

Comet Pension Scheme

2012 Trustee's Report

This report is issued to all members and pensioners of the Comet Pension Scheme. The Scheme is a final salary pension arrangement and it was closed for future accrual from 30 September 2007. When Comet ("the Company") was sold on 3 February 2012 by Kesa Electricals plc ("Kesa") all of the remaining members who were still employed by Comet became deferred members of the Scheme and subsequently will have received a final benefits statement from Punter Southall, the Scheme administrators.

From 31 July 2012 Kesa Electricals plc was renamed Darty plc ("Darty")

The formal Trustee Report and Accounts for the year to 31 March 2012 will be available to view on the Comet Pension Scheme website by mid-November.

At 31 March 2012, the Scheme assets were worth just over £293 million (excluding members' AVC funds).

Value just over £293 million

This money is kept quite separate from the Company and Darty, and is looked after for you, the members, by the Trustee Company, Comet Trustee Company Limited. The Directors of the Trustee Company are responsible to members and other beneficiaries (for example, widow's or widower's of members) for the proper running of the Scheme.

Their duties include the collection of contributions and the prudent investment of the Scheme's monies, the payment of benefits in accordance with the rules and the maintenance of records of membership and financial transactions.

Your Trustees

Ian Edwards	Member Nominated Pensioner Director & Chairman
Simon Enoch	Darty Company Secretary
James Arnold	Reward Manager – Comet Group Ltd
Victoria Milford (nee Moore)	General Manager Operations Support – Comet Group Ltd
Paul Underwood	Member Nominated Director
Lynn Randall	Employment Relations Manager – Comet Group Ltd
Matthew Bentley	Property Development & Asset Manager – Comet Group Ltd
Richard Annett	General Counsel – Comet Group Ltd

Since the last report, Paul Knapman was appointed a member nominated Trustee Director but then resigned when he left the Company. In addition, Michael Walters stepped down as a Trustee Director and James Arnold was appointed.

Since the year-end, Lynn Randall and Paul Underwood both resigned as Trustee Directors when they left the Company.

An election to appoint a replacement Member Nominated Trustee Director will be held before the end of 2012.

Member Data

The Pensions Regulator has issued guidance to trustees requiring member data to be of a certain standard.

The Trustees have reviewed the data held for all members and can confirm that the Scheme data is of a high quality.

Sale of Comet

You will be aware that Comet Group plc was sold on 3 February 2012 and the Scheme was retained by Kesa (now Darty), who became the Principal Employer, under an agreed Scheme Apportionment Arrangement.

Throughout the sale process, the Trustees worked closely with their advisers to ensure that all decisions were reached with the best interests of all members in mind. Satisfactory mitigation payments were agreed with Kesa and the first payment was received by the Trustees during February.

The agreed Scheme Apportionment Arrangement and the agreed mitigation payments were also cleared by the Pensions Regulator.

The Trustees continue to meet regularly to discuss the governance, audit and investment of the Scheme's assets as they did before the sale. In addition, Ernst and Young have been appointed to conduct regular assessments of the Darty covenant.

Membership

At March 2012, there were:

- 3,860 deferred pensioners who have left pensionable employment for Scheme purposes but still have an entitlement to receive a pension when they reach Normal Retirement Date.
- 1,431 pensioners receiving their pension from the Scheme.

The Fund

During the last year, the Scheme's total net assets have increased by c.£43m to just over £297m.

At March 2011	£254,385,000
Income (1)	£11,555,000
Investment (2)	£44,122,000
Expenditure (3)	-£12,907,000
At March 2012	£297,155,000

The total net assets at March 2012 shown above include c.£3.9m representing members' AVCs.

- (1) **Income...** includes contributions, mitigation payments and transfer values received from other schemes
- (2) **Investment...** is the change in the market value of the Scheme's assets over the year and investment income
- (3) **Expenditure...** includes refunds to leavers, pension payments, transfers out of the Scheme and expenses.

During the year to 31 March 2012, the value of the Scheme assets increased by 18.2%.

AVCs

Some Scheme members elected to pay Additional Voluntary Contributions (AVCs) in addition to their normal contributions to the Scheme. No further AVC payments are allowed but these members should regularly review their investments, particularly in the five years leading up to retirement.

The Trustees have recently conducted a review of the AVC Funds currently available and are satisfied they remain appropriate.

Investment

The Trustees have 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 Trustees have taken steps to ensure the investment managers and advisers have the appropriate knowledge and experience.

Throughout the year the Trustees had an investment sub-committee (ISC) consisting of a sub-group of the Trustee directors. The ISC and Trustees have set up formal terms of reference for the delegation to and responsibilities of the ISC. The ISC's role is to make decisions on behalf of the Trustees in order to fulfil the investment aspects of their duties in line with the remit of the ISC.

As at 31 March 2012, the investment allocation strategy being followed by the Trustees was as follows:

Asset Class	%	Manager	Benchmark
Investment Fund	85.0		
UK equity including collateral	15.0	P-Solve	6% p.a. in excess of the compounded 6 month Sterling LIBOR return
Overseas equity	15.0	LGIM	Composite of relevant FTSE indexes
Dynamic Asset Allocation	35.0	Barings	4% pa in excess of 3 Month Sterling Libor
Active global bonds	10.0	Legg Mason	3% pa in excess of 3 Month Sterling Libor
Active global investment grade bonds	10.0	PIMCO	1% pa in excess of Composite of three credit indices (GBP Hedged)
Matching Fund	15.0		
Index linked gilts	15.0	P-Solve	n/a
Total	100.0		

The target allocation for the Scheme consists of 15% invested in a "Matching Fund" (which includes a liability hedge) and 85% invested in return seeking assets in an "Investment Fund".

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

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

The Trustees recognise 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 and should they fall outside their range at the end of the quarter then the ISC will review the position and decide how to act.

Over the 12 months to 31 March 2012, the investment landscape for return seeking assets remained challenging with increasing difficulties for the Global Economy. Poor growth figures across the developed world and a continuing debt crisis in the Eurozone caused global equities to fall by 0.2% on a sterling adjusted basis.

UK equities were, however, able to weather better the uncertainty rising by 1.4%. Despite a downgrade by Standard & Poor, a dragging political crisis over the Federal debt ceiling and poor economic data during the summer, US equities managed an 8.8% rise in sterling terms on increased optimism that the economy was starting to experience a sustainable and self-feeding recovery. Despite these positives, Europe, Asia and Emerging markets, however, saw declines of between 5.1% and 11.4% in sterling.

The global economic uncertainty supported bonds with yields in many regions falling sharply, which helped UK government bonds produce a return approaching 15% for the year.

Summary Funding Statement

Each year the Trustees are required to issue to all members of the Scheme a Summary Funding Statement which gives an update of the financial position of the Scheme. This year's document is enclosed with this report.

Death Benefits

On death before retirement, subject to the rules, a return of contributions (plus interest) becomes payable when there is no dependants' or children's pension payable. The lump sum is paid at the Trustees' discretion to one or more of a member's dependants, relations, "nominee" or estate. It is important to ensure that the Trustees understand your wishes over the payment of death benefits by keeping your Expression of Wishes Form up to date. If you need a new form or want to know more about this, please refer to the Comet Pensions website or contact Ann Geer at the address below.

Dispute Resolution

If you have a complaint about the running of the Scheme or your benefits under it, this should be raised informally through Punter Southall. If you do not receive a satisfactory response, then you should write formally to the Complaints Procedure Officer who is Secretary to the Trustee, Ann Geer, of PS Secretarial Services. She will supply you with a copy of the Internal Dispute Resolution Procedure.

Professional Advisers

The Trustees have a duty of care and must act prudently. To help the Trustees with their responsibilities, they employ various professional advisers. These are currently:

Scheme Actuary	Steve Leake of Punter Southall
Administrator	Punter Southall
Auditors	BDO LLP
Bankers	Bank of Scotland
Financial Advisers	Ernst & Young LLP
Investment Managers	LGIM, PSigma, Legg Mason, PIMCO & Barings
Investment Consultants	P-Solve Asset Solutions
Solicitors	Eversheds LLP
Trustee Company Secretary	Wayne Phelan of PS Independent Trustees Ltd
Secretary to the Trustee	Ann Geer of PS Secretarial Services

BDO replaced KPMG as Scheme Auditor in January 2012 following a review by the Trustee.

Information

If you require any information about the Scheme or you would like a copy of the more detailed disclosure report, please refer to the Comet Pensions website or ask:

Ann Geer Secretary to the Trustee	ann.geer@psitl.com T: 0118 912 2831 Albion, Fishponds Rd, Wokingham, Berks RG41 2QE
or	
Punter Southall Scheme Administrator	cometadmin@puntersouthall.com T: 01483 540300 Tempus Court, Onslow Street, Guildford GU1 4SS

The Trustee is always looking to improve communications with members and would like to offer you the opportunity to receive future copies of this report by email. If you have an email address, would you please let the Scheme's administrators know by emailing them on **cometadmin@puntersouthall.com**