

# Comet Pension Scheme

## 2014 Summary Funding Statement

Trustees are required to send members a brief statement giving a regular update of the Scheme's funding position. The Trustee of the Comet Pension Scheme is therefore pleased to provide the annual Summary Funding Statement for 2014. The Trustee is responsible for administering the Scheme and you will receive a statement like this each year to let you have updated information about the funding of the Scheme. The statement refers only to the Comet Pension Scheme (i.e. your final salary benefits).

### What is the purpose of this statement?

This statement has been produced by the Trustee and its purpose is:

- to summarise the results of the latest actuarial valuation carried out as at 31 March 2013; and
- to state how the funding position may have changed since that valuation was carried out.

### What is an actuarial valuation?

The Scheme Actuary studies the financial position of the Scheme periodically (at least every three years) by carrying out an actuarial valuation. The valuation is used to estimate the amount of money required to pay benefits as they fall due and compare this with the assets held in the Scheme. To make this assessment, the Actuary has to use a number of assumptions about what will happen in the future such as how long people will live, what inflation will be and how much income the Scheme will earn from its investments.

### Previous actuarial valuation

The most recent actuarial valuation of the Scheme was completed as at 31 March 2013 and an annual updating report was produced as at 31 March 2014. The results of the actuarial valuation as at 31 March 2013 along with the updated funding position as at 31 March 2014 are shown below for information.

	<b>31 March 2013</b> <b>£thousands</b>	<b>31 March 2014</b> <b>£thousands</b>
Value of assets	344,700	339,800
Value of past service liabilities	(417,200)	(394,000)
Past service shortfall	(72,500)	(54,200)
Funding level	83%	86%

Following the actuarial valuation as at 31 March 2013 a recovery plan was put in place with the aim of removing the remaining shortfall. As a result, Darty plc agreed to pay additional contributions of £6.1 million per annum until 31 March 2015 followed by contributions of £10 million per annum until 31 May 2019. In addition to these lump sum payments, Darty plc will continue to make mitigation payments of £3.9m per annum until 31 March 2015 following the sale of Comet out of the Kesa group.

## Change in the funding position

The following factors have affected the funding position of the Scheme since 31 March 2013, by the approximate amounts shown:

	£m
<b>Past service shortfall as at 31 March 2013</b>	<b>(72.5)</b>
• Interest on deficit	(1.3)
• Change in market conditions	5.9
• Contributions received	10.0
• Other factors	3.7
<b>Past service shortfall as at 31 March 2014</b>	<b>(54.2)</b>

As shown above, it is estimated that these factors have led to the Scheme's funding position improving by around £18.3 million. Over the same period the ratio of the assets to the estimated liabilities, known as the funding level, has increased from 83% to 86%.

## Funding position of the Scheme had it wound-up

The aim of the Trustee is for there to be enough money in the Scheme to pay pensions now and in the future, but this depends on Darty plc carrying on in business and continuing to pay for the Scheme. If Darty plc goes out of business or decides to stop paying for the Scheme, it must pay enough money to buy all the benefits built up by members from an insurance company. This is known as the Scheme being 'wound-up'. The comparison of the Scheme's assets to the cost of buying the benefits from an insurance company is known as the 'solvency position'.

A test of this solvency position at 31 March 2013 showed that the Scheme's assets could not have paid for the full benefits of all members to be provided by an insurance company if the Scheme had wound-up at that date. If the Scheme had wound-up on 31 March 2013 then it is estimated that the amount needed to buy the Scheme benefits in full from an insurance company would have been £724 million (that is, a shortfall of £379 million). This figure is just an estimate and is not meant to imply that the Trustee or Darty plc are considering winding-up the Scheme. It is just another piece of information that we are required to tell you and we hope will help you understand the financial security of your benefits.

## Payments to the Company

The Trustee is required to make an annual statement on any payment from the Scheme that has been made to Darty plc. We can confirm that there have not been any payments to Darty plc out of Scheme funds since the inception of the Scheme.

## How are the Scheme's assets invested?

The Trustee employs specialist fund managers to look after the day to day investment of the Scheme's assets. We set the investment strategy and monitor the fund managers' performance on a regular basis. We invest in a broad range of assets, limiting the amount invested in a particular class of assets (as set out in the Statement of Investment Principles dated August 2013) as follows:

Company shares (equities)	30.0%
Government securities (gilts)	15.0%
Corporate bonds	10.0%
Dynamic asset allocation*	40.0%
Other investments	5.0%

*\*Dynamic asset allocation is a combination of equities, property, gilts and corporate bonds. At 31 March 2014 these assets were held with Barings, but they have since been disinvested and re-allocated and GMO has been appointed as an additional investment manager.*

A full breakdown of the Scheme's investment strategy (Statement of Investment Principles) is available on [www.comet-pensions.co.uk](http://www.comet-pensions.co.uk).

## The Scheme's financial security

The Scheme's assets are held separately from Darty plc's assets. If the Scheme was to wind-up (come to an end), then, as previously stated, Darty plc would be required to pay enough into the Scheme to enable members' benefits to be secured with an insurance company. The Government established the Pension Protection Fund ('PPF') to pay benefits to members if the Scheme is wound-up when the Scheme and Darty plc do not have enough money to cover the cost of buying all members' benefits with an insurer. The pension you would receive from the PPF is likely to be less than the full benefit you have earned in the Scheme, depending on your age and when your benefits were earned.

Further information is available on the PPF website at [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk) or you can write to the Pension Protection Fund at Knollys House, 17 Addiscombe Road, Croydon, Surrey, CR0 6SR.

## Where can I get more information?

If you have any questions, or would like any more information, please write to:

**Comet Pension Scheme**

Punter Southall  
Albion, Fishponds Road  
Wokingham, Berkshire RG41 2QE

**Email:** [cometadmin@puntersouthall.com](mailto:cometadmin@puntersouthall.com)

**Tel:** 0118 313 0700

A list of the documents available is set out over the page. If you want to be sent a copy of any of these documents please contact Punter Southall at the address shown above.

A Summary Funding Statement is issued each year, if you change address you should let Punter Southall know so that they can update their records.

## Additional documents available from [www.comet-pensions.co.uk](http://www.comet-pensions.co.uk)

- **The Statement of Investment Principles**

This explains the Trustee's principles for investing the money in the Scheme.

- **The Annual Report and Accounts of the Comet Pension Scheme**

This shows the Scheme's annual income and expenditure.

- **Pension Scheme Benefits**

This website is a guide to the various benefits provided by the Scheme.

## Additional documents available on request from Punter Southall

- **The Formal Actuarial Valuation Report as at 31 March 2013**

This contains the details of the Scheme Actuary's check of the Scheme's financial situation as at 31 March 2013.

- **Statement of Funding Principles**

This sets out the Scheme's funding plan.

- **The Schedule of Contributions and Recovery Plan**

These explain how the funding shortfall is being made up including how much money Darty plc is paying into the Scheme. A certificate from the Scheme Actuary is included showing that these contributions were expected to be sufficient at the specified date.

- **Annual Updating Valuation Report**

This shows the Scheme Actuary's review of the Scheme's financial situation as at 31 March 2014.