



THE FTSE 100 AND THEIR PENSION DISCLOSURES

December 2017

This Quaterly Report from JLT Employee Benefits covers all FTSE 100 companies. It includes analysis of all annual reports for years ending on or before 31 March 2017 and published by 30 September 2017.

EXECUTIVE SUMMARY



Charles Cowling

JLT Employee Benefits
+44 (0) 161 242 5388
charles_cowling@jltgroup.com



Murray Wright

JLT Employee Benefits
+44 (0) 131 456 6868
murray_wright@jltgroup.com

- The total deficit in FTSE 100 pension schemes at 31 March 2017 is estimated to be £56 billion. This is a deterioration of £9 billion from the position 12 months ago.
- Only 51 FTSE 100 companies are still providing more than a handful of current employees with DB benefits (i.e. ignoring companies who are incurring ongoing DB service costs of less than 1% of total payroll). Of these, only 19 companies (i.e. less than a quarter of the FTSE 100) are still providing DB benefits to a significant number of employees (defined as incurring ongoing DB service cost of more than 5% of total payroll).
- There continues to be significant funding of pension deficits. Last year saw total deficit funding of £10.6 billion, up from £6.3 billion the previous year. Royal Bank of Scotland led the way with a deficit contribution of £4.5 billion (net of ongoing costs), but 51 other FTSE 100 companies also reported significant deficit funding contributions in their most recent annual report and accounts.
- IFRIC14 is an important part of the IAS19 framework and provides guidance on the recognition of surpluses and the impact of minimum funding requirements. This standard is currently being reviewed by the IASB and the proposed changes could have huge implications for UK companies – potentially increasing the pension liabilities of UK companies by tens of £billions. RBS have already anticipated these changes and as a result have shown a massive increase in their IAS19 provision by including an “irrecoverable surplus” of £5.3 billion.
- 41 FTSE 100 companies could have settled their pension deficits in full with a payment of up to one year’s dividend, 7 companies would need a payment of up to two years’ dividends to settle their pension deficits in full and 15 companies would need a payment of more than two years’ dividends in order to settle their pension deficits in full.
- There are a number of companies reporting very significant individual changes to investment strategies. 4 FTSE 100 companies changed their bond allocations by more than 10%.
- The average pension scheme asset allocation to bonds has increased from 61% to 63%. Ten years ago, the average bond allocation was only 35%.
- There are a significant number of FTSE 100 companies where the pension scheme represents a material risk to the business. 11 FTSE 100 companies have total disclosed pension liabilities greater than their equity market value. For International Airlines Group, BT and Sainsbury total disclosed pension liabilities are around double their equity market value.
- Only 26 companies disclosed a pension surplus in their most recent annual report and accounts; 63 companies disclosed pension deficits.
- In the last 12 months, the total disclosed pension liabilities of the FTSE 100 companies have risen from £584 billion to £705 billion. A total of 17 companies have disclosed pension liabilities of more than £10 billion, the largest of which is Royal Dutch Shell with disclosed pension liabilities of £73 billion. A total of 20 companies have disclosed pension liabilities of less than £100 million, of which 11 companies have no defined benefit pension liabilities.
- If pension liabilities were measured on a “risk-free” basis rather than using a AA bond discount rate, the total disclosed pension liabilities of the FTSE 100 would increase from £705 billion to £810 billion, and the total deficit at 31 March 2017 would be around £145 billion.

The appendix at the end of this report contains a full list of all the FTSE 100 companies analysed and their relevant pension disclosures.

FUNDING POSITION

The overall funding position of pension schemes of FTSE 100 companies has worsened over the year covered by their latest annual report and accounts.

Including all pension arrangements, both UK and overseas, whether funded or unfunded, the FTSE 100 companies with the best-funded pension schemes overall were as follows:

Name	Rank	Assets £m	Liabilities £m	Surplus / (Deficit) £m	Funding Level
Royal Mail Group	1	9,847	5,992	3,855	164%
Standard Life	2	4,999	3,334	1,665	150%
Old Mutual	3	772	618	154	125%
3i	4	1,055	869	186	121%
Rentokil Initial	5	1,728	1,486	242	116%
Aviva	6	19,694	17,347	2,347	114%
Direct Line Insurance	7	103	91	12	113%
Schroders	8	1,093	975	118	112%
Royal Bank of Scotland	9	49,229	43,990	5,239	112%
Marks & Spencer	10	8,515	7,683	832	111%

The FTSE 100 companies with the worst funded pension schemes overall were as follows:

Name	Rank	Assets £m	Liabilities £m	Surplus / (Deficit) £m	Funding Level
TUI AG	91	2,313	3,536	(1,223)	65%
Fresnillo	92	13	21	(7)	64%
GKN	93	2,580	4,613	(2,033)	56%
Hammerson	94	65	120	(55)	54%
Sage Group	95	21	46	(25)	45%
Shire	96	346	783	(437)	44%
Mondi	97	118	322	(204)	37%
Micro Focus International	98	4	26	(22)	16%
Antofagasta	99	0	76	(76)	0%
Sky	100	0	14	(14)	0%

In 2007, IFRIC14* provided new guidance on the recognition of surpluses and the impact of minimum funding requirements.

Within the FTSE 100, 17 companies have reported that the restrictions imposed by IFRIC14 have had an impact on their pension disclosures. The total reported impact for FTSE 100 companies is now £7.4 billion. The largest reported adjustments for IFRIC14 in the FTSE 100 were as follows:

Name	Rank	Irrecoverable surplus £m
Royal Bank of Scotland	1	5,326
Standard Life	2	627
Prudential	3	558
International Airlines Group	4	495
Anglo American	5	130
3i	6	65
Reckitt Benckiser	7	63
Rio Tinto	8	51
HSBC	9	19
British American Tobacco	10	18

Adjusting these figures up to the quarter-end, we estimate that the total pension deficit in the FTSE 100 as at 31 March 2017 was £56 billion. This is a deterioration of £9 billion from the position 12 months ago.

* For more information on IFRIC14, see JLT publication – IAS19: A Quarterly Guide for Finance Directors

INVESTMENT MISMATCHING

Legislation over a number of years has clarified that pension liabilities are a form of corporate debt. Despite the fact that there is an increasing weight of opinion from academics and analysts that mismatched investment strategies in pension schemes reduce shareholder value, many companies are still running very large mismatched equity positions in their pension schemes. This has the impact of creating balance sheet volatility which some academic evidence might suggest flows through to share price volatility. Inevitably, analysis of mismatching is limited to the information disclosed in the annual report and accounts. Given the bond-like nature of pension liabilities, the allocation of pension assets to bonds gives an indication of the level of investment mismatching that exists. This report refers to investment mismatching in terms of the IAS19 accounting position, where liabilities are being valued using AA corporate bonds; therefore assets other than these bonds will lead to a mismatch.

The FTSE 100 companies with the highest allocation to bonds were:

Name	Rank	Assets £m	% of Assets in Bonds
InterContinental Hotels	1	120	100%
Direct Line Insurance	2	103	99%
Rolls-Royce	3	14,097	91%
United Utilities	4	3,863	91%
Royal Mail Group	5	9,847	89%
Kingfisher	6	3,256	89%
Aviva	7	19,694	88%
Convatec Group	8	19	88%
Prudential	9	9,006	87%
Rentokil Initial	10	1,728	86%

The FTSE 100 companies with the lowest allocation to bonds were:

Name	Rank	Assets £m	% of Assets in Bonds
Experian	91	833	43%
BP	92	32,981	42%
Tesco	93	13,196	41%
Croda International	94	1,229	35%
Shire	95	346	27%
Informa	96	146	24%
Ashtead	97	89	21%
Merlin Entertainments	98	32	19%
British Land	99	154	6%
Hammerson	100	65	0%

The FTSE 100 companies with the greatest change in bond allocation were:

Name	Rank	Current Bond Allocation	Previous Bond Allocation	Switch to Bonds
Taylor Wimpey	1	75%	51%	+24%
AstraZeneca	2	43%	65%	-21%
Tesco	3	41%	25%	+16%
InterContinental Hotels	4	100%	84%	+16%
Vodafone	5	82%	72%	+9%
Sage Group	6	76%	67%	+9%
Anglo American	7	84%	76%	+9%
Pearson	8	44%	35%	+9%
Rentokil Initial	9	86%	78%	+8%
Morrison Supermarkets	10	70%	62%	+8%

Several companies and trustees are continuing to switch pension assets out of equities into bonds. Taylor Wimpey is the latest company to report a big switch, with bond allocations increasing by 24%. A total of 63 FTSE 100 companies have more than 50% of pension scheme assets in bonds. Moreover, company disclosures reveal little of the extensive activity there has been by many companies to use LDI (liability-driven investment) strategies, which frequently make use of derivatives and other financial instruments to improve liability matching. Overall, the average pension scheme asset allocation to bonds is now 63%, which has increased from 61% a year before. This compares to 35% ten years ago.

SIZE OF PENSION SCHEME

In recent years, pension schemes have grown significantly. Attempts by many companies to stem the growth of their pension liabilities by closing defined benefit pension schemes to new entrants have had little impact. Changes in economic conditions and increasing life expectancy have contributed to the spiralling growth in pension liabilities.

The FTSE 100 companies with the largest pension scheme liabilities (all those over £10 billion) are as follows:

Name	Rank	Total Pension Liabilities £m	Equity Market Value* £m
Royal Dutch Shell	1	72,811	175,652
BT	2	60,200	31,693
Lloyds Banking Group	3	45,822	47,392
Royal Bank of Scotland	4	43,990	28,624
BP	5	39,702	89,518
Barclays	6	33,033	38,194
BAE Systems	7	32,307	20,413
HSBC	8	32,220	129,118
International Airlines Group	9	24,904	11,179
National Grid	10	22,695	38,001
Unilever	11	20,262	119,408
Tesco	12	19,817	15,173
GlaxoSmithKline	13	19,654	81,596
Aviva	14	17,347	21,756
Rolls-Royce	15	14,126	13,865
Rio Tinto	16	12,404	44,404
Sainsbury	17	10,894	5,780

* as at 31 March 2017

The FTSE 100 companies with the smallest pension liabilities (all those under £100 million) are as follows:

Name	Rank	Total Pension Liabilities £m	Equity Market Value* £m
Direct Line Insurance	81	91	4,777
Ashtead	82	87	8,252
Antofagasta	83	76	8,227
Sage Group	84	46	6,811
Merlin Entertainments	85	43	4,872
Micro Focus International	86	26	5,226
Convatec Group	87	24	5,445
Fresnillo	88	21	11,466
Sky	89	14	16,778

* as at 31 March 2017

In addition, Admiral, Burberry, Easyjet, Hargreaves Lansdown, Hikma Pharmaceuticals, Intu Properties, Paddy Power Betfair, Randgold Resources, Scottish Mortgage Inv Trust, St. James's Place and Worldpay Group all reported no defined benefit pension liabilities.

In the last 12 months, the total disclosed pension liabilities of the FTSE 100 companies have risen from £584 billion to £705 billion. A total of 17 companies have disclosed pension liabilities of more than £10 billion, whilst 20 companies have disclosed pension liabilities of less than £100 million.

The possibility of measuring pension liabilities on a "risk-free" basis (i.e. using gilt-based discount rates rather than AA bond discount rates) has been debated at length, including in a detailed discussion paper from the Accounting Standards Board. In the UK, a company can no longer default on its promises to pension scheme members unless it goes into liquidation. If pension liabilities were to be measured on a "risk-free" basis, with no allowance for default or further reduction in benefits, we estimate that it would add approximately 15% to the total pension liabilities, increasing the total disclosed pension liabilities from £705 billion to £810 billion. The total deficit at 31 March 2017 on a "risk-free" basis would be around £145 billion.

SIGNIFICANCE OF THE PENSION SCHEME IN THE BOARDROOM

The impact of the pension liabilities on corporate decision-making and its importance in the boardroom depends on the relative size of the pension scheme. In the analysis below, the pension scheme deficit and liabilities are expressed as a percentage of the equity market value of the company. The FTSE 100 companies with the most significant pension scheme liabilities are as follows:

Name	Rank	Equity Market Value* £m	Surplus / (Deficit) as a % of Equity Market Value	Liabilities as a % of Equity Market Value	
International Airlines Group	1	11,179	-6%	223%	208%**
BT	2	31,693	-29%	190%	
Sainsbury	3	5,780	-17%	188%	182%**
BAE Systems	4	20,413	-32%	158%	
Royal Bank of Scotland	5	28,624	18%	154%	
RSA	6	6,141	-4%	145%	
Royal Mail Group	7	4,250	91%	141%	
Marks & Spencer	8	5,475	15%	140%	
Tesco	9	15,173	-44%	131%	
Babcock International	10	4,459	-2%	107%	
Rolls-Royce	11	13,865	0%	102%	
Lloyds Banking Group	12	47,392	-1%	97%	
Barclays	13	38,194	-1%	86%	
Aviva	14	21,756	11%	80%	
Morrison Supermarkets	15	5,605	5%	79%	

* as at 31 March 2017

** These companies' pension schemes have purchased contracts, which insure part of their liabilities; the figures in italics represent the impact of the liabilities without these insured sections.

A further sign of the significance of pensions in the boardroom is the extent of continuing DB provision to employees. This can be measured by looking at the ongoing spend on DB pensions (the service cost) before any allowance for deficit spending. The FTSE 100 companies with the highest ongoing spending is shown in the table below, together with the previous year's spend for comparison.

Name	Rank	Current DB Service Cost £m	Previous DB Service Cost £m
Royal Dutch Shell	1	1,127	1,172
Royal Mail Group	2	683	694
BP	3	590	699
Diageo	4	390	417
BAE Systems	5	277	353
Royal Bank of Scotland	6	264	328
Lloyds Banking Group	7	257	302
GlaxoSmithKline	8	246	254
Barclays	9	243	303
BT	10	237	261

25 FTSE 100 companies showed zero (or negative) cost of current DB service costs, compared with 26 in the previous year.

11 FTSE 100 companies have total disclosed pension liabilities greater than their equity market value. For International Airlines Group, BT and Sainsbury total disclosed pension liabilities are almost double their equity market value. Tesco has a disclosed pension deficit of almost half their equity market value. A further 8 companies have disclosed pension deficits bigger than 10% of their equity market value.

Increasingly companies are reacting to the combination of difficult economic conditions, rising pension costs and increasingly aggressive pension regulations by closing pension schemes to future and even current employees. We estimate that after allowing for the impact of changes in assumptions and market conditions, the underlying reduction in ongoing DB pension provision is approximately 15% in the last 12 months.

IMPACT OF THE PENSION SCHEME ON THE COMPANY'S SHARE PRICE

As already mentioned, there is some evidence that balance sheet volatility caused by pension schemes flows through to share price volatility. Changes in the balance sheet position resulting from pensions can be separated into expected changes and unexpected changes. Expected balance sheet changes arise largely from the contributions paid by the company and the costs shown in the company's income statement. Unexpected balance sheet changes arise largely from actuarial gains and losses (due to stock market volatility) and changes to actuarial assumptions.

In the analysis below, the unexpected change in balance sheet position (net of change in adjustment for IFRS 14) is expressed as a percentage of the equity market value of the company. We are not suggesting that the balance sheet impact will translate into a £ for £ impact on a company's share price (not least because of the impact of deferred tax), but this analysis gives a good indication of those companies most positively (and negatively) affected by their pension schemes in their last financial year.

The FTSE 100 companies most positively affected by their pension schemes were:

Name	Rank	Equity Market Value* £m	Unanticipated Balance Sheet Gain £m	Impact as a % of Equity Market Value
Royal Mail Group	1	4,250	501	12%
Marks & Spencer	2	5,475	336	6%
SSE	3	15,007	421	3%
Standard Life	4	7,021	135	2%
Morrison Supermarkets	5	5,605	83	1%
Babcock International	6	4,459	63	1%
Aviva	7	21,756	261	1%
Mediclinic International	8	5,249	33	1%
Rentokil Initial	9	4,533	20	0%
Fresnillo	10	11,466	2	0%

* as at 31 March 2017

The FTSE 100 companies most negatively affected by their pension schemes were:

Name	Rank	Equity Market Value* £m	Unanticipated Balance Sheet Gain £m	Impact as a % of Equity Market Value
BAE Systems	91	20,413	(1,099)	-5%
Severn Trent	92	5,615	(305)	-5%
RSA	93	6,141	(407)	-7%
GKN	94	6,239	(470)	-8%
TUI AG	95	6,493	(555)	-9%
BT	96	31,693	(2,803)	-9%
Centrica	97	11,912	(1,198)	-10%
Sainsbury	98	5,780	(869)	-15%
International Airlines Group	99	11,179	(1,860)	-17%
Tesco	100	15,173	(3,574)	-24%

* as at 31 March 2017

Over the year covered by their latest report and accounts, 11 companies felt the benefit of an unexpected gain to their balance sheet as a result of their pension schemes, whilst 78 companies suffered an unexpected loss to their balance sheet as a result of their pension schemes.

CONTRIBUTIONS PAID INTO PENSION SCHEMES

This analysis compares the pension scheme contributions actually paid by companies with the cost of pension benefits accrued during the year. Surplus pension contributions paid in excess of the cost of benefits will reduce pension scheme deficits. However, where the contributions paid are less than the cost of benefits, this will increase pension scheme deficits (or reduce pension scheme surpluses).

The large increases in the contributions seen a few years ago have now resurfaced, with the amount contributed in the most recent accounting year being £3.9 billion higher than the amount contributed the previous year.

Only contributions actually paid in the relevant accounting year are included in the analysis below.

The FTSE 100 companies who have made the largest surplus contributions to their pension schemes were as follows:

Name	Rank	Pension Contributions £m	Cost of Benefits £m	Surplus Contributions £m
Royal Bank of Scotland	1	4,786	272	4,514
International Airlines Group	2	740	118	623
National Grid	3	785	179	606
Barclays	4	720	243	477
BT	5	587	237	350
Lloyds Banking Group	6	623	277	346
Sainsbury	7	319	0	319
HSBC	8	538	255	283
Unilever	9	417	144	273
Smiths Group	10	269	1	268
BAE Systems	11	547	288	259
Tesco	12	276	35	241
Rio Tinto	13	301	109	192
TUI AG	14	234	43	191
Centrica	15	248	61	187

In total, the amount contributed to FTSE 100 company pension schemes was £17.1 billion, up from £13.2 billion in the previous accounting year. This is more than the £6.5 billion cost of benefits accrued during the year. It therefore represents £10.6 billion of funding towards reducing pension scheme deficits. This is an increase on the previous year's deficit funding of £6.3 billion. This is an increase on the previous year's deficit funding of £5.9 billion.

CONFLICT OF INTEREST BETWEEN EMPLOYERS AND TRUSTEES

There is an inherent conflict of interest involved in the running of a pension scheme. The following tables aim to capture employers' reluctance towards contributing to their pension schemes against their relative enthusiasm for declaring dividends for their shareholders.

The total disclosed pension deficit of the FTSE 100 companies was £43 billion and the total dividends paid by companies with a defined benefit pension scheme in the FTSE 100 was £71.2 billion. This compares to a deficit of £24.3 billion and dividends of £69.1 billion one year ago. In total, the amount contributed to FTSE 100 company pension schemes was £17.1 billion, up from £13.2 billion in the previous accounting year.

41 FTSE 100 companies could have settled their pension deficits in full with a payment of up to one year's dividend, 7 companies would need a payment of up to two years' dividends to settle their pension deficits in full and 15 companies would need a payment of more than two years' dividends in order to settle their pension deficits in full.

The following companies had the highest excess of dividends paid over the latest disclosed pension scheme deficit. This might suggest that these companies could not only wipe off their deficit right away but also potentially contribute significantly towards de-risking opportunities.

Name	Rank	Surplus / (Deficit) (£m)	Dividends paid (£m)	Dividends over deficit (£m)
British American Tobacco	1	(246)	3,057	2,811
GlaxoSmithKline	2	(2,084)	4,850	2,766
BHP Billiton	3	(103)	2,842	2,739
Vodafone	4	(505)	3,120	2,615
Lloyds Banking Group	5	(244)	2,043	1,799
InterContinental Hotels	6	(60)	1,253	1,193
Barclays	7	(376)	1,304	928
Reckitt Benckiser	8	(154)	1,036	882
AstraZeneca	9	(1,762)	2,604	843
Rio Tinto	10	(1,259)	2,011	752

The following companies had the highest levels of pension scheme contributions relative to their dividends declared in a year. This may suggest that these companies are prioritising the financial health of their pension schemes over making returns to shareholders.

Name	Rank	Contributions (£m)	Dividends paid (£m)	Contributions as a percentage of dividends
Royal Bank of Scotland	1	4,786	504	950%
Anglo American	2	78	11	700%
Royal Mail Group	3	476	230	207%
International Airlines Group	4	740	361	205%
Smiths Group	5	269	163	165%
Sainsbury	6	319	253	126%
TUI AG	7	234	266	88%
RSA	8	110	134	82%
BAE Systems	9	547	694	79%
GKN	10	96	152	63%

Name	Year End	Equity Market Value*		Pension Assets	Pension Liabilities	Surplus / (Deficit)	Funding Level	% Bonds	Surplus / (Deficit) as % of Market Value	Liabilities as % of Market Value	Unanticipated Balance Sheet Impact	Balance Sheet Impact as % of Market Value		Current Funding	Previous Funding	Surplus / (Deficit) Funding	Dividends (£m)
		£m	£m									£m	£m				
3i	31/03/2017	7,291	1,055	869	186	121%	78%	3%	12%	0%	(24)	0%	1	1	7	230	
Admiral	31/12/2016	5,664	-	-	-	-	-	-	-	-	-	-	-	-	-	-	350
Anglo American	31/12/2016	17,100	4,205	4,161	44	101%	84%	0%	24%	-1%	(155)	-1%	78	77	67	11	
Antofagasta	31/12/2016	8,227	-	76	(76)	0%	-	-1%	1%	0%	(2)	0%	-	-	(11)	214	
Ashtead	30/04/2016	8,252	89	87	2	103%	21%	0%	1%	0%	(1)	0%	0	1	(0)	82	
Associated British Foods	17/09/2016	20,631	3,992	4,284	(292)	93%	56%	-1%	21%	-1%	(281)	-1%	38	39	(7)	289	
AstraZeneca	31/12/2016	62,162	7,196	8,958	(1,762)	80%	43%	-3%	14%	-1%	(495)	-1%	140	261	97	2,604	
Aviva	31/12/2016	21,756	19,694	17,347	2,347	114%	88%	11%	80%	1%	261	1%	190	240	176	1,023	
Babcock International	31/03/2017	4,459	4,676	4,781	(105)	98%	70%	-2%	107%	1%	63	1%	77	81	42	133	
BAE Systems	31/12/2016	20,413	25,708	32,307	(6,599)	80%	49%	-32%	158%	-5%	(1,099)	-5%	547	639	259	694	
Barclays	31/12/2016	38,194	32,657	33,033	(376)	99%	61%	-1%	86%	-4%	(1,358)	-4%	720	689	477	1,304	
Barratt Developments	30/06/2016	5,503	414	405	8	102%	77%	0%	7%	0%	(9)	0%	11	13	11	263	
BHP Billiton	30/06/2016	26,063	530	633	(103)	84%	89%	0%	2%	0%	(1)	0%	-	-	-	2,842	
BP	31/12/2016	89,518	32,981	39,702	(6,721)	83%	42%	-8%	44%	-3%	(2,278)	-3%	480	697	(109)	3,481	
British American Tobacco	31/12/2016	98,812	7,264	7,510	(246)	97%	62%	0%	8%	0%	(246)	0%	181	262	137	3,057	
British Land	31/03/2017	6,282	154	167	(13)	92%	6%	0%	3%	0%	(10)	0%	7	4	4	309	
BT	31/03/2017	31,693	51,112	60,200	(9,088)	85%	49%	-29%	190%	-9%	(2,803)	-9%	587	1,106	350	1,435	
Bunzl	31/12/2016	7,786	452	536	(84)	84%	64%	-1%	7%	-1%	(51)	-1%	15	14	9	125	
Burberry	31/03/2017	7,560	-	-	-	-	-	-	-	-	-	-	-	-	-	-	165
Carnival	30/11/2016	9,794	447	453	(6)	99%	59%	0%	5%	0%	(24)	0%	3	14	1	713	
Centrica	31/12/2016	11,912	7,938	9,075	(1,137)	87%	66%	-10%	76%	-10%	(1,198)	-10%	248	248	187	542	
Coca-Cola HBC	31/12/2016	7,499	341	447	(106)	76%	64%	-1%	6%	0%	(29)	0%	13	12	12	119	
Compass	30/09/2016	24,763	3,112	3,133	(21)	99%	83%	0%	13%	0%	(50)	0%	55	74	39	505	
Convatec Group	31/12/2016	5,445	19	24	(6)	77%	88%	0%	0%	0%	(6)	0%	0	1	(1)	-	
CRH	31/12/2016	23,454	2,181	2,685	(504)	81%	60%	-2%	11%	-1%	(122)	-1%	109	82	60	294	
Croda International	31/12/2016	4,678	1,229	1,360	(130)	90%	35%	-3%	29%	-2%	(77)	-2%	25	35	11	230	
DCC	31/03/2017	6,239	101	102	(0)	100%	67%	0%	2%	0%	(3)	0%	3	5	3	95	
Diageo	30/06/2016	57,477	8,187	9,087	(900)	90%	77%	-2%	16%	-2%	(947)	-2%	169	184	(221)	1,544	
Direct Line Insurance	31/12/2016	4,777	103	91	12	113%	99%	0%	2%	0%	(4)	0%	3	3	3	451	
Easyjet	30/09/2016	4,075	-	-	-	-	-	-	-	-	-	-	-	-	-	-	219
Experian	31/03/2017	15,355	833	861	(28)	97%	43%	0%	6%	0%	(14)	0%	6	7	2	295	
Fresnillo	31/12/2016	11,466	13	21	(7)	64%	76%	0%	0%	0%	2	0%	1	1	1	65	
GKN	31/12/2016	6,239	2,580	4,613	(2,033)	56%	45%	-33%	74%	-8%	(470)	-8%	96	81	48	152	
GlaxoSmithKline	31/12/2016	81,596	17,570	19,654	(2,084)	89%	47%	-3%	24%	-1%	(625)	-1%	481	408	181	4,850	
Glencore	31/12/2016	45,077	2,041	2,388	(347)	85%	52%	-1%	5%	0%	(112)	0%	53	71	6	-	
Hammerson	31/12/2016	4,529	65	120	(55)	54%	0%	-1%	3%	0%	(17)	0%	2	3	2	138	
Hargreaves Lansdown	30/06/2016	6,171	-	-	-	-	-	-	-	-	-	-	-	-	-	-	159
Hikma Pharmaceuticals	31/12/2016	4,754	-	-	-	-	-	-	-	-	-	-	-	-	-	-	58
HSBC	31/12/2016	129,118	34,369	32,220	2,148	107%	82%	2%	25%	0%	(333)	0%	538	428	283	6,785	
Imperial Brands	30/09/2016	37,073	4,620	6,099	(1,479)	76%	43%	-4%	16%	-2%	(761)	-2%	127	101	118	1,428	
Informa	31/12/2016	5,373	146	184	(38)	79%	24%	-1%	3%	-1%	(34)	-1%	-	0	-	135	
InterContinental Hotels	31/12/2016	7,755	120	180	(60)	67%	100%	-1%	2%	0%	(11)	0%	27	5	27	1,253	
International Airlines Group	31/12/2016	11,179	24,269	24,904	(636)	97%	49%	-6%	223%	-17%	(1,860)	-17%	740	497	623	361	

Name	£m	Year End		Equity Market Value* £m	Pension Assets £m	Pension Liabilities £m	Surplus / (Deficit) £m	Funding Level	% Bonds	Surplus / (Deficit) as % of Market Value	Liabilities as % of Market Value	Unanticipated Balance Sheet Impact £m	Balance Sheet Impact as % of Market Value	Current Funding £m	Previous Funding £m	Surplus / (Deficit) Funding £m	Dividends (£m)
		Pension Assets															
Intertek		31/12/2016	6,349	144	175	(32)	82%	43%	-1%	3%	(6)	0%	5	4	2	104	
Intu Properties		31/12/2016	3,783	-	-	-	-	-	-	-	-	-	-	-	-	-	153
ITV		31/12/2016	8,812	3,833	4,200	(367)	91%	74%	-4%	48%	(272)	-3%	93	102	86	667	
Johnson Matthey		31/03/2017	5,961	2,287	2,235	52	102%	66%	1%	38%	(23)	0%	68	71	24	139	
Kingfisher		31/01/2017	7,295	3,256	3,125	131	104%	89%	2%	43%	(64)	-1%	38	37	29	230	
Land Securities		31/03/2017	8,374	246	232	14	106%	80%	0%	3%	(12)	0%	1	1	(0)	289	
Legal & General		31/12/2016	14,727	2,200	2,660	(460)	83%	69%	-3%	18%	(106)	-1%	75	93	71	830	
Lloyds Banking Group		31/12/2016	47,392	45,578	45,822	(244)	99%	85%	-1%	97%	(1,366)	-3%	623	427	346	2,043	
London Stock Exchange		31/12/2016	11,112	606	679	(73)	89%	82%	-1%	6%	(59)	-1%	6	3	2	145	
Marks & Spencer		02/04/2016	5,475	8,515	7,683	832	111%	69%	15%	140%	336	6%	118	143	20	302	
Mediclinic International		31/03/2017	5,249	1,013	1,086	(73)	93%	50%	-1%	21%	33	1%	35	30	13	71	
Merlin Entertainments		31/12/2016	4,872	32	43	(11)	74%	19%	0%	1%	(7)	0%	1	1	1	67	
Micro Focus International		30/04/2016	5,226	4	26	(22)	16%	50%	0%	0%	0	0%	-	-	(1)	70	
Mondi		31/12/2016	7,077	118	322	(204)	37%	73%	-3%	5%	(40)	-1%	2	2	(2)	251	
Morrison Supermarkets		29/01/2017	5,605	4,674	4,402	272	106%	70%	5%	79%	83	1%	66	76	(5)	118	
National Grid		31/03/2017	38,001	21,811	22,695	(884)	96%	61%	-2%	60%	(423)	-1%	785	470	606	1,463	
Next		28/01/2017	6,353	874	811	63	108%	44%	1%	13%	(4)	0%	27	7	19	314	
Old Mutual		31/12/2016	9,889	772	618	154	125%	67%	2%	6%	(2)	0%	10	10	7	604	
Paddy Power Betfair		31/12/2016	7,229	-	-	-	-	-	-	-	-	-	-	-	-	-	142
Pearson		31/12/2016	5,614	3,497	3,386	111	103%	44%	2%	60%	(291)	-5%	101	77	91	424	
Persimmon		31/12/2016	6,462	606	582	23	104%	50%	0%	9%	(24)	0%	31	15	29	338	
Prudent Financial		31/12/2016	4,429	830	758	72	110%	86%	2%	17%	(0)	0%	12	12	8	181	
Prudential		31/12/2016	43,520	9,006	8,443	563	107%	87%	1%	19%	(205)	0%	45	56	11	1,267	
Randgold Resources		31/12/2016	6,547	-	-	-	-	-	-	-	-	-	-	-	-	-	47
Reckitt Benckiser		31/12/2016	51,027	2,002	2,156	(154)	93%	62%	0%	4%	(191)	0%	63	70	46	1,036	
RELX Group		31/12/2016	16,850	4,367	5,003	(636)	87%	56%	-4%	30%	(287)	-2%	85	118	49	692	
Rentokil Initial		31/12/2016	4,533	1,728	1,486	242	116%	86%	5%	33%	20	0%	2	2	1	56	
Rio Tinto		31/12/2016	44,404	11,145	12,404	(1,259)	90%	52%	-3%	28%	(338)	-1%	301	177	192	2,011	
Rolls-Royce		31/12/2016	13,865	14,097	14,126	(29)	100%	91%	0%	102%	(40)	0%	271	259	84	-	
Royal Bank of Scotland		31/12/2016	28,624	49,229	43,990	5,239	112%	60%	18%	154%	(1,154)	-4%	4,786	1,060	4,514	504	
Royal Dutch Shell		31/12/2016	175,652	65,885	72,811	(6,926)	90%	55%	-4%	41%	(3,709)	-2%	990	848	(137)	7,273	
Royal Mail Group		26/03/2017	4,250	9,847	5,992	3,855	164%	89%	91%	141%	501	12%	476	488	(207)	230	
RSA		31/12/2016	6,141	8,641	8,893	(252)	97%	80%	-4%	145%	(407)	-7%	110	113	82	134	
Sage Group		30/09/2016	6,811	21	46	(25)	45%	76%	0%	1%	(6)	0%	1	1	(1)	145	
Sainsbury		11/03/2017	5,780	9,920	10,894	(974)	91%	64%	-17%	188%	(869)	-15%	319	207	319	253	
Schroders		31/12/2016	8,093	1,093	975	118	112%	67%	1%	12%	(2)	0%	-	-	-	237	
Scottish Mortgage Inv Trust		31/03/2017	4,969	-	-	-	-	-	-	-	-	-	-	-	-	-	39
Seyern Trent		31/03/2017	5,615	2,353	2,927	(575)	80%	52%	-10%	52%	(305)	-5%	33	28	51	190	
Shire		31/12/2016	42,190	346	783	(437)	44%	27%	-1%	2%	(417)	-1%	9	-	(14)	126	
Sky		30/06/2016	16,778	-	14	(14)	0%	-	0%	0%	(4)	0%	-	-	-	567	
Smith & Nephew		31/12/2016	10,639	1,145	1,257	(112)	91%	60%	-1%	12%	(82)	-1%	44	43	68	207	
Smiths Group		31/07/2016	6,402	4,312	4,210	102	102%	86%	2%	66%	(84)	-1%	269	79	268	163	

Name	Year End	Equity Market Value*		Pension Assets		Pension Liabilities		Surplus / (Deficit) £m	Funding Level	% Bonds	Surplus / (Deficit) as % of Market Value	Liabilities as % of Market Value	Unanticipated Balance Sheet Impact	Balance Sheet Impact as % of Market Value	Current Funding £m	Previous Funding £m	Surplus / (Deficit) Funding £m	Dividends (£m)
		£m	£m	£m	£m	£m	£m											
Smurfit Kappa	31/12/2016	5,022	1,667	2,420	(753)	69%	71%	-15%	48%	(198)	-4%	68	62	65	139			
SSE	31/03/2017	15,007	4,386	4,315	71	102%	73%	0%	29%	421	3%	113	102	48	669			
St. James's Place	31/12/2016	5,602	-	-	-	-	-	-	-	-	-	-	-	-	155			
Standard Chartered	31/12/2016	25,064	1,832	2,233	(401)	82%	68%	-2%	9%	(125)	0%	73	71	20	199			
Standard Life	31/12/2016	7,021	4,999	3,334	1,665	150%	69%	24%	47%	135	2%	4	4	(12)	370			
Taylor Wimpey	31/12/2016	6,317	2,136	2,369	(233)	90%	75%	-4%	37%	(73)	-1%	23	23	23	356			
Tesco	27/02/2017	15,173	13,196	19,817	(6,621)	67%	41%	-44%	131%	(3,574)	-24%	276	656	241	-			
TUI AG	30/09/2016	6,493	2,313	3,536	(1,223)	65%	66%	-19%	54%	(555)	-9%	234	111	191	266			
Unilever	31/12/2016	119,408	18,053	20,262	(2,209)	89%	53%	-2%	17%	(1,121)	-1%	417	372	273	2,941			
United Utilities	31/03/2017	6,775	3,863	3,616	248	107%	91%	4%	53%	(82)	-1%	64	59	45	263			
Vodafone	31/03/2017	55,399	5,703	6,208	(505)	92%	82%	-1%	11%	(239)	0%	20	27	7	3,120			
Whitbread	02/03/2017	7,257	2,383	2,808	(425)	85%	48%	-6%	39%	(215)	-3%	87	82	87	167			
Wolseley	31/07/2016	12,697	1,558	1,705	(147)	91%	50%	-1%	13%	(136)	-1%	9	25	4	238			
WorldPay Group	31/12/2016	5,908	-	-	-	-	-	-	-	-	-	-	-	-	13			
WPP	31/12/2016	22,406	934	1,210	(276)	77%	72%	-1%	5%	(62)	0%	44	71	21	706			

* as at 31 March 2017

NOTES

- All of the analysis contained in this report is based on the IAS19 numbers disclosed in a company's most recently published annual report and accounts.
- No adjustment is made for the fact that companies have applied different interpretations of IAS19 and have used different actuarial assumptions (for example, different mortality assumptions can make a significant difference to a company's pension liabilities).
- No adjustment is made in the individual analysis for the fact that companies have different year-ends. Inevitably, different market conditions applying at different year-ends will affect the comparisons.
- The assets and liabilities shown are the total global pension assets and liabilities, not just the UK figures.
- The figures shown in this report are before adjustment for IFRIC14 (and before adjustment for any other unrecognised pension surpluses), except for Unanticipated Balance Sheet Impact, which is shown net of the change in irrecoverable surplus.

This publication has been prepared for information purposes only and is not a solicitation, or an offer, to buy or sell any security or to participate in any trading strategy, and should not be regarded as specific or investment advice in relation to the matters addressed. It has been prepared without regard to the individual financial objectives and circumstances of the recipients. It does not purport to be a complete description of the securities, markets or developments referred to in it. The information on which this publication is based has been obtained from sources which we believe to be reliable, but we have not independently verified such information and we do not warrant that it is accurate or complete. All expressions of opinion are subject to change without notice. Third party data providers make no warranty relating to the accuracy, completeness or timeliness of their data and shall have no liability whatsoever for losses that may arise from reliance upon such data. Jardine Lloyd Thompson shall have no responsibility or liability whatsoever for loss or damage that may arise from reliance upon any statement or opinion in, or any error or omission from, this publication (including, without limitation, such third party data). Each of Jardine Lloyd Thompson and its respective connected companies, and the directors, officers and employees of each of them, may from time to time have a long or short position, or other interest, in the securities of the companies referred to and may sell or buy such securities and interests and may trade them in ways that may be inconsistent with any discussion in this publication.

ABOUT US

JLT Employee Benefits is one of the UK's leading employee benefit providers offering a wide range of benefit and pension services, including administration, actuarial and pension consultancy, investment, Self Invested Personal Pensions (SIPPs) and Small Self Administered Schemes (SSASs) administration, flexible benefits, healthcare, benefit communication and financial education.

CONTACTS

Charles Cowling

JLT Employee Benefits
+44 (0) 161 242 5388
charles_cowling@jltgroup.com

Murray Wright

JLT Employee Benefits
+44 (0) 131 456 6868
murray_wright@jltgroup.com

JLT Employee Benefits

The St Botolph Building
138 Houndsditch
London EC3A 7AW
www.jlteb.com

JLT Employee Benefits. A trading name of JLT Benefit Solutions Limited. Authorised and regulated by the Financial Conduct Authority. A member of the Jardine Lloyd Thompson Group. Registered Office: The St Botolph Building, 138 Houndsditch, London EC3A 7AW. Registered in England No. 02240496. VAT No. 244 2321 96.

© December 2017 276077