COMET PENSION SCHEME

Report and Financial Statements for the year ended 31 March 2018

Scheme Registration No: 10269876

XPS Administration

Albion, Fishponds Road, Wokingham, Berkshire RG41 2QE

XPS Administration is a trading name of PS Administration Limited
Registered in England and Wales No. 09428346. Registered Office: 11 Strand, London WC2N 5HR

Part of XPS Pensions Group

TABLE OF CONTENTS

TRUSTEE AND ADVISERS

TRUSTEE AND ADVISERS (continued)

Custodians :	Citibank HSBC Global Investor Services KAS Bank Brown Brothers Harriman Trustee Services (Ireland) Ltd State Street Bank of New York Mellon SA / NV
Consultants & Administrators :	XPS Administration (formerly PS Administration Ltd) Albion Fishponds Road Wokingham Berkshire RG41 2QE
Investment Adviser :	River & Mercantile Solutions (formerly P-Solve Investments Ltd) 11 Strand London WC2N 5HR
Principal Employer :	Darty Limited (formerly 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 2018

The Trustee presents to the members its annual report and financial statements for the year ended 31 March 2018.

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.

Groupe Fnac SA declared its offer for Darty unconditional in all respects on 20 July 2016, and as a result the shares in Darty were de-listed from the London Stock Exchange.

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.

Membership

The number of members as at the year end was:	2018	2017
Deferred pensioners	3,143	3,301
Pensioners	1,801	1,710

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 2017 and 2018 the increases applied were as follows:

	2018 %	2017 %
GMP accrued before 6 April 1988	Nil	Nil
GMP accrued after 5 April 1988	3.0	1.0
Pension above GMP accrued before 6 April 2005	4.1	2.5
Pension accrued after 5 April 2005	2.5	2.5

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

There were no discretionary increases made during the year.

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2018 (continued)

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 2018.

Financial Development of the Scheme

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

	£000's
Net assets at 31 March 2017	529,322
Net withdrawals from dealings with members	(12,943)
Net returns on investments	207
Net assets at 31 March 2018	516,586

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 its professional advisers, is 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 Trustee's 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 Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers.

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2018 (continued)

Enquiries

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

The Pensions Advisory Service (TPAS)

If you have general requests for information or guidance concerning your pension arrangements contact:

The Pensions Advisory Service
11 Belgrave Road
London SW1V 1RB

Tel: 0800 011 3797
Website: www.pensionsadvisoryservice.org.uk

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 government appointed Pensions Ombudsman can investigate complaints of injustice caused by bad administration, either by the Trustees or Scheme administrators, or disputes of fact or law. The Pensions Ombudsman can be contacted at:

10 South Colonnade
Canary Wharf
London E14 4PU

Tel: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

The Pensions Regulator (tPR)

The Pensions Regulator can intervene if they consider 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

Tel: 0345 600 0707
Email: customersupport@tpr.gov.uk
Website: www.thepensionsregulator.gov.uk

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2018 (continued)

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: 0800 731 0193
Website: www.gov.uk/find-lost-pension

Data Protection

For the purpose of administering the Scheme and paying benefits under it, the Trustee and Employer each have a legal obligation and a legitimate interest in processing data relating to members and beneficiaries who may benefit as a result of their membership of the Scheme. This may include passing such data to the Scheme's employer, prospective employers, administrators, auditors, investment managers, lawyers and medical advisers and any other such third parties as may be necessary for the operation of the Scheme. The Trustee and Employer are for these purposes Data Controllers under the Act.

The Trustee has undertaken work to ensure that the Scheme is compliant with the General Data Protection Regulations that came into force in May 2018. A Privacy Notice was issued to members in May and the Trustee approved a new Data Policy on 25 May 2018.

INVESTMENT REPORT FOR THE YEAR ENDED 31 MARCH 2018

The Trustee has continued to manage the investments in accordance with the agreed investment strategy as set out in the Statement of Investment Principles. The Statement of Investment Principles is updated regularly and was last updated in December 2017. 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, given the Scheme recently reached a 100% level on the Technical Provisions basis, the Trustee has now set a target of reaching 115% funding level to ensure greater security of paying member benefits.

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 2018 (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 2018, the Scheme's investment strategy returned +0.3%, outperforming the Liability Benchmark Objective by 3.1%. 2017 was characterised by a strong upward trend in equity and credit markets. Some of the mandates in the discretionary Alternatives mandate detracted from performance over the period, in particular the insurance linked securities which were impacted by the hurricanes experienced in August and September of last year.

Q1 2018 saw some volatility in markets during which most of the managers underperformed their targets leaving performance for the Fund muted. The Fund did however strongly outperform the liability related objective over the period which contributed to an improvement in funding level. Over the longer term period of 3 years the Scheme has also outperformed its benchmark. Over this period the annualised return was +7.1% versus a target of +5.7%. Positive steps taken to control asset and liability risk have contributed greatly to the Scheme's performance.

INVESTMENT REPORT FOR THE YEAR ENDED 31 MARCH 2018 (continued)

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 2018.

Asset Class	Manager	12 months to March 2018		3 years (per annum) to 31 March 2018	
		Fund	Benchmark [6]	Fund	Benchmark
Off-Risk Assets [1]					
UK Gilts	R&M	1.9	1.9	8.0	8.0
On-Risk Assets					
UK structured equity (EDOS8)	R&M	7.5	4.1	-	-
Dynamic Asset Allocation	Threadneedle[3]	-0.2	4.2	-	-
Dynamic Asset Allocation	R&M	2.0	4.4	4.6	4.5
Dynamic Asset Allocation	Aviva[4]	-0.6	5.4	0.4	5.4
Active global bonds	PIMCO	2.8	5.3	4.2	5.3
Alternatives Mandate (discretionary)	R&M[5]	-7.3	5.4	5.9	5.4
Total Fund Return (including swaps)	All	**0.3**	**-2.8**	**7.1**	**5.7**

[1] *Off-Risk Assets return includes a small contribution from the LGIM Cash fund. Note the performance numbers exclude the performance of the swaps. Instead the swap performance is included in the Total Fund Return.*
[2] *Return from 29 June 2017*
[3] *Return from 14 Aug 2017*
[4] *Return from 6 May 2016*
[5] *Return from 1 March 2016*
[6] *The benchmark return is taken to be the return of the Liability Benchmark Objective*

All performance numbers are net of fees except LGIM and R&M which are gross of fees.

INVESTMENT REPORT FOR THE YEAR ENDED 31 MARCH 2018 (continued)

Market Review

Equity and credit markets rose strongly over the year, driven by positive global economic growth and rising corporate profits across all of the main regions, although elections and policymakers were they cause of some volatility over the period. Emerging market equity and debt benefited from a weakening US dollar and generated outstanding returns for the year ended March 2018, with US and Japanese equities also performing particularly well. February and March 2018 saw falls across all equity, credit and property markets, reducing some of the gains made earlier in the year. Return-seeking asset prices were still up over the year as a whole.

On the liability side of the equation, gilt yields were volatile, with a Brexit-fuelled falling trend occasionally interrupted by the Bank of England, first talking yields up then actually raising the base rate, in November, for the first time in more than a decade. In January 2018 yields rose strongly, following the passing of an important Brexit milestone the previous month, but then fell again.

Internationally, the dollar's growing weakness had been a signal feature of 2017, fuelled in part by disappointment with the new president's lack of legislative progress and caution over US rate rises. This trend continued in the first three months of 2018, although it was more volatile.

US yields were rising in the second half of 2017, driven by a growing expectation that the US Federal Reserve would hike the Federal Funds target rate more quickly than the market had been pricing in, in an attempt to forestall a future rise in the rate of inflation. This expectation escalated into fear in late January 2018, when US wage rise figures came out stronger than expected. As well as pushing yields up, it triggered steep falls in US equities and, then, return-seeking assets as a whole. The fear of a US-centred trade war sent these assets down again in March, despite economic fundamentals continuing to post positive results.

In Japan, over the 12-month period as a whole, investors saw the Japanese yen alternately strengthen and weaken against the other major trading currencies over the course of the year: Japanese monetary policy is expected to remain loose for some time, fostering a trend of yen weakness, but short-term Japanese government bonds are still regarded as a safe haven, causing the yen to strengthen at times of stress. This was starkest in the third quarter of 2017, when investors were rattled by North Korean nuclear missile testing.

The currency moves affected Japan's equity market. But a snap general election in October gave Prime Minister Shinzo Abe a mandate to press ahead with his economic reforms, and this, combined with the sight of improving economic fundamentals, got the better of temporary sentiment. Japanese equities rose over the 12-month period as a whole.

Over the 12 months emerging market equities were buoyed by two factors – positive economic momentum, which also helped to boost the price of oil and industrial metals, and the falling US dollar. The major emerging economic power, China, saw the consolidation of its leadership in the hands of Xi Jinping, who in October was re-elected general secretary of the Chinese communist party, and investors felt reassured the country would continue to manage its economic growth.

Economic fundamentals were improving even more vigorously in Europe, where falls in unemployment were accompanied by strong and rising economic activity, rising inflation and improving economic sentiment. The equity market had been held back in the early months of 2017 by fears that extreme/populist politics might be on the rise, but these fears were eased by the sight of centrist politicians winning key elections, and from March to May European equities rallied strongly, although they drifted slightly down over the summer as the euro rallied.

INVESTMENT REPORT FOR THE YEAR ENDED 31 MARCH 2018 (continued)

By September the positive backdrop had emboldened the European Central Bank to confirm its intention to start tapering the bond-buying programme that has been stimulating the eurozone economy since 2010. The ECB's president, Mario Draghi, announced the bank would continue buying bonds at least until September 2018, but at half the previous rate.

This helped the euro, which continued to strengthen against the other major trading currencies in the last few months of 2017, but eurozone equities went nowhere until the beginning of 2018. Then, like return-seeking assets everywhere else, eurozone equities rose strongly for most of January, fell sharply from then to mid-February, and then fell some more in March. Over the 12-month period as a whole they rose only slightly.

Note: Equity market returns based on returns of MSCI indices. All returns are stated in local terms.

Investment Strategy

As at 31 March 2018, 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 'off-risk' and 'on-risk' assets was 15% and 85% 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 closely match 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. The Equity Derivative Overlay Strategy ("EDOS8") is based on global equity markets and provides downside protection and diversified equity return profiles. The EDOS8 provides protection against falls in the global developed market equity from the point of investment and performs best in upward trending equity markets. The collateral supporting all of these structures is also used in the liability hedging design.

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

As at 31 March 2018 the investment allocation strategy being followed by the Trustee was as tabled below. Please note, the Insight Buy and Maintain Credit mandate is not invested at this date, but is in transition.

Asset Class	%	Manager	Benchmark
On-risk assets	**70.0**		
Global structured equity including collateral (EDOS 8)	15.0	R&M	6.0% p.a. in excess of the compounded 6 month Sterling LIBOR return
Dynamic Asset Allocation	8.5	Aviva	3-month LIBOR + 5.0% p.a.
Dynamic Asset Allocation	6.0	Threadneedle	UK CPI EU Harmonised NSA +4.0% p.a.
Dynamic Asset Allocation	2.0	R&M	3-month LIBOR + 4.0% p.a.
Active global bonds	11.5	PIMCO	Composite of three credit indices (GBP Hedged)

INVESTMENT REPORT FOR THE YEAR ENDED 31 MARCH 2018 (continued)

Asset Class	%	Manager	Benchmark
Alternatives Mandate (discretionary)	12.0	R&M	3-month LIBOR + 5.0% p.a.
Buy & Maintain Credit	15.0	Insight	3-month LIBOR +1.0% p.a.
Off-risk assets	**30.0**		
UK Gilts	30.0	R&M	n/a
Total	**100**		

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:

- **Restructure of the structured equity mandate**

  In June 2017, following a period of strong performance in UK equity markets, the Trustee decided to redeem from the two UK structured equity solutions, EDOS6 and EDOS7, and instead invest in a global structured equity solution ("EDOS8") to continue participation in equity markets while increasing regional diversification of the mandate.

- **Introduction of a new DAA manager**

  In June 2017, the Trustee decided to appoint a new manager to diversify manager risk in the Dynamic Asset Allocation mandate. The elected manager was Threadneedle. This mandate was funded via proceeds from a restructuring of the structured equity mandate.

- **The liability hedging levels for mitigation of interest rate and inflation risk were increased**

  Following a realised improvement in funding level on the Technical Provisions funding basis, the Trustee took the decision to increase the liability hedging levels to 100% measured relative to the liabilities for both interest rate and inflation risk.

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 (SIP), 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. There were no departures from the SIP during the year.

INVESTMENT REPORT FOR THE YEAR ENDED 31 MARCH 2018 (continued)

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:

	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
Year ending 31 March 2018	£2,322,000

Fees are exclusive of any VAT that may be payable.

Employer Related Investments

There were no employer related investments during the year.

The Trustee's report, investment report, report on actuarial liabilities and Statement of the Trustee's responsibilities were approved by the Trustee.

For and on behalf of the Trustee

James Arnold

Trustee

5th October 2018
....
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 and annual updates were produced as at 31 March 2017 and 31 March 2018. On these dates the positions were as follows:

	2018 £'m	2017 £'m	2016 £'m
The value of the technical provisions was	£510.8	£539.8	£481.2
The value of the assets (excluding AVCs) was	£511.8	£524.5	£435.6
The value of the total assets was	£516.6	£529.3	£440.1

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 (updated at each 31 March for subsequent annual updates).

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 (updated at each 31 March for subsequent annual updates).

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). For subsequent annual updates, it is assume that at retirement, members commute 85% of the maximum permitted tax free cash lump sum on terms available at the date of the update.

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'.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

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 Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustee is 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 COMET PENSION SCHEME

Opinion

We have audited the financial statements of the Comet Pension Scheme ('the Scheme') for the year ended 31 March 2018 which comprise the Fund Account, Statement of Net Assets and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland) and the Statement of Recommended Practice – (Financial Reports of Pension Schemes) (revised November 2014) (United Kingdom Generally Accepted Accounting Practice).

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 2018, 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 year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Scheme's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information, including the Trustee's Report, Investment Report, Report on Actuarial Liabilities and Actuarial Certificates and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustee

As explained more fully in the Statement of Trustee's Responsibilities set out on page 16, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they show a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee intends to wind up the Scheme or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

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

Use of our Report

This report is made solely to the Scheme's Trustee, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under 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 Scheme's Trustee, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

BDO LLP
Statutory Auditor
Guildford
United Kingdom

Date 5 October 2018

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

FUND ACCOUNT

For the year ended 31 March 2018

	Note	2018 £000's	2017 £000's
CONTRIBUTIONS AND BENEFITS			
Employer contributions		5,647	10,250
Total contributions	3	5,647	10,250
Benefits payable	4	10,057	9,241
Payments to and on account of leavers	5	8,382	4,737
Administrative expenses	6	151	252
		18,590	14,230
NET WITHDRAWALS FROM DEALINGS WITH MEMBERS		(12,943)	(3,980)
RETURNS ON INVESTMENTS			
Investment income	7	5,662	3,019
Change in market value of investments	8	(4,074)	90,723
Investment management expenses		(1,381)	(576)
NET RETURNS ON INVESTMENTS		207	93,166
NET (DECREASE) / INCREASE IN THE FUND FOR THE YEAR		(12,736)	89,186
NET ASSETS AT 31 MARCH		529,322	440,136
NET ASSETS AT 31 MARCH		516,586	529,322

The notes on pages 22 to 32 form part of these financial statements.

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

At 31 March 2018

	Note	2018 £000's	2017 £000's
INVESTMENT ASSETS			
Bonds	8	232,596	235,580
Pooled investment vehicles	9	219,494	253,806
Derivatives	10	48,548	82,447
AVC investments	11	4,779	4,812
Cash deposits	8	8,976	4,370
Other investment balances	12	502	524
		514,895	581,539
INVESTMENT LIABILITIES			
Derivatives	10	(40,440)	(54,464)
TOTAL NET INVESTMENTS		474,455	527,075
CURRENT ASSETS	16	42,835	2,498
CURRENT LIABILITIES	17	(704)	(251)
NET ASSETS AT 31 MARCH 2018		516,586	529,322

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 14 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 22 to 32 form part of these financial statements.

These financial statements were approved by the Trustee on ..5/10/18...... (date)

Signed on behalf of the Trustee

James Arnold

....

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

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.

2. ACCOUNTING POLICIES

(a) Accounting Convention

The financial statements are prepared on an accruals basis.

(b) Contributions

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

(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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

2. ACCOUNTING POLICIES *(continued)*

(f) Investments (continued)

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.

(h) Currency

The Scheme's functional and presentation currency is Pound Sterling (GBP).

3. CONTRIBUTIONS

	2018 £000's	2017 £000's
Employer contributions		
Deficit funding	5,500	10,000
Other	147	250
	5,647	10,250

Deficit funding contributions are now payable at a rate of £4,000,000 per annum from 1 July 2017 until 31 December 2021. The extra £1,500,000 this year is because three months of the old Schedule of Contributions were paid until 30 June 2017 at an extra £500,000 per month.

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

4. BENEFITS PAYABLE

	2018 £000's	2017 £000's
Pensions	7,465	7,116
Commutation of pensions and lump sum retirement benefits	2,596	2,107
Lump sum death benefits	2	-
CEPs	(6)	-
Refunds of contributions on death	-	18
	10,057	9,241

5. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2018 £000's	2017 £000's
Individual transfers out to other schemes	8,382	4,737

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

6. ADMINISTRATIVE EXPENSES

	2018 £000's	2017 £000's
Professional fees	-	46
PPF levy	147	204
Miscellaneous expenses	4	2
	151	252

7. INVESTMENT INCOME

	2018 £000's	2017 £000's
Income from bonds	2,194	2,105
Income from pooled investment vehicles	3,255	796
Interest on cash deposits	213	118
	5,662	3,019

8. RECONCILIATION OF INVESTMENTS

	Value at 31.3.2017 £000's	Purchases at cost & derivative payments £000's	Sales proceeds & derivative receipts £000's	Change in market value £000's	Value at 31.3.2018 £000's
Bonds	235,580	247,750	(251,507)	773	232,596
Pooled investment vehicles	253,806	133,565	(160,263)	(7,614)	219,494
Derivatives	27,983	10,931	(28,855)	(1,951)	8,108
AVC investments	4,812	313	(516)	170	4,779
	522,181	392,559	(441,141)	(8,622)	464,977
Cash deposits	3,370			4,548	8,976
Cash in transit	1,000			-	-
Other investment balances	524			-	502
	527,075			(4,074)	474,455

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

9. POOLED INVESTMENT VEHICLES

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

	2018 £'000s	2017 £'000s
Equity	19,453	-
Bonds	93,518	92,138
Hedge funds	40,345	60,117
Diversified	53,858	94,981
Property	7,833	1,733
Cash	4,487	4,837
	219,494	253,806

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:

	2018 Asset £'000s	2018 Liability £'000s	2017 Asset £'000s	2017 Liability £'000s
Options	3,703	-	16,150	4,789
Swaps	43,277	40,410	65,436	49,675
Forward foreign exchange contracts	1,568	30	861	-
	48,548	40,440	82,447	54,464
	8,108		27,983	

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

10. DERIVATIVES (continued)

Options

Underlying Investment	Expiration	Asset £'000s	Liability £'000s
UK exchange traded FTSE	29 June 2020	3,703	-

Swaps

Nature	Expiration	Notional principal £'000s	Asset £'000s	Liability £'000s
Interest rate swaps (OTC)	1 to 21 years	295,619	42,153	13,787
Inflation swaps (OTC)	1 to 25 years	177,620	1,124	26,623
			43,277	40,410

At the year end the Scheme held £4,150,147 (2017: £26,138,247) 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	25 April 2018	\$3,024,014	£5,025,003	-	30
Forward OTC	25 April 2018	£64,887,200	\$200,970,651	1,568	-
				1,568	30

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:

	2018 £'000s	2017 £'000s
Standard Life	498	531
Santander	15	15
Prudential Assurance	4,266	4,266
	4,779	4,812

12. OTHER INVESTMENT BALANCES

	2018 £000's	2017 £000's
Dividends and interest receivable	502	524

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

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 2018			
	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
Bonds	232,596	-	-	232,596
Pooled investment vehicles	-	219,494	-	219,494
Derivatives	-	8,108	-	8,108
AVC investments	-	-	4,779	4,779
Cash	8,976	-	-	8,976
Other investment balances	502	-	-	502
	242,074	227,602	4,779	474,455

	At 31 March 2017			
	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
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	524	-	-	524
	240,474	281,789	4,812	527,075

14. INVESTMENT RISK DISCLOSURES

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

14. INVESTMENT RISK DISCLOSURES (continued)

The Trustee determines its 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 Trustee's approach to risk management, credit and market risk is set out below. This does not include the AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

(i) Investment strategy

The Trustee's 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 Trustee has adopted a 70% Investment Fund and 30% Matching Fund.

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 2018 the target for the Liability Hedge was to mitigate 100% 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

14. INVESTMENT RISK DISCLOSURES (continued)

(ii) Credit risk (continued)

The following tables show a breakdown of the Scheme's credit exposure for the accounting years ended 31 March 2018 and 31 March 2017 respectively:

2018 £'000	Investment Grade	Non-Investment Grade	Unrated	Total
Bonds	232,596	-	-	232,596
OTC Derivatives	8,108	-	-	8,108
Cash	8,976	-	-	8,976
PIVs	-	-	219,494	219,494
Total	249,680	-	219,494	469,174

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

2017 £'000	Investment Grade	Non-Investment Grade	Unrated	Total
Bonds	235,579	-	-	235,580
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.

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 R&M. 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). 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

14. INVESTMENT RISK DISCLOSURES (continued)

(ii) Credit risk (continued)

The Scheme's holdings in pooled investment vehicles are unrated. Direct 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.

(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 2018 and 31 March 2017:

Gross Exposure before Hedging £'000	**31 March 2018**	**31 March 2017**
Direct		
Non-Sterling	(17)	1,130
Indirect		
Non-Sterling PIVs	171,766	189,982

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 2018 and 31 March 2017:

£'000	**2018**	**2017**
Direct		
Bonds	232,596	235,579
Swaps	2,867	15,761
Indirect		
Bond PIV	93,519	92,138
Cash PIV	4,486	4,837

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 2018

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 and bonds 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 2018 and 31 March 2017:

£'000	2018	2017
Direct		
Equity Options	3,703	11,361
Bonds	81,648	91,745
Indirect		
Bonds PIVs	93,518	92,138
Equity PIVs	19,453	-
Multi-Asset PIVs	53,858	94,981
Alternatives PIVs	40,345	60,118
Property PIVs	7,833	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:

	2018		2017	
	£'000s	%	£'000s	%
PIMCO Diversified Income Fund	92,091	17.8	92,138	17.4
Aviva Multi-Strategy Target Return Fund	42,219	8.1	42,469	8.0
PineBridge Global Dynamic Asset Allocation Fund	n/a	n/a	41,101	7.8

16. CURRENT ASSETS

	2018	2017
	£000's	£000's
Bank balance	42,502	1,619
Contributions receivable - employer	333	833
Due from employer	-	46
	42,835	2,498

All contributions receivable relate to the month of March 2018 and were paid in full to the Scheme within the timescale required by the Schedules of Contributions currently in force.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

17. CURRENT LIABILITIES

	2018 £000's	2017 £000's
Unpaid benefits	417	22
Accrued expenses	211	148
Tax payable	76	75
State Scheme Premiums	-	6
	704	251

18. RELATED PARTIES

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

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. (2017: £39,000) is paid for their services.

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

Statement about contributions

We have examined the summary of contributions to the Comet Pension Scheme ('the Scheme') for the Scheme year ended 31 March 2018 to which this report is attached.

In our opinion, contributions for the year ended 31 March 2018 as reported in the summary of contributions and payable under the Schedules of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the Scheme Actuary on 20 March 2014 and 31 July 2017.

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 Schedules 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 Schedules of Contributions.

Responsibilities of the Trustee

As explained more fully in the Statement of Trustee's Responsibilities set out on page 16, 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.

Auditor's responsibilities for the preparation of a statement about contributions

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

Use of our Report

This statement is made solely to the Scheme's Trustee in accordance with Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under 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 Scheme's Trustee for our audit work, for this statement, or for the opinions we have formed.

BDO LLP

BDO LLP
Statutory Auditor
Guildford
United Kingdom

Date 5 October 2018

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

SUMMARY OF CONTRIBUTIONS PAID IN THE YEAR

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

	£000's
Employer deficit funding contributions	5,500
Employer other contributions	147
Total contributions paid	5,647

Reconciliation to the financial statements:

Contributions paid under the Schedules of Contributions	5,647

This summary was approved by the Trustee on 5th October 2018 (date)

Signed on behalf of the Trustee

James Arnold