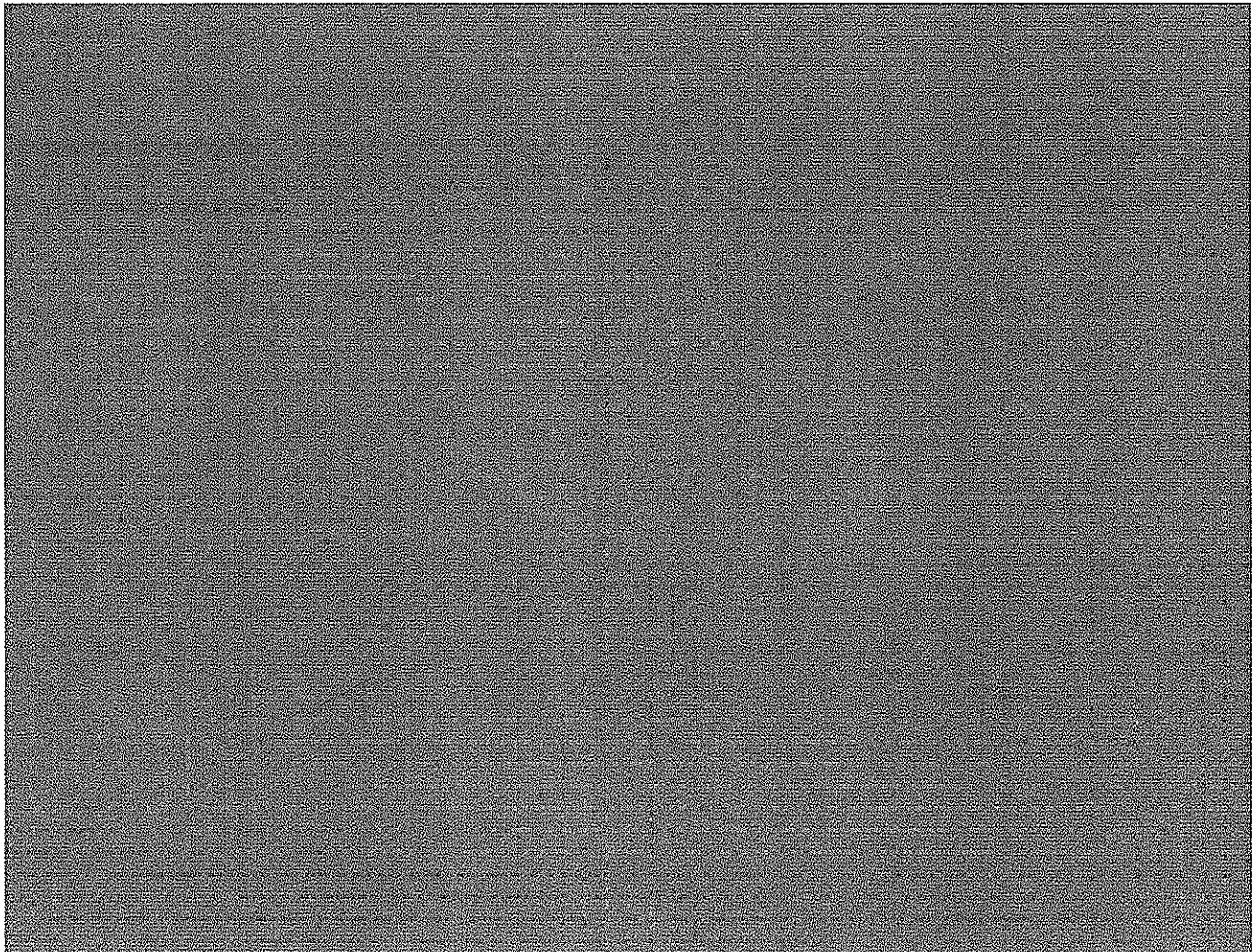


Comet Pension Scheme

Report and Financial Accounts

Year ended 31 March 2007

Registrar of Occupational and Personal Pension Schemes Registration Number 1/269876



Comet Pension Scheme

Contents

	Page
Trustee advisers	2
Trustee's report	3 - 14
Statement of Trustee's responsibilities	15
Investment report	16 - 17
Summary of contributions	18
Statement about contributions	19
Independent Auditors' report to the Trustee	20 - 21
Fund account	22
Net assets statement	23
Notes to the financial statements	24 - 30
Actuarial statements	31 - 32
Compliance statement	33 - 34

Comet Pension Scheme

TRUSTEES AND THEIR ADVISERS Year ended 31 March 2007

Administrative details

Scheme Actuary

Steve Leake, Punter Southall Ltd, Tempus Court, Onslow Street, Guildford, Surrey, GU1 4SS

Solicitors

Eversheds LLP, Eversheds House, 70 Great Bridgewater Street, Manchester, M1 5ES

Auditors

KPMG LLP, One Canada Square, London, E14 5AG

Scheme Administrators

MNPA Limited, Station Road, Leatherhead House, Leatherhead, Surrey, KT22 7ET

Medical Adviser

Dr R Willcox, InterHealth Limited, 157 Waterloo Road, London, SE1 8US

Group Risk Benefit and Financial Services Consultants

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

Insurer (for Death-In-Service benefits)

Norwich Union, 2 Rougier Street, York, YO91UU

AVC providers

The Standard Life Assurance Company
The Prudential Assurance Company

Investment managers

Western Asset Management Limited (formerly known as Citigroup)
UBS Global Asset Management Limited
Legal & General Investment Management Limited
Morgan Stanley Investment Management Limited
Tremont (Bermuda) Limited

Principal Employer

Comet Group plc, George House, George Street, Hull, HU1 3AU

Bankers

National Westminster Bank plc, PO Box 34, 15 Bishopsgate, London, EC2P 2AP

Contact address

Comet Pension Scheme, MNPA Limited, Station Road, Leatherhead House, Leatherhead, Surrey KT22 7ET,
phone 01372 200378, email comet.pensions@mnpa.co.uk. Further information can also be obtained from
our website www.comet-pensions.co.uk.

Comet Pension Scheme

Trustee's report Year ended 31 March 2007

Introduction

The Trustee of the Comet Pension Scheme (the 'Scheme') is pleased to present the Annual Report together with the audited Financial statements for the year ended 31 March 2007. The Scheme is a defined benefit scheme and is administered by MNPA Limited in accordance with the Scheme's Trust Deed and Rules, solely for the benefit of its Members and other beneficiaries. All Members of the Scheme are contracted-out of the State Second Pension.

The primary business of the Trustee during the year under review has been: -

- i. implementing the agreed changes to the Scheme's benefit design arising from the changes in legislation as introduced by the Finance Act 2004 and Pensions Act 2004;
- ii. making the first levy payment to the Pension Protection Fund under the risk-based formula calculation;
- iii. concluding the consultation and implementation process for the Member Nominated Trustee requirements;
- iv. continuing to develop the Scheme's investment strategy by the strategic investment of surplus cash following receipt of the monthly Member and Employer Contributions and after payment of known expenses and benefit outgoings;
- v. amending the Schedule of Contributions during March 2007 to permit the Company to accelerate the payment of the Past Service Deficit Contribution in a means other than by regular monthly contributions;
- vi. commencing the required processes in advance of the Actuarial Valuation of the Scheme as at 31 March 2007; and
- vii. negotiating with the Principal Employer on the proposed changes to Scheme design and the proposed cessation of future service defined benefit accrual with effect from 1 October 2007.

The Principal Employer

The Principal Employer of the Scheme is Comet Group plc, whose registered address is: George House, George Street, Hull, HU1 3AU.

The Scheme is provided for all eligible employees of the Principal Employer. The other Participating Employer is Kesa Electricals plc, the parent company of Comet Group plc whose employees are entitled to be Members of the Scheme provided that they satisfy the eligibility requirements of the Scheme. The Scheme has been closed to new Members since 1 April 2004. However, Paragraph 1.1 of the Trust Deed and Rules provides for the Participating Employers to instruct the Trustee to permit any colleague to join the Scheme at a future date.

Comet Pension Scheme

Trustee's report Year ended 31 March 2007

Appointment and removal of Trustee/management of the Scheme

The Scheme is managed by the Trustee, Comet Trustee Company Limited, a company whose function is to act as the Trustee of any fund or of any trust or trusts which may be established by Comet Group plc and in particular, to act as Trustee of the Scheme. The Rules, the legal document that governs the Scheme, provides for the appointment and removal of Trustee Directors. The board of the Trustee at the year-end comprised of 9 Directors. All Directors are formally appointed by the Principal Employer, but now include 3 Directors where the appointment is the consequence of the required Member Nominated Director requirements.

At the end of the year under review the Directors of Comet Trustee Company Limited were:

Company Appointed

Ian Edwards (Chairman)
Andrew Dobson (with effect from 26 June 2006)
Simon Enoch
Jon Herzberg
Victoria Moore (with effect from 9 May 2006)
Brian Venters

Member Nominated

Graham McDonald – Pensioner representative
Jeff Rowland – Head Office and Support departments representative
Paul Underwood – Operations representative

The 3 Member Nominated Directors were formally appointed with effect from 14 June 2006 for a four-year period. In accordance with the process agreed by the original Trustee Directors, Jeff Rowland and Paul Underwood will be required to resign their position as a Trustee Director should they leave the employment of any Participating Employer prior to the end of their four-year period of appointment.

During the year under review, two of the original Trustee Directors, Maria King and Gareth Rayworth, resigned as Directors. Their resignations became effective from 5 April 2006 and 19 May 2006 respectively.

Chris Parrott resigned as Company Secretary on 7 September 2007 and Wayne Phelan was appointed as Company Secretary on 9 October 2007.

Comet Pension Scheme

Trustee's report Year ended 31 March 2007

Management of the Scheme

The intention of the Trustee is to meet formally three times each year. However, a number of Sub-Committees have been established to meet on a more regular basis. The purpose of these Sub-Committees, and the primary members of each group, are as follows: -

Investment

Ian Edwards chairs the Investment Sub-Committee. All of the Directors are automatically included as members.

The Investment Sub-Committee is responsible for all aspects of the Scheme's investments, including setting the investment strategy, producing, reviewing and amending as necessary the Statement of Investment Principles, recommending the appointment of fund managers to deliver that strategy and monitoring of investment performance.

Audit

The Audit Sub-Committee is chaired by Graham McDonald and includes Brian Venters. All other Directors may choose to attend meetings of the Audit Sub-Committee if they so choose.

The Audit Sub Committee is responsible for the production of the annual Trustee Report and Financial Statements, reviewing the security and accuracy of the investment of all surplus cash payments from the Trustee Bank Account and any other adjustments to the Scheme's asset allocation, approving the Scheme's annual budget and reviewing all other aspects of the Scheme's operation as considered necessary.

Discretionary benefits

The Discretionary Benefits Sub Committee is chaired by Brian Venters. Following the resignation of Maria King and Gareth Rayworth in 2006, Victoria Moore and Jeff Rowland have now been appointed as permanent members of this Sub-Committee.

The Sub-Committee is responsible for all decisions requiring the Trustee to exercise its discretion. This is primarily focused on the distribution of death in service cash lump sums, the payments of pensions to those considered as Dependants and the review of applications for ill-health early retirement.

Comet Pension Scheme

Trustee's report Year ended 31 March 2007

Pension increases

In accordance with Paragraph 16 of the Scheme's Rules, pensions in payment at 1 April 2006 were reviewed for cost of living purposes.

Guarantee Minimum Pensions (GMP) accruing prior to 6 April 1997 receive increases in payment in line with statutory requirements. The Trustee is responsible for meeting the first 3% per annum of any increase required on that part of the GMP accrued between 6 April 1988 and 5 April 1997. Increases to GMP accruing between 6 April 1978 and 5 April 1988, and any increase on 'Post 1988' GMP above 3% per annum are payable to the individual in addition to the Member's Basic State Pension. That part of the pension in payment as at 1 April 2006 that included GMP accrued between 6 April 1988 and 5 April 1997 was increased by 2.7%.

Paragraph 16.3 of the Rules requires that any part of the pension in payment in excess of the GMP is also reviewed annually at each 1 April, with the increase required determined by the annual rise in the Retail Price Index ('RPI') as declared for the previous December. The Rules require that such 'excess' pensions are increased in the following manner:

- i. for Pensionable Service prior to 6 April 2005: by the rise in RPI, subject to a maximum of 5% per annum; and
- ii. for Pensionable Service after 5 April 2005: by the rise in RPI, subject to a maximum of 2.5% per annum.

The increases applied as at 1 April 2006 to any 'excess pension' were:

- i. for Pensionable Service prior to 6 April 2005: 2.2%
- ii. for Pensionable Service after 5 April 2005: 2.2%

Paragraph 16.5 of the Trust Deed and Rules requires the Principal Employer to consider granting increases to pensions in payment in excess of that required under Paragraphs 16.1 to 16.4 inclusive. Comet Group plc confirmed their decision not to provide such an additional increase at 1 April 2006.

At the Meeting held on 2 March 2007, the Trustee approved the pension increase to be granted with effect from 1 April 2007. The agreed increases were:

- GMP accrued between 6 April 1988 and 5 April 1997: 3%
- Excess pension accrued prior to 6 April 2005: 4.4%
- Excess pension accrued post 5 April 2005: 2.5%

The Principal Employer again confirmed that it would not be requesting for any discretionary pension increases to be granted with effect from April 2007 in accordance with Paragraph 16.5 of the Scheme Rules.

Comet Pension Scheme

Trustee's report Year ended 31 March 2007

Deferred benefits

Deferred benefits held for Members who have left service or ceased to contribute to the Scheme are increased over the period from the date of leaving service as follows:

Guaranteed Minimum Pension

The Guaranteed Minimum Pension (GMP) part of members' deferred benefits is increased annually at a fixed rate, the value of which is determined by the date on which Pensionable Service ceased. The applicable rates are:

Pensionable Service ceasing on or after 6 April 2002:	4½% per annum
Pensionable Service ceasing between 6 April 1997 and 5 April 2002:	6¼% per annum
Pensionable Service ceasing between 6 April 1993 and 5 April 1997:	7% per annum
Pensionable Service ceasing between 6 April 1988 and 5 April 1993:	7½% per annum
Pensionable Service ceasing between 6 April 1978 and 5 April 1988:	8½% per annum

'Excess Pension'

The part of the deferred benefit in excess of the GMP is increased each year in line with the increase in the RPI applying at the prior December (subject to overriding legislation) and in line with the policy of increasing pensions in payment as detailed above recognising the different maximum limits for 'pre 2005' and 'post 2005' pensionable service.

Transfer values

The Rules of the Scheme permit transfers both to and from other occupational and personal pension arrangements. If a transfer payment out of the Scheme is made, the Trustee receives a statutory discharge from the receiving scheme trustee of any further liability once the transfer has been effected.

The Trustee confirms that all transfer values are calculated and verified in accordance with the statutory cash equivalent requirements of the Pension Schemes Act 1993. From 6 April 1997, transfer values must be at least equal to the amount calculated on the actuarial basis that applies to the Minimum Funding Requirement valuation. The Trustee confirms that, having received actuarial advice, it has adopted a transfer calculation basis which meets the legal requirements of the Act and makes no allowance for any discretionary benefits which might be payable under the Scheme.

During the year, the Trustee reviewed its practice of reducing cash equivalent transfer values to reflect the previous underfunding of the Scheme in line with Guidance Note 11 of the Institute of Actuaries. Following receipt of actuarial advice, the Trustee has now removed the previous reduction of such payments and these are now restored to full value for future payments.

The Trustee's stated intention is to continue to review this aspect of the Scheme's operation following receipt of the results of the next formal Actuarial Valuation as at 31 March 2007 and at each subsequent annual funding review of the Scheme.

The Trustee has made a policy decision not to accept transfers into the Scheme, although consideration is given to individual requests made in exceptional circumstances.

Comet Pension Scheme

Trustee's report Year ended 31 March 2007

Contributions

The Principal Employer, after seeking actuarial advice, is currently responsible under Paragraphs 2 and 3 of the Rules to set the rate of contributions payable to the Scheme by the Participating Employers and Members. The required contributions payable, excluding Additional Voluntary Contributions ('AVCs') by both the Members and the Participating Employers are stated within a Schedule of Contributions, which the Trustee is required to prepare and maintain.

The rate of contributions payable by the Members during the year under review was 6.5% of Pensionable Salary.

Contributions payable to the Scheme are generally made under a salary sacrifice arrangement, branded as 'SMART Pensions'. Following advice received from the Company's advisers, a number of Scheme Members have been identified as not benefiting from SMART Pensions. These were those Members with gross earnings below a stated annual minimum (currently £5,000 per annum) for whom certain State benefits would be effected by a reduction in earnings below the Lower Earnings Limit for the purposes of calculating National Insurance Contributions. All such Members are automatically opted out of the salary sacrifice arrangement. All other Members are given the opportunity to opt out on a voluntary basis if they wish.

During January 2007, the Trustee made its first payment to the Pension Protection Fund under the risk-based levy calculation. Whilst the responsibility for payment of the Levy falls to the Trustee, the Schedule of Contributions requires the Principal Employer to make a special annual contribution equal to the amount of the annual levy to the Pension Protection Fund and within 30 days of the date of the invoice from the Pension Protection Fund. It is confirmed that the special contribution required in respect of the 2006 levy payment of £248,569 was made to the Trustee Bank Account on 23 January 2007 and, therefore, within the specified 30 day period.

In March 2007, the Principal Employer requested the Trustee to agree to amend the Schedule of Contributions in respect of the Past Service Deficit Contribution. It was agreed that the Principal Employer would make a contribution during March 2007 equal to the monthly contributions anticipated to be payable for the remainder of 2007. A payment of £5,083,330 was received on 20 March 2007.

The Principal Employer and the Trustee agreed to consider the appropriate payments in respect of the Past Service Deficit Contribution to be reviewed within the negotiations that will be held during Autumn 2007 as part of the initial actuarial valuation of the Scheme under the recently introduced Scheme Funding Regulations.

Summary Funding Statement

Trustees of defined benefit pension schemes are now required to issue an annual 'Summary Funding Statement' to all scheme members. The intention of the Statement is to provide all members of such schemes a illustration of the financial position of the applicable arrangement and confirmation of the level of funding applying against the value of liabilities built up by all participants in that scheme. The first such Statement was required to be issued by pension scheme trustees no later than 22 September 2006.

The Comet Scheme's Summary Funding Statement was distributed to all categories of Member prior to the required September 2006 deadline. That Statement confirmed that as at the last funding review (30 April 2006), the Trustee held total assets of £191.0m compared to total accrued liabilities of £207.5m. As such, the Scheme had a funding shortfall at that date of £16.5m, or could be considered as 92% funded.

Copies of the 2006 Summary Funding Statement are freely available for download from the 'useful documents' section of the Company's pension website, www.comet-pensions.co.uk.

Comet Pension Scheme

Trustee's report Year ended 31 March 2007

Employer-related investments

There was no employer-related investment at any time during the year, except within passively managed funds that seek to track an index and which requires an appropriate holding in Kesa Electricals plc to achieve that tracking requirement.

Scheme changes

In July 2006, the Principal Employer presented to the Trustee their proposal to amend the benefit design of the Scheme with the intention of the cessation of accrual for future service under a defined benefit basis.

After lengthy negotiation, the Principal Employer chose to amend its proposals for future pension benefits so that: -

- future defined benefit accrual for future service will cease with effect from 30 September 2007;
- the entitlement derived from accrued Pensionable Service to 30 September 2007, including any additional entitlement secured from a transfer in of earlier pension benefits, be determined with reference to the Member's ultimate Final Pensionable Salary applying at the date that the individual chooses to retire or leave the employment of a Participating Employer;
- the pension derived from membership of the Comet Pension Scheme carries an underpin of entitlement at least equal to the deferred pension that would otherwise have been granted based on total Pensionable Service and Final Pensionable Salary calculated as if active membership had ceased on 30 September 2007, plus statutory deferred revaluation applied to that entitlement from 1 October 2007 to the assumed retirement date or the date on which the Member leaves the Scheme under any other circumstances;
- future pension benefits are provided on a money purchase basis using the Stakeholder Pension Plan product provided by the Standard Life Assurance Company and, therefore, outside of the current trust arrangement;
- the proposals include the requirement to contract in to the State Second Pension, thereby allowing for a continued link to future earnings under the terms of that part of the State Retirement Scheme;
- the employer's aggregate contribution to pension benefits under the new proposals, including increased National Insurance Contributions to recognise the participation in the State Second Pension under these new proposals, equates to the current aggregate Company costs for future service benefits applying as at 30 September 2007;
- contribution rates for the replacement pension arrangement would be provided on a grade related basis to mirror all other elements of Comet's reward policy;
- future provision for ill health benefits are to be removed from pension management and are to be included within a general review of overall reward that would be announced in due course; and
- life assurance cover will be maintained at four times salary for all active participants in the proposed Stakeholder Pension Plan, recognising that this is an increase in the position for the active participants in the Comet Stakeholder Pension Plan where such cover is currently at twice salary.

After due consideration of these amended proposals, the Trustee has reluctantly accepted that the Principal Employer has the ability to implement the proposed changes. Therefore, the Trustee agreed to amend the Rules to bring into effect the proposed changes by amending the Rules as appropriate once the Principal Employer had successfully concluded the required 60-day consultation process as required under legislation.

Comet Pension Scheme

Trustee's report Year ended 31 March 2007

This consultation process was completed on 31 August 2007 and the changes have been implemented as noted above with effect from 1 October 2007.

Group risk benefits

It is the Trustee's policy that wherever necessary or advantageous, external insurance will be sought to minimise the financial risk to the Scheme on the payment of certain benefits, primarily death-in-service cash lump sums.

Within the proposals for future pension arrangements the Principal Employer has proposed the establishment of an approved 'life cover only scheme' outside of the current trust arrangement that will provide for all life assurance cover as a multiple of salary. The Trustee recognises, however, that its discretion will still be required in those instances where a return of personal contributions, plus interest, is required in accordance with Paragraph 9 of the Rules.

Pension sharing on divorce

The Trustee has considered the Regulations introduced to facilitate Pension Sharing on Divorce. It was decided that the default option would, where possible, be to transfer benefits out of the Scheme without consent. However, because of conflicts in legislation it was agreed to allow 'internal transfers' where necessary. This requires a separate 'deferred pension' to be established for the Member's former spouse, with that resulting entitlement being subject to the annual increase and early retirement provisions as applying for 'ordinary' deferred pensions. The value of the pension to be allocated to the Member's former spouse will be determined by the Court. Members and their ex-spouses will be responsible for the costs of providing information and implementing a pension sharing order in accordance with the Scheme administrators standard basis.

Management of investments

The Scheme has adopted a Statement of Investment Principles ("SIP") as required under the Pensions Act 1995, which sets out the Trustee's investment decisions and processes. This was reviewed during the year and an amended SIP prepared in May 2006.

A copy of the SIP is available on request from the Scheme Administrator, the contact details of whom are given on page 3 of the Trustee Report. A copy is also freely available to view or download from the company's pension website, www.comet-pensions.co.uk.

The SIP sets out the investment objectives of the Scheme, which are:

- (a) to ensure that sufficient assets are available to pay out current and future members benefits as and when they arise.
- (b) to maximise the funding level on an on-going basis, in particular, ensuring that the Scheme reaches a 100% funding level by 2015.

Basis of investment manager fees

The investment managers are remunerated in accordance with the value of securities under their control.

Comet Pension Scheme

Trustee's report Year ended 31 March 2007

Membership

Details of the membership of the Scheme as at 31 March 2007 are given below:-

	Total 2007	Total 2006
ACTIVE MEMBERS		
At start of the year	2,385	2,745
Transferred pending members	(2)	-
New entrants in the year	2	20
Retirements	(50)	(39)
Death in service	(1)	(2)
Members leaving with contribution refunds	(1)	(88)
Members leaving with preserved benefits	(243)	(251)
	2,090	2,385
ACTIVE MEMBERS AT THE END OF THE YEAR		
PENSIONERS		
At start of the year	686	621
Members retiring during the year	95	71
Spouses and dependants	16	5
Pensions ceased	(11)	(11)
	786	686
PENSIONERS AT THE END OF THE YEAR		
MEMBERS WITH PRESERVED AND DEFERRED BENEFITS		
At start of the year	2,637	2,441
Leavers during the year with preserved benefits	243	251
Deferred pensioners becoming pensioners	(45)	(32)
Transfers out during the year	(14)	(16)
Deaths	(7)	(2)
Full trivial commutation	(3)	(5)
Decision Pending (see note below)	2	-
	2,813	2,637
MEMBERS WITH PRESERVED AND DEFERRED BENEFITS AT THE END OF THE YEAR		
TOTAL MEMBERSHIP AT THE END OF THE YEAR		
	5,689	5,708

Members with preserved and deferred benefits at 31 March 2007 include 2 (2006: nil) members whose decision on whether to opt for retirement benefits is still pending.

Pensioners include individuals receiving a pension upon the death of their spouse.

The Scheme also provides Death-in-Service cover for those colleagues that either participate in the Comet Stakeholder Pension Plan or for whom life assurance is provided under their Terms and Conditions of Employment. The number of 'Life Cover Only Members' as at 31 March 2007 was 1,972 (2006: 2,047)

Comet Pension Scheme

Trustee's report Year ended 31 March 2007

Financial development of the Scheme

The Financial statements on pages 22 to 23 show that the value of the Scheme's assets increased by £27,663,000 to £225,740,000 as at 31 March 2007. The increase was comprised of net additions from dealings with Members (i.e. contributions payable by, and in respect of Members, less the value of benefits paid) of £16,370,000 together with a net increase in the value of investments of £11,293,000.

The Financial statements have been prepared and audited in accordance with the regulations made under Sections 41 (1) and (6) of the Pensions Act 1995.

Further details of the financial developments of the Scheme may be found in the audited Financial statements on pages 22 to 30.

Actuarial Valuation

The first formal Actuarial Valuation of the Scheme was undertaken as at 1 April 2004. The final report of the Scheme Actuary and the appropriate Actuarial Certificates were issued on 3 March 2005.

The Actuarial Statements relating to that Valuation as required by law are set out on page 32.

The initial Valuation identified a deficit of assets held against accrued liabilities. Following discussions between the Principal Employer and the Trustee, a 'Past Service Recovery Plan' has been introduced that seeks to rectify the deficit position, calculated on an on-going basis, by 31 March 2015. This requires a payment of a Past Service Deficit Contribution of £6.1m per annum (payable in monthly installments commencing 1 April 2005). The Recovery Plan is subject to annual review to ensure that the assumptions used in calculating the appropriate contribution, together with the level of contribution itself, remain adequate to meet the stated objective. Reference to this commitment from the Principal Employer is made within the Statement of Investment Principles

The Trustee has commenced the next formal Valuation of the Scheme as at 31 March 2007 under the new statutory Scheme Funding framework. The Valuation will compare the Scheme's assets against its liabilities on a basis to be agreed between the Trustee and the Principal Employer. If the value of the assets are less than 100% of the value of liabilities the Valuation will set out the requirements for the Participating Employers to make up the shortfall.

Comet Pension Scheme

Trustee's report Year ended 31 March 2007

Further information

Members are entitled to inspect copies of documents giving information about the Scheme. In some circumstances copies of documents can be provided, but a charge may be made for copies of the trust documents (the Trust Deed and Rules) and the Actuary's report. A number of these documents are freely available to view on the Company's pension website, www.comet-pensions.co.uk.

The documents available from the website are: -

- i. a full copy of the Definitive Trust Deed & Rules and, where appropriate, any subsequent Deeds of Amendment;
- ii. the most recent Trustee Report & Financial Statements;
- iii. the current Statement of Investment Principles;
- iv. A copy of the latest Summary Funding Statement; and
- v. the relevant approval certificates for HR Revenue & Customs approval, Contracting-Out Certificate and the Data Protection Register.

Any query about the Scheme, including requests from individuals for information about their benefits, should be addressed to:

The Trustee of Comet Pension Scheme (the 'Scheme') c/o MNPA Limited, Leatherhead House, Leatherhead, Surrey, KT22 7ET.

Internal dispute resolution (IDR) procedures

Since 6 April 1997, all trustees of occupational pension schemes must have internal dispute resolution (IDR) procedures in place, for dealing with any disputes between Trustee and Scheme beneficiaries.

Detailed information regarding the Scheme's IDR procedures can be obtained from the Secretary to the Trustee. A brief description of the agreed procedure is given within the Member Guide and on the Company's pension website, www.comet-pensions.co.uk.

Alternatively, Members and their beneficiaries can obtain free advice through the Pensions Advisory Service (tPAS) who can be reached at 11 Belgrave Road, London SW1V 1RB. If a member has a complaint which tPAS is unable to resolve then they can ask for a ruling from the Pensions Ombudsman who can be reached at the same address.

Comet Pension Scheme

Trustee's report Year ended 31 March 2007

Additional Voluntary Contributions

Members wishing to make further provision for their retirement may make Additional Voluntary Contributions (AVCs) in order to enhance the pension provided under the Scheme. These contributions are held in pooled accounts invested in managed funds of the Member's choice. At the end of the Scheme year there were 214 members making AVCs.


A With-Profits Fund continues to be made available through The Prudential Assurance Company for those who chose to use this investment option whilst contributing to the former Kingfisher Pension Scheme prior to 31 March 2004. The Trustee has resolved that no new contributors to this investment fund will be permitted. Members choosing to invest in a With Profits Fund may do so by using a Free Standing AVC policy established on an individual basis.

The Standard Life Assurance Company has also been appointed to provide Unit Linked and 'Lifestyle' AVC Funds. Full details of the Funds available can be obtained from www.comet-pensions.co.uk. The website also contains a link to Standard Life's 'Fund Selection Tool' as a means to assist Members in determining which Funds would be suitable for their purposes dependent upon answers to a series of questions that aims to identify their attitude to investment risk and retirement planning.

In establishing these AVC providers, the Trustee undertook a thorough review of, and continues to review, the AVC market in conjunction with Punter Southall Financial Management ('PSFM') Limited. The latest review on the continued appropriateness of both The Prudential Assurance Society and The Standard Life Assurance Society for this purpose was undertaken in March 2006.

As part of its continued service to the Trustee and Members, PSFM Limited provide general advice on the advantages of making additional provision through the payment of AVCs or, alternatively, the Comet Stakeholder Pension Plan. PSFM may be contacted by calling 0845-402-4112, or by e-mail to comet@psfm.com.

This report, including the Compliance Statement, was approved by the Trustee and signed on its behalf by:



I R M Edwards
Chairman of the Trustee

Date: 9th October 2007.

Comet Pension Scheme

Statement of Trustee's responsibilities

The audited financial statements which are to be 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 financial statements 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 the 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 financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis.

The Trustee 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 they should ensure is consistent with the financial statements it accompanies.

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 them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of appropriate internal controls.

Comet Pension Scheme

Investment report

In general terms, the Trustee's qualitative objective for the Scheme is: -

- i. to ensure that sufficient assets are available to pay out current and future members benefits as and when they arise; and
- ii. to maximise the funding level on an on-going basis, in particular, ensuring that the Scheme reaches a 100% funding level by 2015.

Secondarily, the Trustee aims to minimise the risk of additional cash contribution requirements from the Participating Employers in meeting the balance of the costs required to provide the benefits required under the Rules. To achieve this secondary aim, a diversified strategy was agreed that permits investment in a wide range of differing investment opportunities as a solution to the potential volatility risk apparent in investing in a smaller number of asset classes.

The agreed investment strategy comprises of: -

1. A 'Matching Fund', which invests in assets that produces an income stream derived from investment in 'monetary assets' to enable the benefits as they fall due. The measurement used for this part of the investment strategy is to achieve a return equal to Gilts + 0.75% per annum; and
2. An 'Investment Fund', that generally invests in 'real assets' that provide a match against final salary benefits as they fall due. Its strategy aims to achieve an investment return of Gilts + 3% per annum.

The asset allocation within the agreed strategy and the Investment Manager appointed for that mandate are as follows: -

<u>Asset Class</u>	<u>Allocation</u>
Investment Fund	70%
UK Equities	15%
Overseas Equities	
US	5%
Europe (Excluding UK)	5%
Asia Pacific (Including Japan)	5%
Property	15%
Active Global Equities	10%
Active Global Bonds	10%
Absolute Return Funds	5%
Matching Fund	30%
Fixed Interest Corporate Bonds	10%
Index Linked Gilts	20%

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 be within a range of +/-5% of the core allocation.

Comet Pension Scheme

Investment report

The Trustee has appointed specialist Investment Managers to manage each of the individual mandates within the agreed investment strategy. The appointed Managers for each of the applicable mandates are: -

Mandate	Selected Fund Manager
Passive UK and Overseas Equities	Legal & General Investment Management Limited
Global Equities	Morgan Stanley Investment Management Limited
Active Global Bonds	Citigroup Asset Management Limited (now Western Asset Management Limited)
Absolute Return Funds	Tremont (Bermuda) Limited
Property, Fixed Interest Corporate Bonds & Index Linked Gilts	UBS Global Asset Management Limited

Details of each individual Investment Managers investment objectives and technique, together with any restrictions placed upon the Manager by the Trustee, are detailed in the Statement of Investment Principles. The Statement is available on request from the administrator or freely available to download from www.comet-pensions.co.uk.

During the year under review, the Trustee has continued to manage the investments in accordance with the agreed investment strategy set out in the Statement of Investment Principles.

The UBS Triton Fund generally remains closed to new monies with the result that the Scheme's allocation to Property falls below the agreed target of 15% of total assets. The Trustee has considered further Property investment utilising alternative managers, but decided that there should be no further allocation to this asset class in the short term. It has been decided that this will be reviewed again at regular intervals or if the value of the Property allocation falls below 10% of the Scheme's total asset value.

The Trustee has resolved to implement a monthly process that identifies surplus cash held in the Trustee Bank account. The availability of these surplus monies, generally of c£1m per month, allows the Trustee to further develop the Scheme's investment strategy in line with the change in liabilities without the need to disinvest other assets. Additionally, this allows for the flexibility to consider new investment opportunities as they arise from time to time. Due to the recent uncertainty over the Company's proposed changes to the Scheme the Trustee has retained surplus cash flow on deposit at money market rates and will invest this cash once the changes have been implemented and current Actuarial Valuation of the Scheme completed.

Performance Summary

Manager	12 Months to 31 March 2007			
	Scheme	Benchmark	Relative	
	%	%	vs BM %	vs Target %
Legal & General Investment Management	8.2	8.2	0.0	
Morgan Stanley	7.7	2.6	5.1	5.1
UBS Triton Fund	14.2	15.6	-1.4	
Citigroup Asset Management	-1.3	-1.1	-0.2	-2.2
Tremont	7.3	10.0	-2.7	
UBS Global Asset Management (Bonds)	1.7	1.5	0.2	-0.6
Total*	6.2	3.5	2.7	

* Total Scheme benchmark taken as the agreed Investment Objective of gilts +2.3% p.a.

Comet Pension Scheme

Summary of contributions For the year ended 31 March 2007

Statement of Trustee's Responsibilities in respect of Contributions

The Trustee is 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 Participating Employers and the Active Members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records of contributions received in respect of any Active Member of the scheme and for procuring that contributions are made to the Scheme in accordance with the Schedule.

Trustee's Summary of Contributions payable under the Schedules in respect of the Scheme year ended 31 March 2007

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the Participating Employer and Member contributions paid to the Scheme under the Schedules of Contributions certified by the Actuary on 24 February 2006 in respect of the Scheme year ended 31 March 2007. The Scheme auditor reports on contributions payable under the Schedules in the Auditors' Statement about Contributions.

Contributions payable under the schedules in respect of the scheme year £'000

Employer:

Normal contributions	7,503
SMART contributions	3,121
Special contributions	10,675
PPF Levy contribution	249

Member:

Normal contributions	130
----------------------	-----

Contributions payable under the Schedules 21,678

Reconciliation of contributions

Reconciliation of contributions payable under the Schedules of Contributions reported in the accounts in respect of the scheme year:

	£'000
Contributions payable under the Schedules (as above)	21,678
Contributions payable in addition to those due under the Schedules: Member additional voluntary contributions	323

Total contributions reported in the accounts 22,001

Signed on behalf of the Trustee by I R M Edwards.



Chairman of the Trustee

Date: 9th October 2007.

Comet Pension Scheme

Statement about contributions For the year ended 31 March 2007

Independent Auditors' Statement about Contributions, made under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustee of the Comet Pension Scheme.

We have examined the summary of contributions payable under the schedule of contributions to the Comet Pension Scheme in respect of the Scheme year ended 31 March 2007 which is set out on page 18.

This statement is made solely to the Scheme's Trustee, in accordance with the Pensions Act 1995 and Regulations made there under. 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 auditors' 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 Scheme's Trustee, for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of Trustee and auditors

As described on page 15, the Scheme's Trustee is responsible, under the Pensions Act 2004, for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions which sets out 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 has a general responsibility for procuring that contributions are made to the Scheme in accordance with the schedule of contributions.

It is our responsibility to provide a statement about contributions paid to the Scheme and to report our opinion to you.

We read the Trustee's report and other information in the annual report and consider whether it is consistent with the summary of contributions. We consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the summary of contributions.

Basis of statement about contributions

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to give reasonable assurance that contributions reported in the summary of contributions have been paid in accordance with the relevant requirements. For this purpose, the work that we carried out included examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments. Our statement about contributions is required to refer to those exceptions which come to our attention in the course of our work.

Statement about contributions payable under the schedule

In our opinion contributions for the Scheme year ended 31 March 2007 as reported in the summary of contributions and payable under the schedule have in all material respects been paid at least in accordance with the schedule of contributions certified by the Actuary on 24 February 2006.

KPMG LLP

KPMG LLP
Chartered Accountants
1 Canada Square
London
E14 5AG

Date: 9th October 2007.

Comet Pension Scheme

Independent Auditors' report to the Trustee

We have audited the financial statements of the Comet Pension Scheme for the year ended 31 March 2007 which comprise the fund account, the net assets statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Scheme Trustee in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme Trustee those matters we are required to state to it in an auditors' 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 Trustee for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As described in the Statement of Trustee's responsibilities on page 15, the Scheme Trustee is responsible for obtaining an annual report, including audited financial statements prepared in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements show a true and fair view 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 made under the Pensions Act 1995. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

We read the Trustee's report and other information contained in the annual report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by or on behalf of the Trustee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Scheme's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Comet Pension Scheme

Independent Auditors' report to the Trustee

Opinion

In our opinion the financial statements:

- show a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the financial transactions of the Scheme during the Scheme year ended 31 March 2007 and of the amount and disposition at that date 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 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.

KPMG LLP

.....
KPMG LLP
Chartered Accountants
Registered Auditor
1 Canada Square
London E14 5AG

Date: 9th October 2007.

Comet Pension Scheme

Fund account For the year ended 31 March 2007

	Note	For the year ended 31 March 2007 £000	For the year ended 31 March 2006 £000
CONTRIBUTIONS AND BENEFITS			
Contributions receivable	3	22,001	17,419
Transfers in	4	-	80
Other income	5	168	172
		<u>22,169</u>	<u>17,671</u>
Benefits payable	6	(3,913)	(3,117)
Payments to and on account of leavers	7	(816)	(1,264)
Other payments	8	(221)	(246)
Administrative expenses	9	(849)	(828)
		<u>(5,799)</u>	<u>(5,455)</u>
NET ADDITIONS FROM DEALINGS WITH MEMBERS		<u>16,370</u>	<u>12,216</u>
INVESTMENT RETURNS			
Investment income	10	785	729
Change in market value of investments	12	10,682	29,139
Investment management expenses	11	(174)	(192)
		<u>11,293</u>	<u>29,676</u>
NET RETURNS ON INVESTMENTS		<u>11,293</u>	<u>29,676</u>
NET INCREASE IN THE FUND DURING THE YEAR		<u>27,663</u>	<u>41,892</u>
OPENING NET ASSETS AT 1 APRIL 2006		<u>198,077</u>	<u>156,185</u>
NET ASSETS AT 31 MARCH 2007		<u><u>225,740</u></u>	<u><u>198,077</u></u>

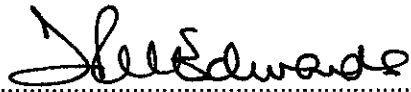
Comet Pension Scheme

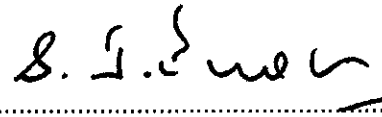
Net assets statement As at 31 March 2007

	Note	31 March 2007 £000	31 March 2006 £000
TOTAL INVESTMENTS			
INVESTMENTS	12	224,270	196,570
CURRENT ASSETS AND LIABILITIES	13	1,470	1,507
NET ASSETS AT 31 MARCH 2007		<u>225,740</u>	<u>198,077</u>

The notes on pages 24 to 30 form an integral part of these financial statements.

These financial statements were approved by the Trustee and were signed on their behalf by:


.....


.....

Date: 9th October 2007

Comet Pension Scheme

Notes to the financial statements For the year ended 31 March 2007

1. BASIS OF PREPARATION

The Financial statements 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, "Financial Reports of Pension Scheme" (SORP) (revised November 2002).

The Financial statements 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 statements by the Actuary on Page 31 of the Annual Report and these Financial statements should be read in conjunction therewith.

2. ACCOUNTING POLICIES

The following principal accounting policies have been adopted in the preparation of the Financial statements.

2.1 Accruals concept

The Financial statements, including administration expenses, have been prepared on an accruals basis with the exception of individual transfers which are recognised when received or paid.

2.2 Contributions and benefits

Contributions and benefits are accounted for in the period in which they fall due.

Normal contributions received during the year have been paid in accordance with the schedule of contributions.

Augmentations relate to the cost of augmenting benefits of certain retiring members, as advised by the Actuary.

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

2.3 Transfers to and from other Schemes

Transfer values have been included in the Financial statements when received and paid. They do not take account of members who have notified the Scheme of their intention to transfer.

Individual transfer values to and from other pension arrangements represent the amounts received and paid during the year for members who either joined or left the Scheme and are accounted for when a member exercises their option to transfer their benefit.

Comet Pension Scheme

Notes to the financial statements For the year ended 31 March 2007

2. ACCOUNTING POLICIES (continued)

2.4 Investment income

Investment income on cash deposits is accounted for on an accruals basis.

Income from managed funds is not distributed but is reinvested and included within the closing value of the fund at the year end.

2.5 Valuation of investments

The market value of pooled investment vehicles is based on the unit price operating at the accounting date, as advised by the investment managers.

2.6 Additional Voluntary Contributions (AVCs)

AVCs are accounted for on an accruals basis, and the resulting investments are included within the net assets statements.

3. CONTRIBUTIONS RECEIVABLE

	For the year ended 31 March 2007 £000	For the year ended 31 March 2006 £000
Employer's Contributions		
Normal contributions	7,503	7,426
Annual lump sums as per the Schedule of Contributions*	10,675	6,100
Employer SMART contributions	3,121	2,509
PPF Levy contribution	249	-
Members' Contributions		
Normal contributions	130	1,033
Additional voluntary contributions	323	351
	<u>22,001</u>	<u>17,419</u>

*These contributions are funding for past service. On 20 March 2007, the Principal Employer paid additional past deficit contributions of £4,574,997 in respect of the period from April 2007 to December 2007 inclusive.

Comet Pension Scheme

Notes to the financial statements For the year ended 31 March 2007

4. TRANSFERS IN

	For the year ended 31 March 2007 £000	For the year ended 31 March 2006 £000
Transfers in-Individuals	-	80

Although the Trustee has a policy of not accepting transfer payments into the Scheme on an individual basis, pension entitlements accrued by a number of 'Transferring Members' in the former Kingfisher Pension Scheme include reinstatements of pension benefits following the FSA review of 'Pension Mis-selling'. 'Individual transfers in from other schemes' relate to the total of such payments that had been requested to be paid in respect of such Members prior to 1 April 2005, but which had not been received by that date. On a discretionary basis, the Trustee permitted the completion of that reinstatement process so as not to disadvantage the Members concerned.

5. OTHER INCOME

	For the year ended 31 March 2007 £000	For the year ended 31 March 2006 £000
Claims on term insurance policies	165	172
Sundry Income	3	-
	<u>168</u>	<u>172</u>

6. BENEFITS PAYABLE

	For the year ended 31 March 2007 £000	For the year ended 31 March 2006 £000
Pension payments	2,446	2,102
Commutations and lump sum retirement benefits	1,215	717
Lump sums on death in retirement	-	5
Lump sums on death in service	216	284
Lump sums on death of deferred member	20	9
Purchase of annuities	16	-
	<u>3,913</u>	<u>3,117</u>

Comet Pension Scheme

Notes to the financial statements For the year ended 31 March 2007

7. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	For the year ended 31 March 2007 £000	For the year ended 31 March 2006 £000
Payments for members joining state scheme	4	49
Individual transfers to other schemes	809	1,106
Refunds to members leaving service	3	109
	<u>816</u>	<u>1,264</u>

8. OTHER PAYMENTS

	For the year ended 31 March 2007 £000	For the year ended 31 March 2006 £000
Term insurance premiums	221	246
	<u>221</u>	<u>246</u>

9. ADMINISTRATIVE EXPENSES

	For the year ended 31 March 2007 £000	For the year ended 31 March 2006 £000
Administration and processing	234	284
Actuarial fees	123	165
Audit fee	20	18
Non audit fees paid to KPMG	21	-
Other consultancy costs	174	255
Levy payable to Pension Protection Fund	249	70
Trustee fees and expenses	12	-
Sundry expenses	16	36
	<u>849</u>	<u>828</u>

Comet Pension Scheme

Notes to the financial statements For the year ended 31 March 2007

10. INVESTMENT INCOME

	For the year ended 31 March 2007 £000	For the year ended 31 March 2006 £000
Income from pooled investment vehicles	672	615
Interest on cash deposits	113	114
	<u>785</u>	<u>729</u>

11. INVESTMENT MANAGEMENT EXPENSES

	For the year ended 31 March 2007 £000	For the year ended 31 March 2006 £000
Administration, management & custody	117	56
Other advisory fees	57	136
	<u>174</u>	<u>192</u>

Comet Pension Scheme

Notes to the financial statements For the year ended 31 March 2007

12. INVESTMENTS

	Value at 01/04/2006	Purchases at cost	Sales proceeds	Change in market value	Value at 31/03/2007
	£000	£000	£000	£000	£000
Pooled investment vehicles	191,552	24,643	(7,726)	10,436	218,905
AVC investments	4,990	326	(240)	246	5,322
Sub total	<u>196,542</u>	<u>24,969</u>	<u>(7,966)</u>	<u>10,682</u>	<u>224,227</u>
Cash deposits	28				43
	<u>196,570</u>				<u>224,270</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. The change in market value of investments for the year also includes the cost of investment management fees of £723k (2006: £587k) which are mainly included in unit prices.

The Non property Pooled Investment Vehicles detailed below have the following amounts in underlying types of investments: Absolute return fund (registered overseas) £13,029k, Fixed interest Securities £24,466k, Index Linked Securities £35,216k, UK Equities £42,642k, Overseas Equities £56,946k and Overseas Fixed Interest £17,881k. All registered in the UK except where mentioned otherwise.

POOLED INVESTMENT VEHICLES

	31 March 2007 £000	31 March 2006 £000
Property Unit Trust	28,725	25,417
Non Property pooled Investment vehicles	190,180	166,135
	<u>218,905</u>	<u>191,552</u>

CASH DEPOSITS

	31 March 2007 £000	31 March 2006 £000
Sterling cash deposits	43	28

Comet Pension Scheme

Notes to the financial statements For the year ended 31 March 2007

AVC INVESTMENTS

The Trustee holds assets which are separately invested from the main fund. These secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions.

Members participating in this arrangement receive an annual statement made up to 31 March each year, confirming the amounts held to their account and movements during the year.

The total amount of AVC investments at the year end is shown below.

	31 March 2007 £000	31 March 2006 £000
Standard Life AVC	1,174	959
Prudential Assurance AVC	4,148	4,031
	<u>5,322</u>	<u>4,990</u>

13. CURRENT ASSETS AND LIABILITIES

CURRENT ASSETS

	31 March 2007 £000	31 March 2006 £000
Employer contributions due	854	1,428
Employee contributions due	82	90
Cash balances	1,194	393
	<u>2,130</u>	<u>1,911</u>

CURRENT LIABILITIES

	31 March 2007 £000	31 March 2006 £000
Unpaid benefits	138	14
Taxation	34	62
Other creditors	488	328
	<u>660</u>	<u>404</u>
NET CURRENT ASSETS AND LIABILITIES	<u><u>1,470</u></u>	<u><u>1,507</u></u>

All contributions due to the scheme relate to the month of March 2007 and were paid in full to the Scheme within the timescale required by the schedule of contributions currently in force.

Comet Pension Scheme

ACTUARIAL STATEMENT MADE FOR THE PURPOSES OF REGULATION 30 OF THE OCCUPATIONAL PENSION SCHEMES (MINIMUM FUNDING REQUIREMENT AND ACTUARIAL VALUATIONS) REGULATIONS 1996

Name of Scheme Comet Pension Scheme
Effective date of valuation 1 April 2004

1 Security of prospective rights.

In my opinion, the resources of the Scheme are likely in the normal course of events to meet in full the liabilities of the Scheme as they fall due. In giving this opinion, I have assumed that the following amounts will be paid to the Scheme:

Members (excluding AVCs)

5% of Pensionable Salary per annum to 31 March 2005
6½% of Pensionable Salary per annum from 1 April 2005.

Company (including expense allowance and cost of insured benefits for all members including those eligible for the life assurance benefit only)

Regular Contributions: 13.5% of pensionable salaries per annum
Annual Lump Sums £508,333 payable each month

2. Summary of method and assumptions used

Method:	Projected Unit
Assumptions:	
Interest - pre-retirement	7.30% per annum
Interest - post-retirement	5.30% per annum
Salary inflation (full-time employees)	4.70% per annum
Salary inflation (part-timer employees)	3.00% per annum
Price inflation	3.00% per annum
Pension increases	2.80% per annum
Mortality - pensioners	PA92 C2005
Mortality - actives/deferreds	
Post-retirements	PA92 C2015
Pre-retirements	A92
Asset valuation	Market Value

Further details of the methods and assumptions used are set out in my Actuarial Valuation addressed to the Trustees or managers dated 10 February 2005.

S Leake
Fellow of the Institute of Actuaries
Punter Southall & Co
Tempus Court
Onslow Street
Guildford GU1 4SS

3 March 2005

Comet Pension Scheme

ACTUARIAL CERTIFICATE GIVEN FOR THE PURPOSES OF SECTION 58 OF THE PENSIONS ACT 1995 (CERTIFICATION OF SCHEDULE OF CONTRIBUTIONS)

Name of Scheme: Comet Pension Scheme

Adequacy of rates of contributions

- 1 I hereby certify that, in my opinion, the rates of the contributions payable in accordance with this schedule of contributions are adequate for the purposes of securing that the minimum funding requirement imposed by section 56(1) of the Pensions Act 1995 will be met by the end of the period covered by the schedule of contributions.
- 2 In forming this opinion I have complied with the requirements imposed by sections 56(3) and 58 of the Pensions Act 1995, the Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996 and the mandatory guidelines on minimum funding requirement (GN27), prepared and published by the Institute of Actuaries and the Faculty of Actuaries, and have made the assumptions prescribed by them.

Steve Leake BSc FIA

Date: 24 February 2006

Address: Punter Southall & Co
Tempus Court
Onslow Street
Guildford
Surrey GU1 4SS

Qualification: Fellow of the Institute of Actuaries

Note: The certification of the adequacy of the rates of contributions for the purposes of securing the meeting of the minimum funding requirement 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 wound up.

Comet Pension Scheme

Compliance statement For the year ended 31 March 2007

Introduction

The Scheme is a defined benefit scheme and is administered by MNPA Limited in accordance with the establishing document and rules, solely for the benefit of its members and other beneficiaries.

The registration number in the Register of Occupational and Personal Pension Schemes is **1/269876**.

Inland Revenue approval

The Scheme has been Exempt Approved by the Pension Schemes Office, in accordance with Chapter 1 of Part XIV of the Income and Corporation Taxes Act 1988. From 6 April 2006 the Scheme has become a Registered Scheme. This means that the contributions paid by both the Participating Employers and the Members qualify for full tax relief, and enables income earned from investments by the Trustee to receive preferential tax treatment.

Other information

- (i) The Trustee is required to provide certain information about the scheme to the Registrar of Pension Schemes. This has been forwarded to:

The Registrar of Pension Schemes
PO Box 1NN
Newcastle Upon Tyne
NE99 1NN

- (ii) The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation to an Occupational Pension scheme. Any such complaints should be addressed in the first instance to the Scheme Adjudicator. Enquiries should be addressed to:

The Pensions Ombudsman
11 Belgrave Road
London
SE1V 1RB

- (iii) TPAS The Pensions Advisory Service exists to assist members and beneficiaries of schemes in connection with difficulties which they have failed to resolve with the Trustees or Administrators of the scheme. TPAS may be contacted at:

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB

- (iv) The Pensions Regulator (TPR) can intervene if it considers that a Scheme's Trustee, advisers or the employer are not carrying out their duties correctly. The address for TPR is:

Napier House
Trafalgar Place
Brighton
East Sussex
BN1 4DW

Comet Pension Scheme

Compliance statement For the year ended 31 March 2007

- (v) The Pensions Compensation Scheme was introduced to protect members' interests in certain circumstances, i.e. to provide compensation where an employer has become insolvent and the scheme assets have been reduced due to fraud, theft or misappropriation. It does not cover losses resulting from adverse investment returns.

The Compensation Scheme is funded by a retrospective levy on occupational pension schemes.

- (vi) The Trust Deed and Rules, the scheme details, and a copy of the payment schedule and Statement of Investment Principles are available for inspection free of charge by contacting the Trustee at the address shown for enquiries in this report.

Any information relating to the members' own pension position, including estimates of transfer values, should also be requested from the administrators of the scheme, MNPA Limited, at the address detailed in this report.