

# COMET PENSION SCHEME

## Report and Accounts for the year ended 31 March 2013

Scheme Registration No: 10269876



**Punter Southall**  
CONSULTING ACTUARIES

Tempus Court, Onslow Street, Guildford, Surrey **GU1 4SS**

Punter Southall is a trading name of Punter Southall Limited  
Registered Office: 11 Strand, London **WC2N 5HR** · Registered in England and Wales No 3842603  
**A Punter Southall Group Company**

# COMET PENSION SCHEME

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# COMET PENSION SCHEME

## TRUSTEE AND ITS ADVISERS

**Trustee :** Comet Trustee Company Limited

**Trustee Directors :** Ian Edwards \* (Chairman)  
Simon Enoch  
Victoria Milford \*  
Richard Annett  
James Arnold  
Jon Herzberg \* (Appointed 27 February 2013)  
Helen Charlesworth \* (Appointed 22 May 2013)  
Paul Knapman \* (Resigned 4 May 2012)  
Lynn Randall (Resigned 21 May 2012)  
Paul Underwood \* (Resigned 13 August 2012)  
Matthew Bentley (Resigned 15 March 2013)  
\* Member Nominated

**Secretary to the Trustee :** Wayne Phelan  
PS Independent Trustees (PSIT)  
Albion  
Fishponds Road  
Wokingham  
Berkshire RG41 2QE  
*Secretarial Services are provided by PS Secretarial Services,  
a division of PSIT*

**Actuary :** Steve Leake  
Punter Southall  
Tempus Court  
Onslow Street  
Guildford  
Surrey GU1 4SS

**Auditor :** BDO LLP  
2 City Place  
Beehive Ring Road  
Gatwick  
West Sussex RH6 0PA

**Legal Advisers :** Eversheds LLP  
Eversheds House  
70 Great Bridgewater Street  
Manchester M1 5ES

**Bankers :** Bank of Scotland  
600 Gorgie Road  
Edinburgh EH11 3XP

## COMET PENSION SCHEME

### TRUSTEE AND ITS ADVISERS (Continued)

***Investment Managers :***

Legg Mason Global Asset Management  
Legal & General Investment Management Ltd  
Barings Asset Management  
P-Solve Investments Limited  
PIMCO Europe Ltd Global

***Custodians :***

Citibank  
HSBC Global Investor Services  
Northern Trust  
P-Solve Investments Limited  
KAS Bank  
Brown Brothers Harriman Trustee Services (Ireland) Ltd

***Consultants & Administrators :***

Punter Southall  
Tempus Court  
Onslow Street  
Guildford  
Surrey GU1 4SS

***Investment Adviser :***

P-Solve Investments Limited  
11 Strand  
London WC2N 5HR

***Principal Employer :***

Darty plc  
(formerly Kesa Electricals plc)  
22 – 24 Ely Place  
London EC1N 6TE

***AVC Providers :***

The Prudential Assurance Company  
Santander Corporate Banking (formerly Abbey)  
The Standard Life Assurance Company

# COMET PENSION SCHEME

## TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2013

The Trustee presents to the members its annual report and accounts for the year ended 31 March 2013.

### ***Scheme Information***

The Scheme provides pensions and lump sum benefits on retirement and death for those employees who are members of the Scheme, and is governed by a Trust Deed and Rules.

The Scheme provides defined benefit pensions. The Scheme has been closed to new members since 1 April 2004 and to future service accrual since 30 September 2007.

Trustee Directors, with the exception of Member-Nominated Trustee Directors, are appointed and removed from office by the principal employer in accordance with the Trust Deed. They have the responsibility for ensuring that the Scheme is properly run in accordance with its governing documents, and in the best interests of the members.

The Pensions Act 2004 introduced new requirements with regard to Member Nominated Trustees and requires that at least one-third of the Trustee Directors must be nominated by Scheme members. Since the previous year end two of the Member Nominated Trustee Directors (MND) resigned and arrangements were put in place to bring the number of MNDs back to one-third of the Trustee Directors. Victoria Milford stood down as a Company Nominated Trustee Director and was elected as an MND. Jon Herzberg was elected as an MND from 27 February 2013 and Helen Charlesworth from 22 May 2013.

During the year the Trustee met regularly to review the management of the Scheme and to monitor the performance of the investment managers, administrators and advisers.

### ***Statement of Trustee's Responsibilities***

The audited accounts, which are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties, audited accounts for each Scheme year which:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice, 'Financial Reports of Pension Schemes'.

The Trustee has supervised the preparation of the accounts and has agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a reasonable and prudent basis. It is also responsible for making available each year, commonly in the form of a Trustee's annual report, information about the Scheme prescribed by pensions legislation, which it should ensure is consistent with the accounts it accompanies.



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The Trustee also has certain responsibilities in respect of contributions which are set out in the Statement of Trustee's Responsibilities accompanying the Trustee's Summary of Contributions.

The Trustee has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of appropriate internal controls.

### **Membership**

The number of members as at the year end was:-	2013	2012
Deferred pensioners	3,720	3,860
Pensioners	1,541	1,431

### **Financial Development of the Scheme**

Changes in the Scheme's net assets during the year were as follows:

	£'000
Net assets at 31 March 2012	297,155
Net additions from dealings with members	4,990
Net returns on investments	<u>46,213</u>
Net assets at 31 March 2013	<u>348,358</u>

Further information on the net returns on investments can be found in the Investment Report on pages 6 to 11.

The accounts for the year have been prepared and audited in accordance with Sections 41(1) and (6) of the Pensions Act 1995.

### **Benefit/Scheme Changes**

Comet Group plc ceased to participate in the Scheme with effect from 3rd February 2012, immediately prior to its sale by Kesa Electricals plc ("Kesa"). Kesa replaced Comet Group plc as the Principal Employer from that date, under a Deed of Substitution of Principal Employer and Amendment. On the same date, a Scheme Apportionment Arrangement, approved by the Trustee, came into effect. Throughout the process of agreeing the Scheme Apportionment Arrangement, the Trustee worked closely with its advisors to ensure that all decisions were reached with the best interests of the members in mind. Satisfactory mitigation payments were necessary and were agreed with Kesa. Upon this basis, a new Schedule of Contributions was put in place, including the additional mitigation payments to be made to the Scheme.

The agreed Scheme Apportionment Arrangement and the agreed mitigation payments were the subject of formal clearance by the Pensions Regulator.

As noted above, as a result of Comet Group plc ceasing to be a participating employer, the remaining in-service deferred Members employed by Comet became deferred pensioners at that date.

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### Actuarial Position

It is the role of the Actuary to review the long-term position of the Scheme. The latest actuarial valuation was carried out as at 31 March 2010. Each year a Summary Funding Statement is issued to members to update them on the development of the long term position of the Scheme. The 2012 Summary Funding Statement is shown on pages 14 to 16 of the report. The next Summary Funding Statement will be prepared after the completion of the Actuarial Valuation as a 31 March 2013.

The last actuarial valuation showed that the assets of the Scheme were sufficient to cover 78% of the liabilities on the assumptions used. Following the actuarial valuation as at 31 March 2010 and a subsequent funding update as at 28 February 2011 which took into account the Company's enhanced transfer value and salary linkage initiatives, a "recovery plan" was put in place with the aim of removing the funding shortfall. The Company agreed to continue paying contributions of £6.1m per annum until 31 March 2018. Following the sale of Comet out of the Kesa group, the recovery plan was amended and Kesa agreed to pay mitigation lump sums of £3.5 million in February 2012 and £3.65 million by 31 May 2012. In addition to these lump sum payments, Kesa agreed to continue paying contributions of £6.1 million per annum until 31 March 2015 and, in addition, make mitigation payments of £3.9 million per annum until 31 March 2015. Kesa commenced these payments in February 2012.

The annual review of the funding position as at 31 March 2012 showed a funding position of 80%. The next actuarial valuation of the Scheme is due as at 31 March 2013 and work is underway. The Trustees and Company have discussed the assumptions to be used but these will only be agreed once a formal review of the Company covenant has been completed. This is expected to be available for the November 2013 Trustee meeting. The target to sign the valuation documentation is the end of the year.

### Investment Report for the year ended 31 March 2013

The Trustee has continued to manage the investments in accordance with the agreed investment strategy as set out in the Statement of Investment Principles. Each of the Scheme's investment managers (as detailed on page 7) takes responsibility for the day to day decisions relating to each portfolio. The Trustee has taken steps to ensure the investment managers and advisers have the appropriate knowledge and experience.

### Objectives

In assessing the success of the investment performance, the key measurement used is the performance of the assets relative to a proxy for the movement in liabilities - the Liability Related Objective (LRO).

Over this reporting year, the **qualitative** objectives for the Scheme were:

- i. To ensure that sufficient assets are available to pay out members' current and future benefits as and when they arise.
- ii. To maximise the funding level on an ongoing basis. In particular, to ensure that the Scheme reaches a 100% funding level within an appropriate period of time through the Recovery Plan as agreed with the Principal Employer following each triennial actuarial valuation.

In addition, the Trustee aims to minimise the risk of additional cash contribution requirements from the Principal Employer in meeting the balance of the costs in underwriting the Scheme benefits.

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In terms of **monitoring** the investment arrangements, the above objectives were translated into the following **quantitative** measures, which are used as the main management tool:

- To achieve returns on the Scheme assets equal to the Liability Benchmark Objective (estimated change in liabilities + 2.2% p.a.) over rolling 3 year periods.
- To aim to not breach a downside tolerance of the estimated change in liabilities less 4.4% p.a. on the Scheme assets in any 12 month period.

For this purpose, the estimated change in value in the liabilities is calculated based on the information provided by the Scheme Actuary over the period.

### Investment Performance

During the year to 31 March 2013, the value of the Scheme assets increased by 15.5% outperforming the Liability Benchmark Objective by 2.1%. This strong performance has helped improve the 3 year numbers where the annualised return was 14.1% versus a target of 11.7%.

Over 5 years, the 10.4% annualised performance is slightly ahead of the Scheme target of 9.4% due to the positive steps taken to control asset and liability risk over a period of volatile markets.

#### (1) Total Portfolio

The following table illustrates the performance of the Scheme's investments over the 12 months and 3 years (or since inception if shorter) to 31 March 2013.

Asset Class	Manager	12 months to 31 March 2013		3 years (per annum) to 31 March 2013	
		Fund	Benchmark	Fund	Benchmark
Off-Risk Assets					
UK Gilts	P-Solve <sup>1</sup>	9.6	9.6	11.2	11.2
On-Risk Assets					
UK structured equity (EDOS2)	P-Solve <sup>2</sup>	21.1	7.1	N/A	N/A
US structured equity (EDOS3)	P-Solve <sup>3</sup>	11.7	3.9	N/A	N/A
UK structured equity (EDOS4)	P-Solve <sup>4</sup>	10.3	1.7	N/A	N/A
Cash	LGIM	0.4	0.4	0.6	0.4
Dynamic Asset Allocation	Barings	7.9	4.7	6.3	4.8
Active global bonds	Legg Mason	8.5	3.7	6.7	3.8
Active global bonds	PIMCO <sup>5</sup>	11.2	11.5	10.7	11.3
Total Fund Return (including swaps)	All <sup>6</sup>	15.5	13.4	14.1	11.7



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<sup>1</sup> Matching Fund return from 1 January 2009 and includes a small contribution from the LGIM Cash fund. Note the performance numbers exclude the performance of the swaps. Instead the swap performance is included in the Total Fund Return

<sup>2</sup> return from 21 April 2010

<sup>3</sup> return from 29 August 2012

<sup>4</sup> return from 11 January 2013

<sup>5</sup> return from 11 June 2010

<sup>6</sup> The benchmark return is taken to be that on the Liability Benchmark Objective

The Barings, PIMCO and Legg Mason performance numbers are net of fees whereas LGIM and P-Solve are gross of fees.

The P-Solve mandate distributes income generated.

### **(2) Hedging**

There are two elements to the hedging strategy – liability hedging and equity hedging.

The liability hedging is conducted through swaps that are designed to help protect the Scheme from adverse movements in long term interest rate and inflation expectations that impact the value of the Scheme's liabilities. The UK & US Equity hedging is conducted through structured solutions to provide downside protection and diversified equity return profiles. EDOS 2 & EDOS 4 provide protection against falls in the FTSE100 from the point of investment and perform best in upward trending equity markets. EDOS 3 provides downside protection against falls in the S&P500 and performs best in sideways equity markets. The collateral supporting all of these structures is also used in the liability hedging design.

The Trustee monitors the performance of the liability hedge against the liabilities on a regular basis and the Scheme's manager independently checks the counterparty valuations weekly.

### **Market Review**

Despite the continued unsettled market conditions, the year ended 31 March 2013 saw most asset classes delivering positive returns.

The second quarter of 2012 witnessed the return of much political uncertainty in Europe which, combined with continued weak economic data, saw many return seeking assets falling in value. Markets were, however, given a boost towards the end of June following a better than expected outcome from the EU summit, which gave investors some hope that euro zone leaders were starting to align their views on how to best tackle the sovereign debt crisis.

Equity markets in general performed poorly over the quarter, with emerging markets one of the biggest losers finishing down 5.1%. Elsewhere, European equities fell 4.3% with UK and US equities also ending down 2.6% and 3.0% respectively. Unsurprisingly, investors preferred the safety of UK gilts and US Treasuries for much of the quarter, with yields hitting record lows in June which was not good news for pension funds. More encouragingly however, higher yielding credit held up reasonably well amid the market volatility, with global high yield bonds and emerging market debt returning 1.1% and 2.5% respectively.

After a difficult second quarter, Q3 2012 brought the return of an on-risk attitude for many investors, driven largely by expectations of central bank policy response. Late in the quarter, and after months of speculation, the European Central Bank (ECB) and the US Federal Reserve (Fed) both announced measures to increase liquidity, which helped to support sentiment.

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Global equity markets performed well in general over the quarter with emerging markets returning 5.9%. Elsewhere, European equity markets were up 8.0%, whilst UK and US equities rose 4.7% and 6.3% respectively. In credit markets, both emerging market debt and high yield corporate credit continued to perform strongly, returning 6.8% and 5.8% respectively. In addition, after falling for much of the second quarter, yields on UK gilts and US Treasuries rose across most maturities over quarter 3.

Return seeking assets had a strong fourth quarter following further confidence-inducing policy announcements in developed countries and an improved growth outlook for many emerging market economies. US politicians managed to temporarily avert the fiscal cliff, Greece and the IMF agreed a deal designed to reduce Greece's debt to GDP ratio and European leaders agreed upon a set of measures to create a widely called upon banking union. Elsewhere, in emerging markets, Chinese economic data continued to improve indicating the possibility of a return to 8% growth next year.

Most equity markets continued to gain on the positive momentum built up over the autumn; European equities were the strongest performers over the quarter, returning 6.3%, while emerging market and UK equities returned 5.3% and 3.8% respectively. US equities fell slightly, driven largely by uncertainty surrounding the fiscal cliff negotiations, but overall it was a positive end to the calendar year. The on-risk attitude was also reflected in credit markets with global high yield credit and emerging market debt delivering strong returns of 4.6% and 3.3% for the quarter respectively. In the UK, the Bank of England and Office for National Statistics indicated that it was quite likely the economy contracted in the fourth quarter as the temporary factors that spurred growth in the previous quarter dissipated. Furthermore, it was announced that growth in quarter 3 2012 would be revised downwards.

Continued loose monetary policy and improving investor confidence helped return seeking assets make a strong start to 2013. While the return of European debt issues in the form of a banking crisis in Cyprus slowed momentum in late March, some equity markets still reached record highs over the quarter and others surpassed levels last seen before the 2008 financial crisis.

Japanese equities were the strongest performers rising by 21.2%, whilst US and UK equities rose by 10.3% and 10.1% respectively with European equities delivering a return of 5.5%. High yield corporate credit posted a modest gain of 1.9% over the quarter and, in contrast to developed markets, emerging market debt and equity experienced small losses of 2.3% and 0.4% respectively due to concerns about inflation, a slowdown in China and depressed commodity prices.

### Investment Strategy

The target allocation for the Scheme consists of 15% invested in "off-risk" assets (which includes a liability hedge) and 85% invested in return seeking assets ("on-risk" assets), taking advantage of the liability hedging to reduce risk.

The liability hedge is made up of a series of interest rate and inflation swap contracts together with a portfolio of investment grade inflation linked securities (used as collateral for the swap contracts), with a view to closely matching changes in value in the Scheme's liabilities.

The remaining 85% of the Scheme's assets were invested in a diversified portfolio of assets aimed at generating return whilst maintaining an acceptable level of risk in accordance with the Scheme objectives.

## COMET PENSION SCHEME

As at 31 March 2013, the investment allocation strategy being followed by the Trustee was as follows:

Asset Class	%	Manager	Benchmark
<b>On-risk assets</b>	<b>85.0</b>		
UK structured equity including collateral (EDOS 2)	7.5	P-Solve	6% p.a. in excess of the compounded 6 month Sterling LIBOR return
US structured equity including collateral (EDOS 3)	10.0	P-Solve	6% p.a. in excess of the compounded 6 month Sterling LIBOR return
UK structured equity including collateral (EDOS 4)	7.5	P-Solve	7.24% p.a. in excess of the compounded 6 month Sterling LIBOR return
Dynamic Asset Allocation	40.0	Barings	3 Month Sterling Libor
Active global bonds	10.0	Legg Mason	3 Month Sterling Libor
Active global investment grade bonds	10.0	PIMCO	Composite of three credit indices (GBP Hedged)
<b>Off-risk assets</b>	<b>15.0</b>		
Index-linked gilts	15.0	P-Solve	n/a
<b>Total</b>	<b>100.0</b>		

The changes made to the investment allocation strategy over the course of the year by the Trustee were:

- The Trustee removed their exposure to long equities which were invested in North America, Europe (ex UK), Japan & Asia Pacific (ex Japan). This was due to the significant economic risks and the concern that equities would struggle if market sentiment changed. The proceeds of the European equities were invested in the Barings DAA fund with the remaining proceeds invested in the EDOS 3 US structured equity solution.
- The Trustee unwound half of the EDOS 2 UK structured equity solution to crystallise some profits whilst retaining some upside potential. The proceeds were invested in a new UK structured equity solution EDOS 4.

The Trustee recognises that with the movement of markets generally, and differing asset classes specifically, allowance must be given to permit the allocation to each part of the agreed strategy to operate around this core allocation. Investments are permitted to vary within a range of +/-5% of the core allocation. Should they fall outside their range at the end of the quarter then the Trustee will review the position and decide how to act.

### Custody Arrangements

Most of the assets are held in pooled funds by the Investment Managers and so the Trustee has effectively delegated the custody of the investments of the Scheme to the Managers. For the Liability Hedge and Equity Structured Solutions, the Trustee has delegated appointment of a custodian (for the Index Linked Gilts available to provide collateral) to P-Solve Investment Limited.



# COMET PENSION SCHEME

## Statement of Investment Principles

In accordance with the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles, which describes the key elements of the investment arrangements of the Scheme. Copies of the statement are available on the pension website, [www.comet-pensions.co.uk](http://www.comet-pensions.co.uk).

## Investment Manager Fees

The investment management fees incurred by the Scheme are summarised below. Please note that the figures quoted here are best estimates since extracting the precise fee from daily unit prices would be a time-consuming exercise:

	<b>Fees</b>
	<b>£</b>
Year ending 31 March 2011	1,079,094
Year ending 31 March 2012	983,628
Year ending 31 March 2013	1,154,000

Fees are exclusive of any VAT that may be payable.

## Enquiries

All enquiries about the Scheme and individual benefit entitlements should be addressed to the Scheme's Trustee, c/o Punter Southall, Tempus Court, Onslow Street, Guildford, Surrey GU1 4SS. Further information can also be obtained from the Comet Pension Scheme website: [www.comet-pensions.co.uk](http://www.comet-pensions.co.uk).

## By Order of the Trustee

Ian Edwards

Director

6 September 2013  
.....  
Date



# COMET PENSION SCHEME

## ACTUARY'S CERTIFICATE OF THE CALCULATION OF TECHNICAL PROVISIONS

**Name of Scheme: Comet Pension Scheme**

### **Calculation of technical provisions**

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 31 March 2010 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses the method and assumptions determined by the Trustee of the Scheme and set out in the statement of funding principles dated 3 June 2011.

27 June 2011

**Steve Leake**

Fellow of the Institute and Faculty of Actuaries  
Punter Southall Limited  
Tempus Court  
Onslow Street  
Guildford  
Surrey, GU1 4SS

## COMET PENSION SCHEME

### ACTUARY'S CERTIFICATE OF THE SCHEDULE OF CONTRIBUTIONS

**Name of Scheme: Comet Pension Scheme**

#### **Adequacy of rates of contributions**

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected on 28 February 2011 to be met by the end of the period specified in the recovery plan dated 31 January 2012.

#### **Adherence to rates of funding principles**

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 3 June 2011.

This certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound-up.

1 February 2012

**Steve Leake**

Fellow of the Institute and Faculty of Actuaries  
Punter Southall Limited  
Tempus Court  
Onslow Street  
Guildford  
Surrey, GU1 4SS

## COMET PENSION SCHEME

### The Comet Pension Scheme ('the Scheme')

#### Summary Funding Statement 2012

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 2012. 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 (ie 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 2010; 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 2010 and annual updating reports were produced as at 31 March 2011 and 31 March 2012. The results of the actuarial valuation as at 31 March 2010, the updated funding position as at 31 March 2011 and the updated funding position as at 31 March 2012 are shown below for information.

	<b>31 March 2010 £thousands</b>	<b>31 March 2011 £thousands</b>	<b>31 March 2012 £thousands</b>
Value of assets	239,900	247,000	293,200
Value of past service liabilities	(308,600)	(291,900)	(364,400)
Past service shortfall	(68,700)	(44,900)	(71,200)
Funding level	78%	85%	80%

Following the actuarial valuation as at 31 March 2010 and a subsequent funding update, which took into account the removal of the salary linkage and enhanced transfer value initiatives, a recovery plan was put in place with the aim of removing the remaining shortfall. As a result, Comet Group plc ('Comet') and Kesa Electricals plc ('Kesa') agreed to pay combined additional contributions of £6.1 million per annum until 31 March 2018. Following the sale of Comet by Kesa, the recovery plan was amended and Kesa agreed to pay mitigation lump sums of £3.5 million in February 2012 and £3.65 million by 31 May 2012. In addition to these lump sum payments, Kesa agreed to continue paying contributions of £6.1 million per annum until 31 March 2015 and, in addition, make mitigation payments of £3.9 million per annum until 31 March 2015. Kesa commenced these payments in February 2012.

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### Change in the funding position

The following factors have affected the funding position of the Scheme since 31 March 2011, by the approximate amounts shown:

	£m
Past service shortfall as at 31 March 2011	(44.9)
• Interest on deficit	(1.2)
• Change in economic conditions	(61.9)
• Favourable investment returns	29.4
• Deficit reduction contributions	6.1
• Mitigation payments	4.2
• Other items	(2.9)
Past service shortfall as at 31 March 2012	(71.2)

As shown above, it is estimated that these factors have led to the Scheme's funding position worsening by around £26.3 million. Over the same period the ratio of the assets to the estimated liabilities, known as the funding level, will have decreased from 85% to 80%.

### 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 Kesa carrying on in business and continuing to pay for the Scheme. If Kesa 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 2010 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 2010 then it is estimated that the amount needed to buy the Scheme benefits in full from an insurance company would have been £547 million (that is, a shortfall of £307 million). This figure is just an estimate and is not meant to imply that the Trustee or Kesa 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 either Comet or Kesa. We can confirm that there have not been any payments to either Comet or Kesa 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 March 2012) as follows:

Company shares (equities)	30.0%
Government securities (gilts)	15.0%
Corporate bonds	20.0%
Other investments	35.0%

A fuller breakdown of the Scheme's investment strategy (Statement of Investment Principles) is available on the website.



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### **The Scheme's financial security**

The Scheme's assets are held separately from the Kesa's assets. If the Scheme was to wind-up (come to an end), then, as previously stated, Kesa 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 Kesa 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.

### **The sale of Comet**

Following the sale of Comet, Kesa became the principal employer of the Scheme and assumed all of Comet obligations for the Scheme under an agreed Scheme Apportionment Arrangement. Throughout the sale process, the Trustee worked closely with its advisers to ensure that all decisions were reached with the best interests of all members in mind.

Following the sale of Comet, Kesa Electricals plc changed its name to Darty plc.

### **Where can I get more information?**

If you have any questions, or would like any more information, please write to the Comet Pension Scheme, Punter Southall, Tempus Court, Onslow Street, Guildford, GU1 4SS. A list of the documents available is set out below. If you want to be sent a copy of any of these documents please contact Punter Southall at the address shown above. We send you a Summary Funding Statement each year, so if you change address you should let us know so that we can update our records. A form for you to use for this purpose is enclosed.

### **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 2010**

This contains the details of the Scheme Actuary's check of the Scheme's financial situation as at 31 March 2010.

#### **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 Kesa 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 2011 and 31 March 2012.

# COMET PENSION SCHEME

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE COMET PENSION SCHEME

We have audited the financial statements of Comet Pension Scheme for the year ended 31 March 2013 which comprise the fund account, the net assets statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Scheme's Trustee in accordance with the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of the Trustee and the Auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.co.uk/auditscopeukprivate](http://www.frc.co.uk/auditscopeukprivate)

### Opinion on financial statements

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2013, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

BDO LLP

**BDO LLP**  
Statutory Auditor  
Gatwick  
United Kingdom

Date 6 September 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## COMET PENSION SCHEME

### STATEMENT OF TRUSTEE'S RESPONSIBILITIES IN RESPECT OF CONTRIBUTIONS

The Scheme's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions ("The Schedule") showing the rates of contributions payable towards the Scheme by or on behalf of the and the dates on or before which such contributions are to be paid. The Scheme's Trustee is also responsible for keeping records of contributions received and for procuring that contributions are made to the Scheme in accordance with the Schedule. Where breaches of the Schedule occur, the Trustee is required by the Pensions Act 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

#### Trustee's Summary of Contributions payable under the Schedule in respect of the Scheme year ended 31 March 2013

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer contributions payable to the Scheme under the Schedule of Contributions certified by the Actuary on 1 February 2012 in respect of the Scheme year ended 31 March 2013. The Scheme Auditor reports on contributions payable under the Schedule in the Auditor's Statement about Contributions.

<b>Contributions payable under the Schedule in respect of the Scheme year</b>	<b>2013 Total £'000</b>
Employer:	
Deficit funding contributions	6,100
PPF levy contributions	301
Mitigation payments	<u>7,550</u>
Contributions payable under the Schedule (as reported on by the Scheme Auditor)	<u>13,951</u>
 <b>Reconciliation of contributions payable under the Schedule of Contributions reported in the accounts in respect of the Scheme year</b>	
Contributions payable under the Schedule (as above)	<u>13,951</u>
<b>Total contributions reported in the accounts</b>	<u>13,951</u>

Signed: . Ian Edwards  
Director

Date: 6 September 2013

Signed: . Simon Enoch  
Director

Date: 6ix.13



## COMET PENSION SCHEME

### INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE COMET PENSION SCHEME

We have examined the Summary of Contributions to the Comet Pension Scheme for the Scheme year ended 31 March 2013 which is set out on page 18.

This statement is made solely to the Scheme's Trustee in accordance with the Pensions Act 1995. Our work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee for our work, for this statement, or for the opinions we have formed.

#### **Respective responsibilities of the Trustee and the Auditor**

As explained more fully in the Statement of Trustee's Responsibilities on page 18, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

#### **Scope of work on statement about contributions**

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

#### **Statement about Contributions payable under the Schedule of Contributions**

In our opinion contributions for the Scheme year ended 31 March 2013 totalling £13,951,000 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 1 February 2012.

BDO LLP

**BDO LLP**  
Statutory Auditor  
Gatwick  
United Kingdom

Date 6 September 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



## COMET PENSION SCHEME

### FUND ACCOUNT

For the year ended 31 March 2013

	Note	2013 £'000	2012 £'000
<b>CONTRIBUTIONS AND BENEFITS</b>			
Contributions	3	<u>13,951</u>	<u>11,555</u>
Benefits	4	7,808	7,103
Payments to and on account of leavers	5	851	5,516
Administration expenses	6	<u>302</u>	<u>288</u>
		<u>8,961</u>	<u>12,907</u>
<b>NET ADDITIONS / (WITHDRAWALS) FROM DEALINGS WITH MEMBERS</b>		<u>4,990</u>	<u>(1,352)</u>
<b>RETURNS ON INVESTMENTS</b>			
Investment income	7	2,877	2,795
Change in market value of investments	8	43,677	41,570
Investment management expenses		<u>(341)</u>	<u>(243)</u>
<b>NET RETURNS ON INVESTMENTS</b>		<u>46,213</u>	<u>44,122</u>
<b>NET INCREASE IN THE FUND FOR THE YEAR</b>		51,203	42,770
<b>NET ASSETS AT 31 MARCH 2012</b>		<u>297,155</u>	<u>254,385</u>
<b>NET ASSETS AT 31 MARCH 2013</b>		<u>348,358</u>	<u>297,155</u>

The notes on pages 22 to 28 form an integral part of these accounts.

## COMET PENSION SCHEME

### NET ASSETS STATEMENT

At 31 March 2013

	Note	2013 £'000	2012 £'000
Investment assets	8	388,529	317,848
Investment liabilities	8	(42,090)	(22,228)
Current assets	10	2,081	1,790
Current liabilities	11	<u>(162)</u>	<u>(255)</u>
<b>NET ASSETS AT 31 MARCH 2013</b>		<b><u>348,358</u></b>	<b><u>297,155</u></b>

The accounts summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Summary Funding Statement and actuarial certificate included in the Annual Report and these accounts should be read in conjunction with them.

The notes on pages 22 to 28 form an integral part of these accounts.

These accounts were approved by the Trustee on 6 September 2013

Signed on behalf of the Trustee

Ian Edwards

Simon Enoch

# COMET PENSION SCHEME

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2013

### 1. BASIS OF PREPARATION

The accounts have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and with the guidelines set out in the Statement of Recommended Practice (SORP), Financial Reports of Pension Schemes (Revised May 2007).

### 2. ACCOUNTING POLICIES

#### (a) *Accounting Convention*

The accounts are prepared on an accruals basis.

#### (b) *Contributions*

Employer augmentations are recognised in accordance with the agreement under which they are paid, or in the absence of an agreement, on a receipts basis.

Employer deficit funding contributions are recognised on the due dates in accordance with the Schedule of Contributions.

Employer special contributions are accounted for in accordance with the agreement under which they are paid.

PPF levy contributions are accounted for on an accruals basis.

#### (c) *Benefits and Transfers to/from the Scheme*

Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken or, if there is no member choice, on the date of retirement or leaving.

Individual transfers in or out are accounted for when paid or received which is normally when member liability is accepted/discharged.

#### (d) *Investment Income*

Income from fixed interest securities and other interest receivable is taken into account on an accruals basis. Income from all other investments is taken into account on a receivable date basis. Income arising on the underlying investments of accumulation funds is reflected within the change in market value.

#### (e) *Investments*

Investments are valued at market value.

Quoted securities are valued at the bid price at the year end date.

Pooled investment vehicles are valued at the bid price where there is a bid/offer spread quoted by the investment managers, or at the single price if only one price is quoted as provided by the investment managers.

Swaps are revalued monthly. The fair value is calculated using pricing models such as Bloomberg's, where inputs are based on market data at the year end date. Interest is accrued monthly on a basis consistent with the terms of each contract.

AVC policies are included at the value as advised by the insurer excluding any final bonus.

# COMET PENSION SCHEME

## NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 March 2013

### (e) *Investments (continued)*

The amounts included in change in market value are the realised gains or losses on closed contracts and the unrealised gains or losses on open contracts. Net receipts or payments on swap contracts are either reported within investment income or within change in market value.

Options are valued at their mark to market value. If a quoted market price is not available on a recognised exchange the fair value is calculated using pricing models such as Black-Scholes, where inputs are based on market data at the year end date.

### (f) *Foreign Currency Translation*

Foreign currency income is translated into sterling at the rate ruling at that date. Investments and current assets and liabilities denominated in foreign currencies are translated using the sterling rate of exchange ruling at the period end.

Differences arising on translation of current assets and liabilities are included in the fund account.

### (g) *Investment Management Expenses*

The investment managers' fees are paid in accordance with the agreed scales and accounted for on an accruals basis.

3. CONTRIBUTIONS	2013 £'000	2012 £'000
Employer - deficit funding	6,100	6,100
- PPF levy contributions	301	286
- transfer value enhancements	-	1,019
- mitigation payments	<u>7,550</u>	<u>4,150</u>
	<u>13,951</u>	<u>11,555</u>

Deficit funding contributions are payable at a rate of £508,333 per month until 31 March 2015.

Following the sale of Comet Group plc, mitigation payments are payable at a rate of £325,000 per month from 1 February 2012 until 31 March 2015, along with lump sums of £3,500,000 in February 2012 and £3,650,000 by 31 May 2012.

4. BENEFITS	2013 £'000	2012 £'000
Pensions	5,624	4,928
Commutations and lump sum retirement benefits	2,152	2,173
Refunds of contributions on death	-	2
Purchase of annuities	<u>32</u>	<u>-</u>
	<u>7,808</u>	<u>7,103</u>



# COMET PENSION SCHEME

## NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 March 2013

<b>5. PAYMENTS TO AND ON ACCOUNT OF LEAVERS</b>	2013 £'000	2012 £'000			
Individual transfers out	851	4,497			
Company enhancements	<u>-</u>	<u>1,019</u>			
	<u>851</u>	<u>5,516</u>			
<b>6. ADMINISTRATION EXPENSES</b>	2013 £'000	2012 £'000			
PPF levy	301	286			
Miscellaneous expenses (net)	<u>1</u>	<u>2</u>			
	<u>302</u>	<u>288</u>			
<b>7. INVESTMENT INCOME</b>	2013 £'000	2012 £'000			
Income from index linked securities	1,335	1,135			
Income from pooled investment vehicles	1,389	1,500			
Interest on cash deposits	<u>153</u>	<u>160</u>			
	<u>2,877</u>	<u>2,795</u>			
<b>8. INVESTMENTS</b>	Value at 31.03.2012 £'000	Purchases at cost and derivative payments £'000	Sales proceeds and derivative receipts £'000	Change in market value £'000	Value at 31.03.2013 £'000
Index linked securities	85,126	27,226	-	8,440	120,792
Pooled investment vehicles	195,870	15,745	(34,577)	11,715	188,753
Derivative contracts (net)	8,750	808	(2,419)	23,439	30,578
AVC investments	<u>3,913</u>	<u>149</u>	<u>(474)</u>	<u>83</u>	<u>3,671</u>
	293,659	<u>43,928</u>	<u>(37,470)</u>	<u>43,677</u>	343,794
Cash deposits	1,056				2,203
Cash in transit	577				-
Other investment balances	<u>328</u>				<u>442</u>
	<u>295,620</u>				<u>346,439</u>
Investment assets	317,848				388,529
Investment liabilities	<u>(22,228)</u>				<u>(42,090)</u>
	<u>295,620</u>				<u>346,439</u>

# COMET PENSION SCHEME

## NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 March 2013

### 8. INVESTMENTS (continued)

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year and investment managers' fees.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. In addition to the transaction costs, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Scheme.

The companies managing the pooled investment vehicles are registered in the United Kingdom.

<b>Index-Linked Securities</b>		2013 £'000	2012 £'000	
UK Government - quoted		<u>120,792</u>	<u>85,126</u>	
<b>Pooled Investment Vehicles</b>		2013 £'000	2012 £'000	
Other managed funds		<u>188,753</u>	<u>195,870</u>	
<b>Derivative Contracts</b>	2013 Asset £'000	2013 Liability £'000	2012 Asset £'000	2012 Liability £'000
Options	20,578	(12,614)	3,167	-
Swaps	<u>52,090</u>	<u>(29,476)</u>	<u>27,811</u>	<u>(22,228)</u>
	<u>72,668</u>	<u>(42,090)</u>	<u>30,978</u>	<u>(22,228)</u>
Net asset	<u>30,578</u>		<u>8,750</u>	
<b>Options</b>			2013 Asset £'000	2013 Liability £'000
Type	Expiration			
UK FTSE exchange traded	2013		4,353	-
S&P exchange traded	2014		14,623	12,614
UK FTSE exchange traded	2016		<u>1,602</u>	<u>-</u>
			<u>20,578</u>	<u>12,614</u>

## COMET PENSION SCHEME

### NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 March 2013

#### 8. INVESTMENTS (continued)

##### Swaps

Type of contract	Expiration	Nature of swap	Notional Principal £'000	2013 Asset £'000	2013 Liability £'000
Interest rate (OTC)	5 to 48 years	Receive fixed for floating	196,400	46,788	-
Interest rate (OTC)	3 to 28 years	Pay fixed for floating	98,240	-	19,939
Inflation (OTC)	3 to 48 years	Pay fixed for RPI	187,700	5,302	7,593
Inflation (OTC)	3 to 43 years	Receive fixed for RPI	46,400	-	1,944
				<u>52,090</u>	<u>29,476</u>

At the year end the Scheme's custodian held £27,508,971 (2012: £7,122,870) of collateral belonging to the counterparty in respect of the outstanding Options and Swaps values. This collateral is not reported within the Scheme's net assets.

Derivative receipts and payments represent the realised gains and losses on futures contracts. The Scheme's objective is to decrease risk in the portfolio by entering into futures positions to match assets that are already held in the portfolio without disturbing the underlying assets.

##### Objectives and policies

**Options** - are valued at their mark to market value. If a quoted market price is not available on a recognised exchange the fair value is calculated using pricing models such as Black-Scholes, where inputs are based on market data at the year end date.

**Swaps** – the Trustee's aim is to match as far as possible the fixed income portfolio and the Scheme's long term liabilities, in particular in relation to their sensitivities to interest rate and inflation rate movements. Due to the lack of available long dated bonds the Trustee has entered interest rate and inflation rate swaps that extend the duration of the fixed income portfolio to better match the long term liabilities of the Scheme.

<b>Cash deposits</b>	2013 £'000	2012 £'000
Sterling	<u>2,203</u>	<u>1,056</u>
<b>Other investment balances</b>	2013 £'000	2012 £'000
Dividends and interest receivable	<u>442</u>	<u>328</u>

# COMET PENSION SCHEME

## NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 March 2013

### 8. INVESTMENTS (continued)

#### AVC Investments

The Trustee holds assets invested separately from the main fund in the form of individual building society accounts and insurance policies securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement made up to the year end confirming contributions paid and the value of their fund. The aggregate amounts of AVC investments are as follows:

	2013 £'000	2012 £'000
<b>AVCs</b>		
Standard Life	671	612
Santander (formerly Abbey)	14	14
Prudential Assurance	<u>2,986</u>	<u>3,287</u>
	<u>3,671</u>	<u>3,913</u>

### 9. CONCENTRATION OF INVESTMENTS

The following investments represented over 5% of the net assets of the Scheme:

	2013		2012	
	£'000	%	£'000	%
PIMCO Diversified Income Fund	32,528	9.3	29,215	9.8
Barings Dynamic Asset Allocation	118,119	33.9	100,099	33.7
Legg Mason Global Multi Strategy	31,739	9.1	29,265	9.9

### 10. CURRENT ASSETS

	2013 £'000	2012 £'000
Contributions receivable - employer	833	833
Bank balance	<u>1,248</u>	<u>957</u>
	<u>2,081</u>	<u>1,790</u>

All contributions receivable relate to the month of March 2013 and were paid in full to the Scheme within the timescale required by the Schedule of Contributions currently in force.

### 11. CURRENT LIABILITIES

	2013 £'000	2012 £'000
Unpaid benefits	34	132
Tax payable	61	67
Administration expenses	<u>67</u>	<u>56</u>
	<u>162</u>	<u>255</u>



## **COMET PENSION SCHEME**

### **NOTES TO THE ACCOUNTS (Continued)**

For the year ended 31 March 2013

#### **12. RELATED PARTIES**

Benefit payments to a Trustee Director, I R M Edwards, are included within pension payments. The amount of these benefits is calculated on the same basis as pensions to other members of the Scheme in accordance with the Trust Deed and Rules.

# COMET PENSION SCHEME

## COMPLIANCE STATEMENT

### *Constitution*

The Comet Pension Scheme is an occupational pension scheme operated by Kesa Electricals plc. The Scheme is quite separate from Kesa and it operates under Trust Law. Kesa Electricals plc changed its name to Darty plc on 31 July 2012.

### *Taxation Status*

The Scheme is a registered pension scheme within the meaning of Section 153 of the Finance Act 2004.

### *Contracting Out*

Members of the Scheme were contracted-out of the earnings-related element of the State Second Pension Scheme until the Scheme closed to accrual in 2007.

### *Pensions*

All pensions in payment were increased in accordance with the Rules of the Scheme. Statutory increases are applied to GMP earned after 5 April 1988. The remainder of a member's pension in payment increases in line with the cost of living, up to a maximum of 5% (if accrued before 6 April 2005) or 2.5% (if accrued on or after this date). On 1 April 2013 the increases applied were as follows:

GMP accrued before 6 April 1988:	Nil
GMP accrued after 5 April 1988:	2.2%
Pension above GMP accrued before 6 April 2005:	3.1%
Pension accrued after 5 April 2005:	2.5%

Deferred pensions in excess of the GMP are increased annually in line with the cost of living, up to a maximum of 5%.

There were no discretionary increases made during the year.

### *Transfer Values*

Cash equivalents (transfer values to other approved pension arrangements) payable are calculated and verified as prescribed by Section 97 of the Pension Schemes Act 1993. No discretionary benefits are included.

With effect from 1 October 2008, following publication of amending regulations and guidance from the Pensions Regulator, the Trustee became responsible for setting the actuarial assumptions (having taken actuarial advice) to be used to calculate transfer values.

The actuarial valuation of the Scheme was completed as at 31 March 2010 following which the level of cash equivalent transfer values (CETVs) was reviewed, and it was decided to stop the reduction of CETVs.

The Trustee confirms that having received actuarial advice, all transfer values are calculated and verified in accordance with the statutory cash equivalent requirements of the Pension Schemes Act 1993. The transfer calculation basis meets the legal requirements of the Act and makes no allowance for any discretionary benefits which might be payable under the Scheme.

## COMET PENSION SCHEME

### COMPLIANCE STATEMENT (Continued)

#### *Employer Related Investments*

There are no employer related investments within the Scheme above the limits permitted under the Pensions Act 1995.

#### *TPAS and Pensions Ombudsman*

All enquiries about the Scheme and individual benefit entitlements should be addressed to the Scheme Trustee c/o Punter Southall, Tempus Court, Onslow Street, Guildford, Surrey GU1 4SS.

If a member has a complaint against the Scheme that has not been resolved to his or her satisfaction through the Scheme's Dispute Procedure, The Pensions Advisory Service (TPAS), an independent voluntary organisation, may be able to offer advice. TPAS are also able to help with general pensions queries. The name of the local TPAS adviser can be obtained from any local Citizens Advice Bureau. If the complaint is not satisfactorily resolved, the government appointed Pensions Ombudsman can investigate complaints of injustice caused by bad administration, either by the Trustee or Scheme administrators, or disputes of fact or law. Both TPAS and the Pensions Ombudsman can be contacted at:

11 Belgrave Road  
London SW1V 1RB

The Pensions Regulator can intervene if he considers that a Scheme's Trustees, advisers, or the employer are not carrying out their duties correctly. The address for the Pensions Regulator is:

Napier House  
Trafalgar Place  
Brighton BN1 4DW

#### *The Pension Scheme Registry*

The Scheme is registered with the Pension Schemes Registry which is part of the Pension Regulator's office. The registration number is 10269876. The data held by the Registry is used by the Pension Tracing Service to assist former members of schemes to trace their scheme benefits. The Pension Tracing Service can be contacted at:

Pension Tracing Service  
The Pensions Service  
Tyneview Park  
Whitley Road  
Newcastle upon Tyne NE98 1BA

Tel: 0845 6002 537