk).

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**Enquiries:**

**PCS**

Charles Cowling  
Isabella Young

0161 242 5388  
020 7895 7820

**Notes to Editors:**

**About Pension Capital Strategies**

Pension Capital Strategies (PCS) was established in 2006 to help companies to manage their Defined Benefit pension obligations, offering advice on managing scheme assets and liabilities, on communication with trustees and on finding the right funding solutions.

A subsidiary of the Jardine Lloyd Thompson Group, PCS can draw upon skills and experience in the areas of corporate finance, tax, capital markets, asset management, actuarial and general pension regulation and practice to provide strategic advice and practical answers.

[www.pensionstrategies.co.uk](http://www.pensionstrategies.co.uk)