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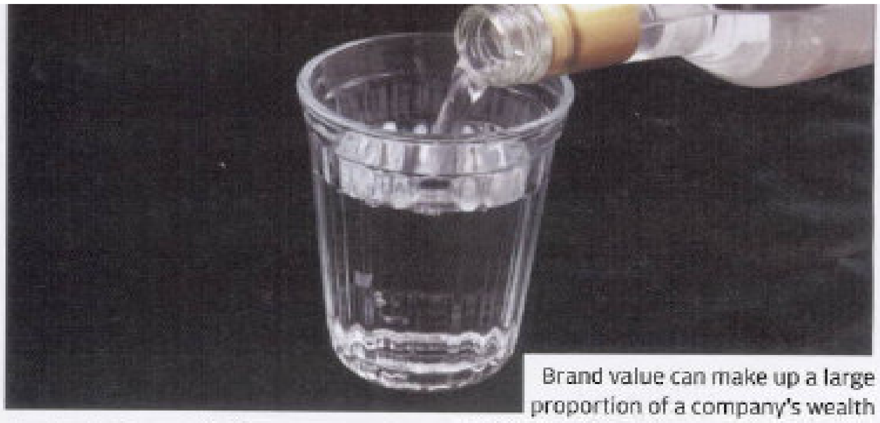

Brand value can make up a large proportion of a company's wealth

# FTSE firm to fill funding gap with brand power

David Rowley

A FTSE 100 company has hired a brand and copyright valuing specialist to help it price contingent assets to fill a pension funding gap.

The deal has long been predicted by advisers such as Deloitte and PricewaterhouseCoopers, who have seen a growing appetite for alternatives to straight cash funding of deficits.

Stuart Whitwell, joint managing director of Intangible Business, which is advising on the deal, revealed the unnamed FTSE 100 firm wants it to value one of its brands.

If the price is accepted by trustees, the company would securitise the brand for a length of time linked to the expected lifespan of the pension scheme.

The deal would provide an annual income from the sponsor company for 'renting' the brand.

It would also give ownership of the brand to the scheme in the event of the sponsor company failing.

Whitwell said the income from a brand depended on its power. He cited brands such as Absolut Vodka or Yves Saint Laurent (neither of which is the brand in question), where the cost of the physical end product was significantly smaller than the price consumers were prepared to pay for it.

A strong brand, he said, could provide an income to a pension scheme equal to 20% of the total market value of the brand, though it could be as little as 3%.

Brand value, said Whitwell, would have been a key component in the value of the whisky given to the Diageo pension scheme by its sponsor.

Whitwell added: "It is not just brands that can be used for this. It could be any intangible asset that has a real value, either through licensing or franchising.

"A lot of high technology companies are used to this, where their whole business model is based on licensing."

Intangible Business provides independent advice on the cost of non-physical assets. **DR**