

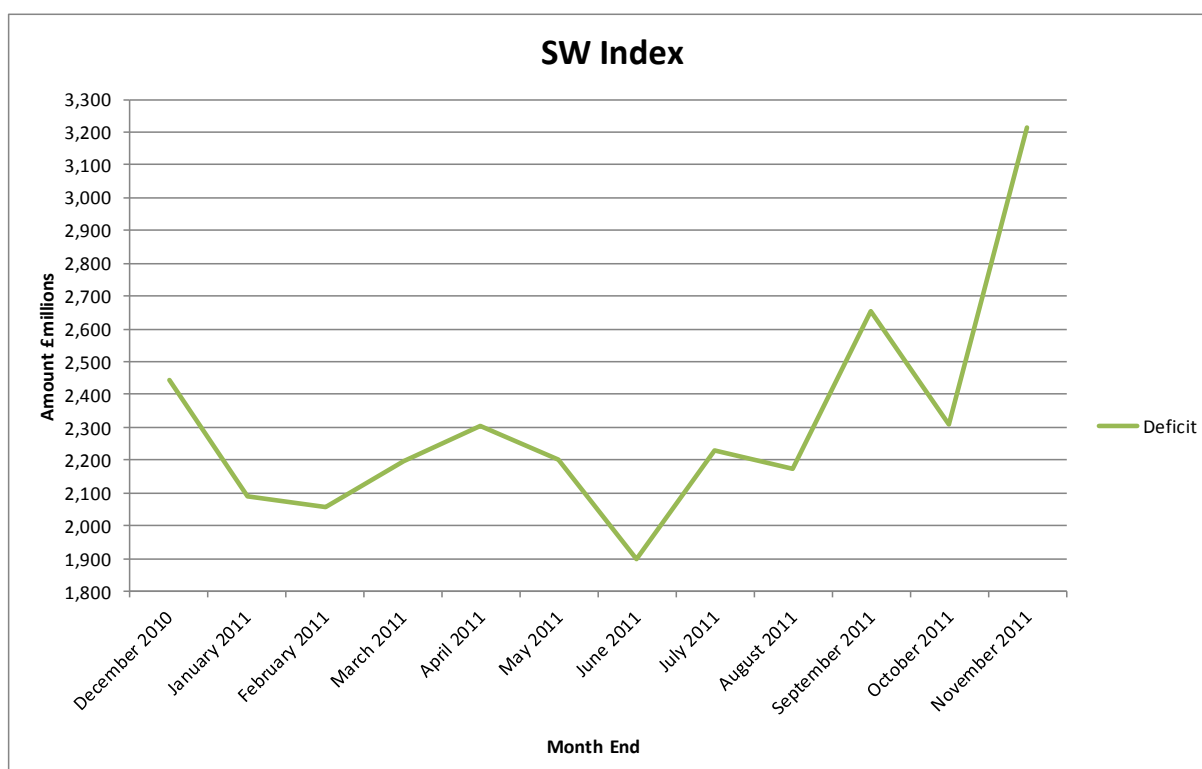


## Background

All companies that operate defined benefit pension schemes are required to include details of the funding position of their schemes within their statutory accounts. BBS has identified the 100 Companies based in the South West which had the largest pension scheme deficits as at 31 December 2010 and constructed an Index to track the cumulative deficit of those pension schemes.

The Index is updated monthly using approximate methods. The underlying data is updated quarterly to reflect statutory accounts submitted to Companies House. The deficit includes both funded and unfunded benefits and overseas as well as UK pension arrangements.

## The Cumulative Deficit



## Commentary – 30 November 2011

The cumulative pension deficit of the 100 companies in the index increased sharply over the month, and now stands at its highest point at any time during the year.

Overall, asset values were broadly the same at the end of the month as they were at the start despite being fairly volatile during the month, equity markets in particular.

The value of pension liabilities, as calculated for company accounting purposes, increased over the month as a result of a combination of continued falls in corporate bond yields (which are used to discount future expected pension and other benefit payments), and a rise in the assumed rate of future inflation.