

COMET PENSION SCHEME

Report and Accounts for the year ended 31 March 2014

Scheme Registration No: 10269876



Punter Southall
CONSULTING ACTUARIES

Albion, Fishponds Road, Wokingham, Berkshire RG41 2QE

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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TRUSTEE AND ITS ADVISERS

Trustee : Comet Trustee Company Limited

Trustee Directors : Ian Edwards * (Chairman)
Simon Enoch
Victoria Milford *
Richard Annett (Resigned 13 December 2013)
James Arnold
Jon Herzberg
Helen Charlesworth * (Appointed 22 May 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
Pannell House
Park Street
Guildford
Surrey GU1 4HN

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

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

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

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TRUSTEE AND ITS ADVISERS (Continued)

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
Albion
Fishponds Road
Wokingham
Berkshire RG41 2QE

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

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TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2014

The Trustee presents to the members its annual report and accounts for the year ended 31 March 2014.

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, Jon Herzberg ceased to be eligible as the deferred Member Nominated Trustee when he elected to draw his pension. The Company was happy to appoint him as its representative.

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.

The Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid.

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The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether the contributions are made to the Scheme by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

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:- | 2014 | 2013 |
| Deferred pensioners | 3,603 | 3,720 |
| Pensioners | 1,626 | 1,541 |

Financial development of the Scheme

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

| | |
|--|----------------|
| | £'000s |
| Net assets at 31 March 2013 | 348,358 |
| Net additions from dealings with members | 825 |
| Net returns on investments | (5,966) |
| Net assets at 31 March 2014 | <u>343,217</u> |

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

Summary of the contributions paid in the year

During the year, the contributions paid to the Scheme by the employer under the Schedule of Contributions were as follows:

| | |
|--|---------------|
| | £'000s |
| Deficit funding contributions | 6,100 |
| PPF levy contributions | 321 |
| Mitigation contributions | <u>3,900</u> |
| Total contributions paid | <u>10,321</u> |
| Reconciliation to accounts: | |
| Contributions paid under Schedule of Contributions | <u>10,321</u> |

Benefit/Scheme Changes

There were no changes to the Scheme or the benefits provided in the year to 31 March 2014.

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 2013. 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 2014 Summary Funding Statement is shown on pages 12 to 14 of the report.

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The 2013 actuarial valuation showed that the assets of the Scheme were sufficient to cover 83% of the liabilities on the assumptions used. Following the actuarial valuation as at 31 March 2013, a new "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 2015, followed by contributions on £10m per annum until 31 May 2019. In addition to these lump sum payments, Darty plc will continue to make mitigation payments following the sale of Comet out of the Kesa group of £3.9m per annum until 31 March 2015. On 31 July 2012 Kesa Electricals plc was renamed Darty plc.

The annual review of the funding position as at 31 March 2014 showed a funding position of 86%. The next actuarial valuation of the Scheme is due as at 31 March 2016.

Investment Report for the year ended 31 March 2014

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:

- To ensure that sufficient assets are available to pay out members' current and future benefits as and when they arise.
- 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.

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.

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Investment Performance

During the year to 31 March 2014, the Scheme's investment strategy returned a negative 1.8%, but which outperformed the Liability Benchmark Objective by 3.2%.

Over the 3 years to 31 March 2014 the annualised return was 10.3% versus a target of 6.9%.

Over 5 years, the 13.4% annualised return is ahead of the Scheme target of 6.1% due to the positive steps taken to control asset and liability risk over a period of volatile markets.

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 2014.

| Asset Class | Manager | 12 months to 31 March 2014 | | 3 years (p.a.) to 31 March 2014 | |
|-------------------------------------|-------------------------|-------------------------------|-----------|------------------------------------|-----------|
| | | Fund | Benchmark | Fund | Benchmark |
| Off-Risk Assets | | | | | |
| UK Gilts | P-Solve ¹ | -4.4 | -4.4 | 5.9 | 5.9 |
| On-Risk Assets | | | | | |
| US structured equity (EDOS3) | P-Solve ² | -7.2 | 6.6 | 2.4 | 6.6 |
| UK structured equity (EDOS4) | P-Solve ³ | 1.2 | 7.8 | 9.9 | 8.0 |
| UK structured equity (EDOS5) | P-Solve ⁴ | 2.8 | 7.1 | 2.8 | 7.1 |
| Cash | LGIM | 0.5 | 0.5 | 0.5 | 0.6 |
| Dynamic Asset Allocation | Barings | 1.7 | 4.5 | 4.7 | 4.8 |
| Active global bonds | PIMCO | 1.4 | 3.7 | 6.7 | 8.4 |
| Insurance linked | Leadenhall ⁵ | 10.0 | 7.4 | 10.0 | 7.4 |
| Total Fund Return (including swaps) | All ⁶ | -1.8 | -5.0 | 10.3 | 6.9 |

1. Matching Fund return from 1 January 2009 and includes a small contribution from the LGIM Cash fund. Note the asset class performance numbers exclude the performance of the swaps. However, the swap performance is included in the Total Fund Return.
2. Return from 29 August 2012
3. Return from 11 January 2013
4. Return from 18 April 2013
5. Return from 1 May 2013
6. The benchmark return is taken to be the return of the Liability Benchmark Objective

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

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Market Review

The 12-month period to 31 March 2014 was characterised by positive performance from most developed market equities, whilst many other asset classes suffered. European equities were the standout performer of the major developed markets, producing returns of 15.7% in sterling terms. This was in part a reversal of some of the negative sentiment Europe experienced following the 2011 sovereign debt crisis, and the lower starting point for these equities relative to other markets. The UK and US delivered returns of 8.8% and 11.3% in sterling terms respectively, with both markets benefitting from an improved economic environment and continued monetary support. In local terms, emerging markets were up 4%, but depreciating emerging currencies meant in sterling terms, performance was -10.8%. Commodities also had a poor year, down 7.7% in sterling terms. Gold prices were down 19.7% in dollar terms, as investors continued to move away from gold as a safe haven asset.

Credit markets suffered particularly in June 2013, when interest rates jumped and credit spreads widened simultaneously, creating the perfect storm for bond investors. This followed the announcement by Ben Bernanke, Chairman of the Federal Reserve ("the US Fed"), that the US Fed may begin to slow, or "taper", its quantitative easing program. Markets were shaken by the mere discussion of "tapering", highlighting the scale of investors' reliance on quantitative easing; emerging market equities and riskier credit, particularly emerging market debt, suffered most during this period of increased volatility. In contrast to previous sell-offs in return-seeking assets, June's correction was not defined by the usual "flight to safety"; the possibility that the US Fed may look to slow quantitative easing and possibly raise interest rates in time pushed government bond yields up in most developed economies.

Return seeking assets experienced a strong rebound in the third quarter of 2013. Poor performance in August did little to affect the gains made throughout the rest of the period, as improving economic fundamentals and additional central bank rhetoric once again boosted investor sentiment. Most major equity and riskier credit markets performed well over the quarter, albeit with bouts of volatility which were primarily as a result of the uncertainty surrounding future US monetary policy and the implications on future interest rates.

The fourth quarter of 2013 ended positively, as another strong period for return seeking assets. After signs of economic strength in the US economy and unemployment falling below 7% in November, the Fed reduced the level of monthly asset purchases, therefore slowly withdrawing monetary support. Equity markets took this news well, producing strong returns in developed markets, although emerging markets continued to lag. With improved investor sentiment, interest rates rose, with rates ending the quarter materially higher than the start.

The first quarter of 2014 saw global developed equity markets broadly flat however in March, the S&P 500 Index hit record highs, despite a downward revision of fourth quarter GDP. Despite weaker macroeconomic data from China and ongoing tensions between Ukraine and Russia, broad emerging markets outperformed developed markets in March. Riskier credit markets continued their strong start to the year, with global high yield corporate credit producing its seventh consecutive month of positive returns.

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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).

The liability hedge is made up of a series of interest rate and inflation swap contracts together with a portfolio of inflation linked government bonds (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 are invested in a diversified portfolio of assets aimed at generating return whilst maintaining an acceptable level of risk in accordance with the Scheme objectives. Within this overall allocation the Trustee allocates to structured equity, which is the other hedging element of the investment strategy. The UK & US Equity structured solutions provide downside protection and diversified equity return profiles. EDOS 4 & EDOS 5 provide protection against falls in the FTSE100 from the point of investment and perform best in upward trending equity markets; although part of the gain above certain market levels is sold to pay for the downside protection. 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.

As at 31 March 2014, the investment allocation strategy being followed by the Trustee was as follows:

| Asset Class | % | Manager | Benchmark |
|--|--------------|------------|--|
| On-risk assets | 85.0 | | |
| UK structured equity including collateral (EDOS 3) | 11.0 | 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 |
| UK structured equity including collateral (EDOS 5) | 12.5 | P-Solve | 7.00% p.a. in excess of the compounded 6 month Sterling LIBOR return |
| Dynamic Asset Allocation | 39.0 | Barings | 3 Month Sterling Libor |
| Active global investment grade bonds | 10.0 | PIMCO | Composite of three credit indices (GBP Hedged) |
| Insurance linked | 5.0 | Leadenhall | US 3-month T-bills |
| Off-risk assets | 15.0 | | |
| Index-linked gilts | 15.0 | P-Solve | n/a |
| Total | 100.0 | | |

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

- The Trustee disinvested from the Legg Mason Global Multi Strategy Fund given the outlook for credit markets and desire to crystallise the strong performance to date.
- The Trustee unwound the remaining allocation to the EDOS 2 structured equity solution to crystallise the profits. The proceeds were invested, along with a proportion of the Legg Mason proceeds, in a new structured equity solution EDOS 5.
- The remaining proceeds of the Legg Mason disinvestment were used to introduce an allocation to insurance linked investments with Leadenhall. Insurance linked investments offer an attractive return profile whilst also providing diversification as the asset class return characteristics are different from the Scheme's other investments.

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 appointed KAS Bank.

Statement of Investment Principles

A Statement of Investment Principles has been produced as required under Section 35 of the Pensions Act 1995 and a copy is available on request. All investments made during the year were in accordance with this Statement.

The Trustee periodically reviews its investment managers' policies with regard to the exercising of voting rights attached to investments. The Trustee may request the investment managers to exercise these rights in a certain manner, subject to the Trustee acting in the best financial interest of the Scheme's beneficiaries. Where the Scheme's assets are held in pooled investments, the Trustee accepts that it is the manager of the pooled investments who exercises the voting rights attached to the underlying investments on behalf of all participants in the pooled funds.

The Trustee may make its views known to their investment managers on social, environmental and ethical factors and may ask them not to hold certain investments but any request will have regard to the Trustee's duty to act in the best financial interest of the Scheme's beneficiaries. The Trustee accepts that the policy on social, environmental and ethical factors is set by the fund manager in respect of the pooled investments held.

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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:

| | Fees £ |
|---------------------------|-----------|
| Year ending 31 March 2011 | 1,079,094 |
| Year ending 31 March 2012 | 983,628 |
| Year ending 31 March 2013 | 1,154,000 |
| Year ending 31 March 2014 | 1,316,000 |

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, Albion, Fishponds Road, Wokingham, Berkshire RG41 2QE. Further information can also be obtained from the Comet Pension Scheme website: www.comet-pensions.co.uk.

By Order of the Trustee

Ian Edwards

Simon Enoch

Director

~~~~~ 3rd October 2014

# COMET PENSION SCHEME

## 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.

|                                   | 31 March 2013<br>£thousands | 31 March 2014<br>£thousands |
|-----------------------------------|-----------------------------|-----------------------------|
| 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.

# COMET PENSION SCHEME

## 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     |
|--------------------------------------------|--------|
| Past service shortfall as at 31 March 2013 | (72.5) |
| • Interest on deficit                      | (1.3)  |
| • Change in market conditions              | 5.9    |
| • Contributions received                   | 10.0   |
| • Other factors                            | 3.7    |
| Past service shortfall as at 31 March 2014 | (54.2) |

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% |
| Other investments             | 45.0% |

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 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 the Comet Pension Scheme, Punter Southall, Albion, Fishponds Road, Wokingham, Berkshire RG41 2QE. 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 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.



# 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 2013 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the statement of funding principles dated 20 March 2014.

Steve Leake

Steve Leake  
Fellow of the Institute and Faculty of Actuaries

Scheme Actuary

Punter Southall Limited  
Tempus Court  
Onslow Street  
Guildford  
Surrey  
GU1 4SS

21 May 2014

# COMET PENSION SCHEME

## ACTUARY'S CERTIFICATE OF 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 could have been expected, at 31 March 2013, to be met by the end of the period specified in the recovery plan dated 20 March 2014.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 20 March 2014.

The 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.

Signature: Steve Leake

Date: 20 March 2014

Name: Steve Leake

Qualification: Fellow of the Institute of Actuaries

Punter Southall Limited  
Tempus Court  
Onslow Street  
Guildford  
Surrey  
GU1 4SS

20 March 2014

# COMET PENSION SCHEME

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

We have audited the financial statements of Comet Pension Scheme for the year ended 31 March 2014 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 set out on pages 4 and 5, the Scheme's Trustee is responsible for the preparation of financial statements which show 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 Financial Reporting Council's (FRC) 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 FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.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 2014, 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  
Guildford  
United Kingdom

Date *3 October 2014*

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



# COMET PENSION SCHEME

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

We have examined the Summary of Contributions to Comet Pension Scheme for the Scheme year ended 31 March 2014 which is set out on page 5.

This statement 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 statement 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 audit 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 pages 4 and 5, 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 2014 totalling £10,321,000 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  
Guildford  
United Kingdom

Date 3 October 2014

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 2014

|                                                         | Note | 2014<br>£'000s        | 2013<br>£'000s        |
|---------------------------------------------------------|------|-----------------------|-----------------------|
| <b>CONTRIBUTIONS AND BENEFITS</b>                       |      |                       |                       |
| Contributions                                           | 3    | <u>10,321</u>         | <u>13,951</u>         |
| Benefits                                                | 4    | 7,743                 | 7,808                 |
| Payments to and on account of leavers                   | 5    | 1,431                 | 851                   |
| Administration expenses                                 | 6    | <u>322</u>            | <u>302</u>            |
|                                                         |      | <u>9,496</u>          | <u>8,961</u>          |
| <b>NET ADDITIONS FROM DEALINGS WITH MEMBERS</b>         |      | <u>825</u>            | <u>4,990</u>          |
| <b>RETURNS ON INVESTMENTS</b>                           |      |                       |                       |
| Investment income                                       | 7    | 2,273                 | 2,877                 |
| Change in market value of investments                   | 8    | (7,851)               | 43,677                |
| Investment management expenses                          |      | <u>(388)</u>          | <u>(341)</u>          |
| <b>NET RETURNS ON INVESTMENTS</b>                       |      | <u>(5,966)</u>        | <u>46,213</u>         |
| <b>NET (DECREASE)/INCREASE IN THE FUND FOR THE YEAR</b> |      | (5,141)               | 51,203                |
| <b>NET ASSETS AT 31 MARCH</b>                           |      | <u>348,358</u>        | <u>297,155</u>        |
| <b>NET ASSETS AT 31 MARCH</b>                           |      | <u><u>343,217</u></u> | <u><u>348,358</u></u> |

The notes on pages 21 to 26 form an integral part of these accounts.

# COMET PENSION SCHEME

## NET ASSETS STATEMENT

At 31 March 2014

|                               | Note | 2014<br>£'000s | 2013<br>£'000s |
|-------------------------------|------|----------------|----------------|
| Investment assets             | 8    | 375,391        | 388,529        |
| Investment liabilities        | 8    | (34,069)       | (42,090)       |
| Current assets                | 10   | 2,106          | 2,081          |
| Current liabilities           | 11   | (211)          | (162)          |
| <b>NET ASSETS AT 31 MARCH</b> |      | <b>343,217</b> | <b>348,358</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 21 to 26 form an integral part of these accounts.

These accounts were approved by the Trustee on 3rd October 2014

Signed on behalf of the Trustee

Ian Edwards

Simon Enoch

# COMET PENSION SCHEME

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2014

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

Employer other 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.

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.



# COMET PENSION SCHEME

## NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 March 2014

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

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           | 2014<br>£'000s | 2013<br>£'000s |
|----------------------------|----------------|----------------|
| Employer - deficit funding | 6,100          | 6,100          |
| - additional               | 321            | 301            |
| - mitigation payments      | 3,900          | 7,550          |
|                            | <u>10,321</u>  | <u>13,951</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                          | 2014<br>£'000s | 2013<br>£'000s |
|--------------------------------------|----------------|----------------|
| Pensions                             | 6,127          | 5,624          |
| Commutations and retirement benefits | 1,557          | 2,152          |
| Refunds of contributions on death    | 16             | -              |
| Purchase of annuities                | 43             | 32             |
|                                      | <u>7,743</u>   | <u>7,808</u>   |

  

| 5. PAYMENTS TO AND ON ACCOUNT OF LEAVERS | 2014<br>£'000s | 2013<br>£'000s |
|------------------------------------------|----------------|----------------|
| Individual transfers out                 | <u>1,431</u>   | <u>851</u>     |

# COMET PENSION SCHEME

## NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 March 2014

|                                        |                |               |                 |                 |                 |
|----------------------------------------|----------------|---------------|-----------------|-----------------|-----------------|
| <b>6. ADMINISTRATIVE EXPENSES</b>      |                |               |                 |                 |                 |
|                                        |                | 2014          |                 | 2013            |                 |
|                                        |                | £'000s        |                 | £'000s          |                 |
| Miscellaneous expenses                 |                | 1             |                 | 1               |                 |
| PPF levy                               |                | 321           |                 | 301             |                 |
|                                        |                | <u>322</u>    |                 | <u>302</u>      |                 |
| <b>7. INVESTMENT INCOME</b>            |                |               |                 |                 |                 |
|                                        |                | 2014          |                 | 2013            |                 |
|                                        |                | £'000s        |                 | £'000s          |                 |
| Income from index-linked securities    |                | 1,525         |                 | 1,335           |                 |
| Income from pooled investment vehicles |                | 582           |                 | 1,389           |                 |
| Interest on cash deposits              |                | 166           |                 | 153             |                 |
|                                        |                | <u>2,273</u>  |                 | <u>2,877</u>    |                 |
| <b>8. INVESTMENTS</b>                  |                |               |                 |                 |                 |
|                                        | Value at       | Purchases at  | Sales           | Change in       | Value at        |
|                                        | 31.3.2013      | cost &        | proceeds &      | market          | 31.3.2014       |
|                                        |                | derivative    | proceeds &      | value           |                 |
|                                        | £'000s         | payments      | receipts        | £'000s          | £'000s          |
| Index linked securities                | 120,792        | 13,302        | -               | (6,849)         | 127,245         |
| Pooled investment vehicles             | 188,753        | 30,982        | (38,185)        | 2,450           | 184,000         |
| Derivative contracts                   | 30,578         | 3,033         | (5,011)         | (3,488)         | 25,112          |
| AVC investments                        | 3,671          | 163           | (406)           | 45              | 3,473           |
|                                        | <u>343,794</u> | <u>47,480</u> | <u>(43,602)</u> | <u>(7,842)</u>  | <u>339,830</u>  |
| Cash deposits                          | 2,203          |               |                 | (9)             | 641             |
| Cash in transit                        | -              |               |                 | -               | 400             |
| Other investment balances              | <u>442</u>     |               |                 | -               | <u>451</u>      |
|                                        | <u>346,439</u> |               |                 | <u>(7,851)</u>  | <u>341,322</u>  |
|                                        |                |               |                 |                 |                 |
|                                        |                |               |                 | 2014            | 2013            |
|                                        |                |               |                 | £'000s          | £'000s          |
| Investment assets                      |                |               |                 | 375,391         | 388,529         |
| Investment liabilities                 |                |               |                 | <u>(34,069)</u> | <u>(42,090)</u> |
|                                        |                |               |                 | <u>341,322</u>  | <u>346,439</u>  |

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.

# COMET PENSION SCHEME

## NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 March 2014

### 8. INVESTMENTS (Continued)

| Index linked securities | 2014<br>£'000s | 2013<br>£'000s |
|-------------------------|----------------|----------------|
| UK Government - quoted  | <u>127,245</u> | <u>120,792</u> |

| Pooled investment vehicles | 2014<br>£'000s | 2013<br>£'000s |
|----------------------------|----------------|----------------|
| Other managed funds        | <u>184,000</u> | <u>188,753</u> |

| Derivative Contracts               | 2014<br>Asset<br>£'000s | 2014<br>Liability<br>£'000s | 2013<br>Asset<br>£'000s | 2013<br>Liability<br>£'000s |
|------------------------------------|-------------------------|-----------------------------|-------------------------|-----------------------------|
| Forward foreign exchange contracts | 63                      | -                           | -                       | -                           |
| Options                            | 28,851                  | (22,091)                    | 20,578                  | (12,614)                    |
| Swaps                              | <u>30,267</u>           | <u>(11,978)</u>             | <u>52,090</u>           | <u>(29,476)</u>             |
|                                    | <u>59,181</u>           | <u>(34,069)</u>             | <u>72,668</u>           | <u>(42,090)</u>             |
| Net asset                          | <u>25,112</u>           |                             | <u>30,578</u>           |                             |

#### Forward Foreign Exchange Contracts

| Contract    | Settlement Date | Currency Bought | Currency Sold | Asset<br>£'000s | Liability<br>£ |
|-------------|-----------------|-----------------|---------------|-----------------|----------------|
| Forward OTC | 18 June 2014    | £20,774,915     | \$34,550,000  | <u>63</u>       | <u>-</u>       |

| Options                 | 2014<br>Asset<br>£'000s | 2014<br>Liability<br>£'000s |
|-------------------------|-------------------------|-----------------------------|
| Type                    | Expiration              |                             |
| S&P exchange traded     | 2014                    | 22,975                      |
| UK FTSE exchange traded | 2015                    | 2,909                       |
| UK FTSE exchange traded | 2016                    | <u>2,967</u>                |
|                         | <u>28,851</u>           | <u>22,091</u>               |

#### Swaps

| Type of contract    | Expiration     | Nature of swap         | Notional<br>Principal<br>£'000s | 2014<br>Asset<br>£'000s | 2014<br>Liability<br>£'000s |
|---------------------|----------------|------------------------|---------------------------------|-------------------------|-----------------------------|
| Interest rate (OTC) | 27 to 39 years | Pay fixed for floating | 10,827                          | 12                      | 1,801                       |
| Interest rate (OTC) | 4 to 49 years  | Pay floating for fixed | 176,671                         | 29,502                  | -                           |
| Inflation (OTC)     | 5 to 47 years  | Pay fixed for floating | 141,827                         | 722                     | 10,112                      |
| Inflation (OTC)     | 22 to 49 years | Pay floating for fixed | 21,516                          | <u>31</u>               | <u>65</u>                   |
|                     |                |                        |                                 | <u>30,267</u>           | <u>11,978</u>               |

At the year end the Scheme's custodian held £23,807,344 (2013: £27,508,971) 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.

# COMET PENSION SCHEME

## NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 March 2014

### 8. INVESTMENTS (Continued)

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

**Forward Foreign Exchange Contracts** - The Scheme entered into forward contracts to hedge currency exposure in the assets that are dominated in a foreign currency. This ensures that when exchange rates move, these assets will increase/decrease in value but the future contracts will move the opposite way so overall the exposure to currency movements is reduced. At any point in time, these exposures will be positive or negative, depending on whether the actual currency rate is above or below the hedged rate. When the exposure is positive it is shown as an asset, and when it is negative it is a liability.

**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.

#### 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:

|                                   | 2014<br>£'000s | 2013<br>£'000s |
|-----------------------------------|----------------|----------------|
| Standard Life                     | 674            | 671            |
| Santander (formerly Abbey)        | 14             | 14             |
| Prudential Assurance              | 2,785          | 2,986          |
|                                   | <u>3,473</u>   | <u>3,671</u>   |
| <b>Cash deposits</b>              | 2014<br>£'000s | 2013<br>£'000s |
| Sterling                          | <u>641</u>     | <u>2,203</u>   |
| <b>Other investment balances</b>  | 2014<br>£'000s | 2013<br>£'000s |
| Dividends and interest receivable | <u>451</u>     | <u>442</u>     |

# COMET PENSION SCHEME

## NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 March 2014

### 9. CONCENTRATION OF INVESTMENTS

Except for Government securities, the following investments represented over 5% of the net assets of the Scheme:

|                                   | 2014    |      | 2013    |      |
|-----------------------------------|---------|------|---------|------|
|                                   | £'000s  | %    | £'000s  | %    |
| PIMCO Diversified Income Fund     | 32,976  | 9.6  | 32,528  | 9.3  |
| Barings Dynamic Asset Allocation  | 128,668 | 37.5 | 118,119 | 33.9 |
| Legg Mason Global Multi Strategy  | -       | -    | 31,739  | 9.1  |
| Leadenhall Value Insurance Linked | 21,120  | 6.2  | -       | -    |

### 10. CURRENT ASSETS

|                                     | 2014         | 2013         |
|-------------------------------------|--------------|--------------|
|                                     | £'000s       | £'000s       |
| Contributions receivable - employer | 833          | 833          |
| Bank balance                        | 1,273        | 1,248        |
|                                     | <u>2,106</u> | <u>2,081</u> |

All contributions receivable relate to the month of March 2014 and were paid in full to the Scheme within the timescale required by the Schedule of Contributions currently in force.

### 11. CURRENT LIABILITIES

|                  | 2014       | 2013       |
|------------------|------------|------------|
|                  | £'000s     | £'000s     |
| Unpaid benefits  | 53         | 34         |
| Tax payable      | 65         | 61         |
| Accrued expenses | 93         | 67         |
|                  | <u>211</u> | <u>162</u> |

### 12. RELATED PARTIES

Benefit payments to Trustee Directors, I R M Edwards and J Herzberg , 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 2014 the increases applied were as follows:

|                                                |      |
|------------------------------------------------|------|
| GMP accrued before 6 April 1988:               | Nil  |
| GMP accrued after 5 April 1988:                | 2.7% |
| Pension above GMP accrued before 6 April 2005: | 2.7% |
| 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, Albion, Fishponds Road, Wokingham, Berkshire RG41 2QE.

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 Belgrade 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 Scheme Registry which is part of the Pensions 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 Pension Service  
Tyneview Park  
Whitley Road  
Newcastle upon Tyne NE98 1BA

Tel: 0845 6002 537