

COMET PENSION SCHEME

Report and Financial Statements for the year ended 31 March 2017

Scheme Registration No: 10269876



Pensions Administration

Albion, Fishponds Road, Wokingham, Berkshire RG41 2QE

PSAL and PS Administration are both trading names of PS Administration Limited.
Registered in England and Wales No. 09428346. Registered Office: 11 Strand, London WC2N 5HR

A Punter Southall Group Company

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COMET PENSION SCHEME

TRUSTEE AND ADVISERS

Trustee :	Comet Trustee Company Limited
Trustee Directors :	<div><div>Ian Edwards - Chairman</div><div>James Arnold</div><div>Helen Charlesworth *</div><div>Simon Enoch (Resigned 5 August 2016)</div><div>Jon Herzberg</div><div>Frederic Jaillard (Appointed 23 September 2016)</div><div>Victoria Milford *</div></div> <div>* Member Nominated</div>
Secretary to the Trustee :	<div>Wayne Phelan</div> <div>PS Independent Trustees (PSIT)</div> <div>Albion</div> <div>Fishponds Road</div> <div>Wokingham</div> <div>Berkshire RG41 2QE</div> <div>(Secretarial Services are provided by PS Secretarial Services, a division of PSIT)</div>
Actuary :	<div>Steve Leake</div> <div>Punter Southall</div> <div>Tempus Court</div> <div>Onslow Street</div> <div>Guildford</div> <div>Surrey GU1 4SS</div>
Auditor :	<div>BDO LLP</div> <div>31 Chertsey Street</div> <div>Guildford</div> <div>Surrey GU1 4HD</div>
Legal Advisers :	<div>Eversheds-Sutherland Ltd (formerly known as Eversheds LLP)</div> <div>Eversheds House</div> <div>70 Great Bridgewater Street</div> <div>Manchester M1 5ES</div>
Bankers :	<div>Bank of Scotland</div> <div>600 Gorgie Road</div> <div>Edinburgh EH11 3XP</div>
Investment Managers :	<div>Legal & General Investment Management Ltd</div> <div>P-Solve Investments Limited</div> <div>PIMCO Europe Ltd Global</div> <div>GMO UK Limited (Until December 2016)</div> <div>PineBridge Investments</div> <div>River & Mercantile Asset Management</div> <div>Aviva Investors (From May 2016)</div>

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TRUSTEE AND ADVISERS (Continued)

Custodians :

Citibank
HSBC Global Investor Services
P-Solve Investments Limited
KAS Bank
Brown Brothers Harriman Trustee Services (Ireland) Ltd
State Street
Bank of New York Mellon SA / NV

Consultants & Administrators :

PS Administration Limited
Albion
Fishponds Road
Wokingham
Berkshire RG41 2QE

Investment Adviser :

P-Solve Investments Limited
11 Strand
London WC2N 5HR

Principal Employer :

Darty Limited (formerly known as Darty plc)
4th Floor
Reading Bridge House
George Street
Reading
Berkshire RG1 8LS

AVC Providers :

The Prudential Assurance Company
Santander Corporate Banking
The Standard Life Assurance Company

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2017

The Trustee presents to the members its annual report and financial statements for the year ended 31 March 2017.

Scheme Information

The Comet Pension Scheme is governed by the Consolidated Trust Deed and Rules, dated 15 January 2015, including subsequent amendments.

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.

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.

Having received an acceptable anti-trust clearance from the French Competition Authority, Groupe Fnac SA declared its offer for Darty unconditional in all respects on 20 July 2016 and its acquisition of Darty plc is now complete. The shares in Darty have been de-listed from the London Stock Exchange as expected.

Darty remains the Comet Pension Scheme's Principal Employer. The ultimate parent company of both Darty and the Scheme trustee company, Comet Trustee Company Limited, is now Groupe Fnac SA.

The Scheme continues to receive the contributions due from Darty in accordance with the agreed Schedule of Contributions and work on the latest triennial valuation as at 31 March 2016 has now been completed. The findings are disclosed in the report on actuarial liabilities on page 13.

The Trustee will continue to keep members informed of developments following the acquisition of Darty via the Scheme website as and when there is anything new to report.

Membership

The number of members as at the year end was:	2017	2016
Deferred pensioners	3,301	3,408
Pensioners	1,710	1,728

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Pension increases

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 2016 the increases applied were as follows:

	2016 %
GMP accrued before 6 April 1988	Nil
GMP accrued after 5 April 1988	Nil
Pension above GMP accrued before 6 April 2005	1.2
Pension accrued after 5 April 2005	1.2

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

Benefit/Scheme Changes

There were no substantive changes to the Scheme or the benefits provided in the year to 31 March 2017.

Financial Development of the Scheme

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

	£'000s
Net assets at 31 March 2016	440,136
Net withdrawals from dealings with members	(3,980)
Net returns on investments	<u>93,166</u>
Net assets at 31 March 2017	<u>529,322</u>

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

Taxation Status

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

Myners Principles

The Myners Principles on the corporate governance of investments by pension funds cover the following areas: effective decision making; clear objectives; risk and liabilities; performance assessment; responsible ownership; and clear and objective reporting. Compliance with the principles is voluntary, however the Trustee, with the guidance of their professional advisers, are taking measures to ensure that the Scheme complies with these principles.

Socially responsible investments

The Trustee has delegated responsibility for the selection, retention and realisation of investments to the investment managers (within certain guidelines and restrictions). The Trustees' policy is that the extent to which, social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments is left to the discretion of the active investment managers.

Rights attaching to investments

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers.

Enquiries

All enquiries about the Scheme and individual benefit entitlements should be addressed to the Scheme Trustee c/o PS Administration Limited, Albion, Fishponds Road, Wokingham, Berkshire RG41 2QE. Email: cometadmin@psadmin.com

TPAS and Pensions Ombudsman

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

11 Belgrave Road
London SW1V 1RB

Website: www.pensions-ombudsman.org.uk
Tel: 0207 6302 200

Website: www.pensionsadvisoryservice.org.uk
Tel: 0300 1231 047

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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

Website: www.thepensionsregulator.gov.uk
Tel: 0345 6000 707

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 9
Mail Handling Site A
Wolverhampton WV98 1LU

Tel: 0345 6002 537

Data Protection Act 1998 (the "Act")

Notification under the Act is a statutory requirement and as such the Trustees have both a legal obligation and legitimate interest to process data relating to members for the purpose of administering and operating the Scheme and paying benefits under it. This may include passing data about members to the Scheme's Actuary, administrator and other such third parties as may be necessary for the administration and operation of the Scheme.

The Trustees fully support the principles of data protection, which include amongst other things that data must be fairly and lawfully processed; secure; accurate and not excessive.

The Scheme holds personal data e.g. name, address, salary etc, in respect of each member, which is used for the purpose of administering the Scheme and calculating members' benefits. Members are entitled to see any data that is held on them unless, in providing this data, other parties' data is disclosed. However, a charge may be made for the cost of supplying this information.

INVESTMENT REPORT

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 below) takes responsibility for the day to day decisions relating to each portfolio. The Trustee has taken steps to ensure the investment managers and advisers have the appropriate knowledge and experience.

Objectives

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

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

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

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

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 over rolling 3 year periods. The Liability Benchmark Objective is defined as swaps + 2.1% as at 31 March 2017 (prior to March 2015 this target was swaps +2.2%).
- To aim to not breach a downside tolerance of the estimated change in liabilities less 4.4% p.a. on the Scheme assets in any 12 month period.

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

Investment Performance

During the year to 31 March 2017, the Scheme's investment strategy returned 21.4% outperforming the Liability Benchmark Objective by 11.0%. As indicated by the performance figures, it has been a particularly strong year for the Scheme in terms of asset growth, which has been driven by general momentum in financial markets as well as some strong performance from the investment managers. The liability objective has also risen fairly significantly due to falling interest rates in the UK over the period, but the asset growth has outpaced this and we would expect to see an improvement in funding level. Over the longer term periods (3 year and 5 years), the Scheme has also outperformed its benchmark. Over the 3 year period the annualised return was 16.2% versus a target of 14.1% and over 5 years, the 12.2% annualised performance is ahead of the Scheme target of 9.2%. Positive steps taken to control asset and liability risk have contributed greatly to the Scheme's performance.

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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 2017.

Asset Class	Manager	12 months to 31 March 2017		3 years (per annum) to 31 March 2017	
		Fund	Benchmark ⁸	Fund	Benchmark
Off-Risk Assets ¹					
UK Gilts	P-Solve	19.9	19.9	11.8	11.8
On-Risk Assets					
US structured equity (EDOS6)	P-Solve	36.6	7.2	17.2 ²	7.2
UK structured equity (EDOS7)	P-Solve	30.6	9.6	31.6 ³	9.6
Cash	LGIM	-0.3	0.2	0.0	0.3
Dynamic Asset Allocation	Pinebridge	6.5	5.5	-0.8 ⁴	5.5
Dynamic Asset Allocation	R&M	15.3	4.5	6.5 ⁵	4.5
Dynamic Asset Allocation	Aviva ⁶	1.3	4.9	1.3	4.9
Active global bonds	PIMCO	10.9	8.9	4.9	5.8
Alternatives Mandate (discretionary)	P-Solve	35.6	5.5	33.1 ⁷	5.5
Total Fund Return (including swaps)	All	21.4	10.4	16.2	14.1

1. Off-Risk Assets return includes a small contribution from the LGIM Cash fund. Note the performance numbers excludes the performance of the swaps. Instead the swap performance is included in the Total Fund Return.
2. Return from 3 March 2015
3. Return from 11 January 2016
4. Return from 2 March 2015
5. Return from 24 February 2015
6. Return from 6 May 2016
7. Return from 1 March 2016
8. The benchmark return is taken to be the return of the Liability Benchmark Objective

All performance numbers are net of fees, except LGIM and P-Solve which are gross of fees.

Market Review

The financial markets were subject to high levels of uncertainty over the 12 months to 31 March 2017, buffeted by geopolitical and macroeconomic events, but there were steady signs of a generally improving global economy, and the value of most return-seeking assets increased substantially over the year.

At the same time however, the yield on UK government bonds fell significantly. Since these yields are typically used to value UK pension schemes' liabilities, and since most UK pension schemes are less than fully hedged against the risk in their liabilities, this will have tended to increase UK pension schemes' deficits. However, the Scheme has in place a liability hedging strategy which will have helped mitigate the impact of the fall in gilt yields on the funding level.

The market recovery staged from the beginning of March 2016 slowed on the approach to the UK referendum on continued membership of the European Union. The referendum result, announced on Friday 24 June, surprised the financial markets. Sterling weakened against all major currencies, gilt yields dropped, and all major equity markets fell heavily.

After the initial fall however, most major equity markets began to recover. The FTSE 100 index, with its strong weighting to companies with non-sterling revenues, was perceived as likely to benefit from the fall in sterling, and ended June higher than it started.

Meanwhile economic data showed more improvement, albeit modest. Notably the oil price staged a significant recovery, largely because producers were disciplined in cutting production but also because of increased demand.

The strongest and most consistent signs of economic growth were in the US, but here the equity markets were held back over the autumn by uncertainty around the US presidential election. When the result was the victory of Donald Trump, with his plans to cut taxes, raise infrastructure spending and loosen financial regulation, US and other equity markets rallied strongly.

The rally continued through to March, but paused with Trump's failure to push through repeal of Obamacare, which was judged at the time to make it less likely that other changes would be pushed through.

Note: All references to market performance are based on MSCI indices in local currency terms.

Investment Strategy

As at 31 March 2017, the target allocation for the Scheme consists of 30% invested in "off-risk" assets (which include a liability hedge) and 70% invested in return seeking assets ("on-risk" assets). Prior to March 2015, the target split between 'on-risk' and 'off-risk' assets was 85% and 15% respectively.

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 match closely changes in value in the Scheme's liabilities.

The remaining 70% 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 allocation the Trustee has invested into structured equity, which is the other hedging element of the investment strategy.

Investment Strategy (continued)

The Equity Derivative Overlay Strategies ("EDOS") are UK based and provide downside protection and diversified equity return profiles. The EDOS 6 & EDOS 7 provide protection against falls in the FTSE100 from the point of investment and perform best in upward trending equity markets. The collateral supporting all of these structures is also used in the liability hedge design.

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

As at 31 March 2017, the investment allocation strategy being followed by the Trustee was as follows:

Asset Class	%	Manager	Benchmark
On-risk assets	70.0		
UK structured equity including collateral (EDOS 7)	8.5	P-Solve	7.24% p.a. in excess of the compounded 6 month Sterling LIBOR return
UK structured equity including collateral (EDOS 6)	12.5	P-Solve	6.00% p.a. in excess of the compounded 6 month Sterling LIBOR return
Dynamic Asset Allocation	8.5	Aviva	3-month LIBOR + 5.00% p.a.
Dynamic Asset Allocation	8.0	Pinebridge	3-month LIBOR + 5.00% p.a.
Dynamic Asset Allocation	2.0	R&M	3-month LIBOR + 4.00% p.a.
Active global investment grade bonds	18.5	PIMCO	Composite of three credit indices (GBP Hedged)
Alternatives Mandate (discretionary)	12.0	P-Solve	3-month LIBOR + 5.00% p.a.
Off-risk assets	30.0		
UK Gilts	30.0	P-Solve	n/a
Total	100.0		

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.

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

- **Dynamic Asset Allocation mandate restructure**

In February 2016, the Trustee decided to appoint another manager to diversify manager risk in the Dynamic Asset Allocation mandate. The elected manager was Aviva Investors. This mandate was funded shortly after 31 March 2016.

- **Introduction of an Alternatives portfolio**

The Trustee has agreed that further diversification of the investment portfolio would help to improve the return profile, while helping to manage risk. The mandate currently holds insurance linked securities, property and stressed credit.

- **The global investment grade credit mandate was increased**

Attractive market pricing in global investment grade credit meant the Trustee took the decision to increase this allocation.

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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, Equity Structured Solutions and the discretionary alternatives mandate the Trustee has appointed KAS Bank.

Statement of Investment Principles

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

Investment Manager Fees

The investment management fees incurred by the Scheme are summarised below. Please note that the figures quoted here are estimates since extracting the precise fee from daily unit prices would be a time-consuming exercise. Where applicable, the fees include performance related fees as negotiated with certain investment managers.

	Fees
Year Ending 31 March 2013	£1,154,000
Year Ending 31 March 2014	£1,316,000
Year Ending 31 March 2015	£1,466,000
Year Ending 31 March 2016	£1,868,000
Year Ending 31 March 2017	£2,013,000

Fees are exclusive of any VAT that may be payable.

Employer Related Investments

There were no employer related investments during the year.

For and on behalf of the Trustee

Ian Edwards

Trustee

.....6/10/2017.....
Date

REPORT ON ACTUARIAL LIABILITIES

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to, based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 31 March 2016. This showed that on that date:

The value of the technical provisions was £481.2 million.

The value of the assets (excluding AVCs) was £435.6 million.

The value of the total assets was £440.1 million.

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles).

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Discount interest rate: term dependent rates set by reference to the market yields available on gilts and swaps curves at the valuation date plus an addition of 1.4% per annum at each duration. The proportion of gilts and swaps exposures reflected in the interest rate curve are term dependent and based on the interest rate exposures of the Scheme's liability hedging portfolio as at 31 March 2016.

Future Retail Price inflation: term dependent rates derived from the market yields available on gilts and swaps inflation curves at the valuation date. The proportion of gilts and swaps inflation exposures reflected in the inflation curve are term dependent and based on the inflation exposures of the Scheme's liability hedging portfolio as at 31 March 2016.

Pension increases: derived from the term dependent rates for future retail price inflation and consumer price inflation allowing for the caps and floors on pension increases according to the provisions in the Scheme's rules using the Black-Scholes stochastic model with inflation volatility of 1.5% per annum at each term.

Mortality: for the period in retirement, standard tables S2PMA with a scaling factor of 108% for male members; and S2PFA with a scaling factor of 100% for female members. Future projections are in line with the CMI_2015 model applied from 2007 with a long term rate of improvement of 1.25% per annum.

Cash commutation: at retirement, members commute 85% of the maximum permitted tax free cash lump sum (assuming commutation factors that are equivalent to 77% of cost neutral factors based on the assumptions used to determine the technical provisions as at 31 March 2016).

ACTUARY'S CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS

Actuary's certification 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 on 31 March 2016 to be met by the end of the period specified in the recovery plan effective from 31 July 2017.

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 effective from 31 July 2017.

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: 31 July 2017

Name: Steve Leake

Qualification: Fellow of the Institute and Faculty of Actuaries

Punter Southall
Tempus Court
Onslow Street
Guildford
Surrey
GU1 4SS

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, 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 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 Regulations 3 and 3A of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements 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 any estimates and judgements on a prudent and reasonable basis.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

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 employer 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 in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustee also 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 an appropriate system of internal control.

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

We have audited the financial statements of Comet Pension Scheme for the year ended 31 March 2017 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 page 15, 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's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at 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 2017, 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 Regulations 3 and 3A of 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 *6 October 2017*

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

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FUND ACCOUNT

For the year ended 31 March 2017

	Note	2017 £'000s	2016 £'000s
CONTRIBUTIONS AND BENEFITS			
Employer contributions		<u>10,250</u>	<u>10,209</u>
Total contributions	3	<u>10,250</u>	<u>10,209</u>
Benefits payable	4	9,241	9,344
Payments to and on account of leavers	5	4,737	2,910
Administrative expenses	6	<u>252</u>	<u>211</u>
		<u>14,230</u>	<u>12,465</u>
NET WITHDRAWALS FROM DEALINGS WITH MEMBERS		<u>(3,980)</u>	<u>(2,256)</u>
RETURNS ON INVESTMENTS			
Investment income	7	3,019	3,346
Change in market value of investments	8	90,723	1,549
Investment management expenses		<u>(576)</u>	<u>(481)</u>
NET RETURNS ON INVESTMENTS		<u>93,166</u>	<u>4,414</u>
NET INCREASE IN THE FUND FOR THE YEAR		89,186	2,158
NET ASSETS AT 31 MARCH		<u>440,136</u>	<u>437,978</u>
NET ASSETS AT 31 MARCH		<u><u>529,322</u></u>	<u><u>440,136</u></u>

The notes on pages 19 to 30 form part of these financial statements.

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STATEMENT OF NET ASSETS

At 31 March 2017

	Note	2017 £'000s	2016 £'000s
INVESTMENT ASSETS	8		
Bonds		235,580	202,286
Pooled investment vehicles	9	253,806	198,591
Derivatives	10	82,447	85,721
AVC investments	11	4,812	4,505
Cash deposits		4,370	484
Other investment balances	12	524	624
		<u>581,539</u>	<u>492,211</u>
INVESTMENT LIABILITIES			
Derivatives	10	<u>(54,464)</u>	<u>(54,009)</u>
TOTAL NET INVESTMENTS		527,075	438,202
CURRENT ASSETS	16	2,498	2,306
CURRENT LIABILITIES	17	(251)	(372)
NET ASSETS AT 31 MARCH		<u><u>529,322</u></u>	<u><u>440,136</u></u>

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 takes into account such obligations, is dealt with in the Report on Actuarial Liabilities on page 13 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 19 to 30 form part of these financial statements.

These financial statements were approved by the Trustee on 6 October 2017. (date)

Signed on behalf of the Trustee

Ian Edwards

Victoria Milford

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Occupational Pensions Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (2015) Financial Reports of Pension Schemes. The provisions in the March 2016 Amendments to FRS 102 relating to fair value hierarchy disclosures have been adopted early.

2. ACCOUNTING POLICIES

(a) *Accounting Convention*

The financial statements are prepared on an accruals basis. The presentational currency is GBP.

(b) *Contributions*

Employer deficit funding contributions are recognised on the due dates in accordance with the Schedule of Contributions or in the absence of a formal agreement on a receipts basis.

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

(c) *Payments to Members*

Pensions in payment are accounted for in the period to which they relate.

Benefits are accounted for in the period in which the member notifies the Trustee of his 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 the member liability is accepted or discharged which is normally when the transfer is paid or received.

(d) *Expenses*

The administration expenses are met by the Principal Employer. Investment fees and expenses are accounted for on an accruals basis.

(e) *Investment Income*

Income from bonds and other interest receivable is taken into account on an accruals basis.

Income from pooled investment vehicles is accounted for when declared by the fund manager.

Income arising on the underlying investments of accumulation funds is reflected within the change in market value.

COMET PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

2. ACCOUNTING POLICIES (continued)

(f) Investments

Investments are included at fair value as follows.

Quoted securities in active markets are usually valued at the current bid prices at the reporting date.

Accrued interest is excluded from the market value of fixed income securities and is included in investment income receivable.

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.

Swaps are valued based on the present value of future cash flows arising from the swap, determined using discounted cash flow models and market data at the reporting date.

Options are valued at fair value using pricing models and relevant market data at the year end date.

Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

(g) Foreign Currency Translation

Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction. Monetary items denominated in foreign currencies are translated into sterling using the closing exchange rates at the year end.

3. CONTRIBUTIONS

	2017 £'000s	2016 £'000s
Employer contributions		
Deficit funding	10,000	10,000
Other	250	209
	<u>10,250</u>	<u>10,209</u>

Prior to the completion of the actuarial valuation at 31 March 2016, deficit funding contributions were payable at a rate of £10,000,000 per annum until 31 May 2019. Following completion of the actuarial valuation at 31 March 2016, deficit funding contributions are now payable at a rate of £4,000,000 per annum from 1 July 2017 until 31 December 2021.

Other contributions relate to PPF levy and other professional fees paid by the Scheme and reimbursed by the employer.

4. BENEFITS PAYABLE

	2017 £'000s	2016 £'000s
Pensions	7,116	6,766
Commutation of pensions and lump sum retirement benefits	2,107	2,570
Refunds of contributions on death	18	8
	<u>9,241</u>	<u>9,344</u>

COMET PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

5.	PAYMENTS TO AND ON ACCOUNT OF LEAVERS	2017 £'000s	2016 £'000s			
	Individual transfers out to other schemes	<u>4,737</u>	<u>2,910</u>			
6.	ADMINISTRATIVE EXPENSES	2017 £'000s	2016 £'000s			
	Other professional fees	46	-			
	Miscellaneous expenses	2	2			
	PPF levy	<u>204</u>	<u>209</u>			
		<u>252</u>	<u>211</u>			
7.	INVESTMENT INCOME	2017 £'000s	2016 £'000s			
	Income from bonds	2,105	2,507			
	Income from pooled investment vehicles	796	708			
	Interest on cash deposits	<u>118</u>	<u>131</u>			
		<u>3,019</u>	<u>3,346</u>			
8.	RECONCILIATION OF INVESTMENTS					
	Value at 31.3.2016 £'000s	Purchases at cost & derivatives payments £'000s	Sales proceeds & derivative receipts £'000s	Change in market value £'000s	Value at 31.3.2017 £'000s	
	Bonds	202,286	32,220	(37,569)	38,643	235,580
	Pooled investment vehicles	198,591	133,314	(104,584)	26,485	253,806
	Derivatives	31,712	7,138	(36,182)	25,315	27,983
	AVC investments	<u>4,505</u>	<u>115</u>	<u>(187)</u>	<u>379</u>	<u>4,812</u>
		<u>437,094</u>	<u>172,787</u>	<u>(178,522)</u>	<u>90,822</u>	<u>522,181</u>
	Cash deposits	484			(99)	3,370
	Cash in transit	-			-	1,000
	Other investment balances	<u>624</u>			<u>-</u>	<u>524</u>
		<u>438,202</u>			<u>90,723</u>	<u>527,075</u>

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commissions and stamp duty. There were no direct transaction costs incurred during the year.

In addition, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles.

COMET PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

9. POOLED INVESTMENT VEHICLES

The Scheme's investments in pooled investment vehicles at the year end comprised:

	2017 £'000s	2016 £'000s
Equity	-	5,075
Bonds	92,138	35,943
Hedge funds	60,117	34,909
Diversified	94,981	122,478
Property	1,733	-
Cash	<u>4,837</u>	<u>186</u>
	<u>253,806</u>	<u>198,591</u>

10. DERIVATIVES

Objectives and policies

The Trustee has authorised the use of derivatives by its investment managers as part of its investment strategy for the Scheme as follows.

Options – the Trustee wants to benefit from the potentially greater returns available from investing in equities but wishes to minimise the risk of loss of value through adverse equity price movements. During the year the Scheme held a number of equity option contracts that protect it from falls in value in the FTSE 100.

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 movements. Due to the lack of available long dated bonds the Trustee has entered into OTC interest rate and inflation swaps during the year that extend the duration of the fixed income portfolio to better match the long term liabilities of the Scheme.

Forward foreign exchange – in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

At the year end the Scheme held the following derivatives:

	2017 Asset £'000s	2017 Liability £'000s	2016 Asset £'000s	2016 Liability £'000s
Options	16,150	4,789	7,739	7,215
Swaps	65,436	49,675	77,577	46,576
Forward foreign exchange contracts	<u>861</u>	<u>-</u>	<u>405</u>	<u>218</u>
	<u>82,447</u>	<u>54,464</u>	<u>85,721</u>	<u>54,009</u>

COMET PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

10. DERIVATIVES (continued)

Options

Underlying Investment	Expiration	Asset £'000s	Liability £'000s
UK exchange traded FTSE	2 March 2018	7,394	2,090
UK exchange traded FTSE	11 January 2019	<u>8,756</u>	<u>2,699</u>
		<u>16,150</u>	<u>4,789</u>

Swaps

Nature	Expiration	Notional principal £'000s	Asset £'000s	Liability £'000s
Interest rate swaps (OTC)	1 to 46 years	250,350	59,494	19,800
Inflation swaps (OTC)	2 to 42 years	165,514	<u>5,942</u>	<u>29,875</u>
			<u>65,436</u>	<u>49,675</u>

At the year end the Scheme held £26,138,247 (2016: £30,860,865) of collateral belonging to the counterparty. This collateral is not reported within the Scheme's net assets.

Forward Foreign Exchange

Contract	Settlement Date	Currency bought	Currency sold	Asset £'000s	Liability £'000s
Forward OTC	13 April 2017	\$6,302,359	£5,025,003	37	-
Forward OTC	13 April 2017	£160,232,900	\$200,970,651	<u>824</u>	-
				<u>861</u>	-

11. AVC INVESTMENTS

The Trustee holds assets invested separately from the main fund 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:

	2017 £'000s	2016 £'000s
Standard Life	531	475
Santander	15	14
Prudential Assurance	<u>4,266</u>	<u>4,016</u>
	<u>4,812</u>	<u>4,505</u>

12. OTHER INVESTMENT BALANCES

	2017 £'000s	2016 £'000s
Dividends and interest receivable	<u>524</u>	<u>624</u>

COMET PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

13. FAIR VALUE DETERMINATION

The fair value of financial instruments has been estimated using the following fair value hierarchy:

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

	At 31 March 2017			
	Level 1 £	Level 2 £	Level 3 £	Total £
Bonds	235,580	-	-	235,580
Pooled investment vehicles	-	253,806	-	253,806
Derivatives	-	27,983	-	27,983
AVC investments	-	-	4,812	4,812
Cash	4,370	-	-	4,370
Other investment balances	<u>524</u>	<u>-</u>	<u>-</u>	<u>524</u>
	<u>240,474</u>	<u>281,789</u>	<u>4,812</u>	<u>527,075</u>

	At 31 March 2016			
	Level 1 £	Level 2 £	Level 3 £	Total £
Bonds	202,286	-	-	202,286
Pooled investment vehicles	-	198,591	-	198,591
Derivatives	-	31,712	-	31,712
AVC investments	-	-	4,505	4,505
Cash	484	-	-	484
Other investment balances	<u>624</u>	<u>-</u>	<u>-</u>	<u>624</u>
	<u>203,394</u>	<u>230,303</u>	<u>4,505</u>	<u>438,202</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

14. INVESTMENT RISK DISCLOSURES

Investment Risk Disclosure

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determines their investment strategy after taking advice from its professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

Further information on the Trustees' approach to risk management, credit and market risk is set out below. This does not include the legacy insurance policies nor AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

(i) Investment strategy

The Trustees' long-term investment objective for the Scheme is to target an investment return objective of approximately gilts +2.1% per annum (net of fees).

In addition to framing the investment objective, the Trustee are responsible for setting the split of assets between return-seeking assets (known as the Investment Fund) and liability-matching assets (known as the Matching Fund).

Based on consideration of the Scheme's liabilities and the desired investment objective, the Trustees have adopted a 70% Investment Fund and 30% Matching Fund.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

14. INVESTMENT RISK DISCLOSURES (continued)

Investment Fund

The Investment Fund holds a diverse portfolio of assets that are expected, in the longer term, to exceed the growth in the value of the Scheme's liabilities. The objective for the Investment Fund is to achieve a return of at least 3.0% per annum in excess of the return of a portfolio of gilts, after the deduction of fees, over rolling three year periods. During the year, the Investment Fund has been invested in a diversified portfolio of global equities, global government and corporate bonds, insurance linked securities, property, stressed credit and structured equity.

Liability Hedging Mandate

The Scheme has implemented a Liability Hedge, which consists of a portfolio of index-linked and fixed interest gilts held in the Matching Fund and a portfolio of swaps which together manage the interest rate and inflation risk inherent in the liabilities. As at 31 March 2017, the target for the Liability Hedge was to mitigate 85% of the Scheme's exposure to interest rate and inflation risk on its Technical Provisions liabilities.

(ii) Credit risk

The Scheme is subject to credit risk because the Scheme directly invests in bonds, Over the Counter ("OTC") derivatives and has cash balances. The Scheme also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The Scheme is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

The following tables show a breakdown of the Scheme's credit exposure for the accounting year ended 31 March 2017 and 31 March 2016 respectively:

2017 £'000	Investment Grade	Non-Investment Grade	Unrated	Total
Bonds	235,579	-	-	235,579
OTC Derivatives	27,983	-	-	27,983
Cash	3,370	-	-	3,370
PIVs	-	-	253,806	253,806
Total	266,932	-	253,806	520,738

Please note, the figures are subject to rounding. Clean values have been used where available.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

14. INVESTMENT RISK DISCLOSURES (continued)

2016 £'000	Investment Grade	Non-Investment Grade	Unrated	Total
Bonds	202,286	-	-	202,286
OTC Derivatives	31,712	-	-	31,712
Cash	484	-	-	484
PIVs	-	-	198,519	198,519
Total	234,482	-	198,519	433,001

Please note, the figures are subject to rounding. Clean values have been used where available.

Credit risk arising on bonds held directly is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which are rated at least investment grade. The Scheme also invests in a diversified credit portfolio including high yield and emerging market bonds in their pooled mandate with PIMCO as well as stressed credit via the discretionary Alternatives mandate held with P-Solve. The Trustee manages the associated credit risk by using active investment managers that diversify the portfolio to minimise the impact of default by any one issuer. Credit risk arising on other investments is mitigated by investment mandates requiring all counterparties to be at least investment grade credit rated. This is the position at the year-end.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter. OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced by collateral arrangements.

Cash is held within financial institutions which are at least investment grade credit rated. This is the position at the year-end.

The Scheme's holdings in pooled investment vehicles are unrated. Direct and indirect credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the regulatory and operating environment of the pooled manager.

COMET PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

14. INVESTMENT RISK DISCLOSURES (continued)

(iii) Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets, either as segregated investments (direct exposure) or via pooled investment vehicles (indirect exposure). The Trustee has elected to hedge currency risk on the majority of its assets. This was the position at the year-end.

The table below outlines the Scheme's currency risk exposure for the accounting years ended 31 March 2017 and 31 March 2016:

Gross Exposure before Hedging £'000	31 March 2017	31 March 2016
Direct		
Non-Sterling	1,130	1,550
Indirect		
Non-Sterling PIVs	189,982	165,073

Please note, the PIV investments may include underlying exposure to sterling dominated investments.

(iv) Interest rate risk

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in bonds, interest rate and inflation swaps, either as segregated investments or through pooled vehicles, and cash. Under this strategy, if interest rates fall, the value of these investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, these investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

At year end the Scheme hedged 85% of the interest rate exposure.

The following table shows a breakdown of these exposures by asset class in monetary terms for the years ending 31 March 2017 and 31 March 2016:

£'000	2017	2016
Direct		
Bonds	235,580	202,286
Swaps	15,761	31,000
Indirect		
Bond PIV	92,138	35,943
Cash PIV	4,837	186

Please note, the figures are subject to rounding. Clean values have been used where available.

COMET PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

14. INVESTMENT RISK DISCLOSURES (continued)

(v) Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes equities held in pooled vehicles, equity futures, structured equity and some alternatives. The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

The following table shows a breakdown of the return-seeking asset portfolio for accounting years ended 31 March 2017 and 31 March 2016:

£'000	2017	2016
Direct		
Equity Options	11,361	525
Bonds	91,745	76,779
Indirect		
Bonds PIVs	92,138	35,943
Equity PIVs	-	5,075
Multi-Asset PIV's	94,981	122,506
Alternatives PIV's	60,117	34,909
Property PIVs	1,733	-

Please note, the figures are subject to rounding.

15. CONCENTRATION OF INVESTMENTS

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

	2017		2016	
	£'000s	%	£'000s	%
GMO Real Return Fund	-	-	80,187	18.3
PIMCO Diversified Income Fund	92,138	17.4	35,943	8.2
Aviva Multi-Strategy Target Return Fund	42,469	8.0	-	-
PineBridge Global Dynamic Asset Allocation Fund	41,101	7.8	32,408	7.4

16. CURRENT ASSETS

	2017	2016
	£'000s	£'000s
Bank balance	1,619	1,473
Contributions receivable - employer	833	833
Due from employer	46	-
	<u>2,498</u>	<u>2,306</u>

All contributions receivable relate to the month of March 2017 and were paid in full to the Scheme within the timescale required by the Schedule of Contributions currently in force.

COMET PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

17. CURRENT LIABILITIES

	2017 £'000s	2016 £'000s
Accrued expenses	148	108
State Scheme Premiums	6	6
Tax payable	75	72
Unpaid benefits	<u>22</u>	<u>186</u>
	<u>251</u>	<u>372</u>

18. RELATED PARTIES

Benefit payments to two 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.

The Chairman receives a fee from the Principal Employer and since October 2014 the Company has also paid fees to the other Trustee Directors. A total of £39,000 p.a. (2016: £39,000) is paid for their services.

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

We have examined the Summary of Contributions to Comet Pension Scheme for the Scheme year ended 31 March 2017 which is set out on page 32.

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 page 15, 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 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 2017 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 20 March 2014.

BDO LLP

BDO LLP
Statutory Auditor
Guildford
United Kingdom

Date *6 October 2017*

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

COMET PENSION SCHEME

SUMMARY OF 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
Employer deficit funding contributions	10,000
Employer other contributions	<u>250</u>
Total contributions paid	<u>10,250</u>
Reconciliation to the financial statements	
Contributions paid under the Schedule of Contributions	<u>10,250</u>

This summary was approved by the Trustee on 6 OCTOBER 2017 (date)

Signed on behalf of the Trustee

Ian Edwards