



# Kingfisher Pension Scheme

Report & Financial  
Statements

Year Ended 31 March 2010





# Kingfisher Pension Scheme

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# Kingfisher Pension Scheme

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## Chairman's Introduction

I am pleased to present my review of the Scheme for the year ending 31 March 2010.

As I seem to be writing every year now the twelve months up to March 2010 saw continued volatility in global stock markets. In 2009 however there was some upward movement of global markets supported by a number of central governments (e.g. US, UK, China) putting in place quantitative easing support packages to encourage liquidity in the markets to try and stave off recession in the developed nations. The investment performance of the Scheme during the year to 31 March 2010 saw a positive return of 25.8%. However, since the year end world stock markets have again begun to deteriorate.

Against this background, the Trustee has continued to monitor its investment strategy during the year and continued with the de-risking of the Scheme's Final Salary Section's investment portfolio from equities to bonds. This de-risking strategy has helped reduce the volatility of the Scheme's investments.

I reported last year that the Trustee had commissioned a full review of the investment funds available to members under the Money Purchase Section. In December 2009, this resulted in the appointment of Prudential as the new administration provider. A new set of self select and lifestyle investment funds are now available to the membership and a new default fund has been chosen. These funds are simpler and should be more easily understood and in addition members may now also access their retirement accounts on-line. The new money purchase communication documents are available on the web site [www.kingfisherpensions.com](http://www.kingfisherpensions.com).

During the year, as a result of legislative changes, we advised members between the ages of 50 and 55 that if they wished to take advantage of early retirement provisions they need to do so before 6 April 2010. This resulted in the much higher number of early retirements being handled by the Scheme and accounts for the increase in expenditure in other benefits and expenses, as detailed on page 6.

Additionally, there have been a significant number of changes to the Trustee Board.

As I mentioned last year, Charles Woodward retired from the Board in September 2009 being replaced by BESTrustees Plc as the independent Trustee in March 2009. We also saw Val Struthers retire from the Board in March 2010 having been a member nominated director since 1997.

As a result of leaving the company, Charles Clayton, Terry Hartwell, Naomi Wagner and Tony Williams resigned from the Board.

Sarah Gerrand and Kerrin Qualters, with Evelyn Gleeson and Paul Goulder joining after the year end, replaced four of the employer and member nominated directors.

I welcome Sarah, Kerrin, Evelyn and Paul to the Board and thank Charles Woodward, Val, Charles Clayton, Terry, Naomi and Tony for their valuable contributions and stewardship.

As we enter the new Scheme year, we are about to embark upon the next full Valuation of the Final Salary Section. The results of this, which will be effective from 31 March 2010, will be communicated to the membership by the summer of 2011.

On a final note, I would like to thank the Group Pensions Department for their on-going contribution in supporting the Trustee Directors, the Scheme and most importantly of all the membership.



**Tony Stanworth**  
**Chairman**  
**Kingfisher Pension Trustee Ltd**

30 June 2010

# Kingfisher Pension Scheme

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## Trustee and Advisors

<b>Trustee</b>	Kingfisher Pension Trustee Limited
<b>Board of Directors</b>	Tony Stanworth, Chairman Charles Woodward (retired 30 September 2009) BESTrustees plc, represented by Clive Gilchrist Charles Clayton (resigned 31 July 2009) Sally Clifton Sarah Gerrand (appointed 1 June 2009) Evelyn Gleeson (appointed 1 June 2010) Paul Goulder (appointed 1 June 2010) Terry Hartwell (resigned 30 April 2009) Helen Jones Karl Lidgley Val Struthers (retired 31 March 2010) Kerrin Qualters (appointed 1 July 2009) Naomi Wagner (resigned 13 November 2009) Tony Williams (resigned 30 April 2009)
<b>Secretary to the Trustee</b>	Dermot Courtier
<b>Actuary</b>	Neil Mobbs, Towers Watson Limited
<b>Auditor</b>	KPMG LLP
<b>Bankers</b>	Barclays Bank plc
<b>Legal Advisers</b>	Mayer Brown International LLP Freshfields Bruckhaus Deringer LLP Lovells LLP
<b>Investment Consultant</b>	Towers Watson Limited
<b>Final Salary Section Investment Managers</b>	AXA Rosenberg Investment Management Ltd (to 23 February 2010) Aviva Investors European Credit Management Limited Goldman Sachs Asset Management International PIMCO Europe Limited Rogge Global Partners plc State Street Global Advisors UK Limited Wegelin Asset Management Wellington Management International Limited Western Asset Management Company Limited (to 31 May 2009)
<b>AVC Providers</b>	BlackRock Investment Management (UK) Ltd Legal & General Assurance (Pensions Management) Ltd London Life Limited The Prudential Assurance Company Limited
<b>Custodian</b>	State Street Bank & Trust Company

# Kingfisher Pension Scheme

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## **Pensions Administrators**

### **Final Salary Section**

Kingfisher plc  
Group Pensions Department  
3 Sheldon Square, Paddington, London W2 6PX

### **Money Purchase Section**

Standard Life Assurance Company Ltd (to 28 February 2010)  
The Prudential Assurance Company Limited (from 1 December 2009)

There are a number of pension technical terms used in this document. To assist with understanding them you might like to read the Final Salary and Money Purchase Sections Member Guides on the Trustee website. The address is [www.kingfisherpensions.com](http://www.kingfisherpensions.com).

# Kingfisher Pension Scheme

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## Trustee's Report

### Introduction

The Scheme is a hybrid scheme, providing 'final salary' benefits (i.e. based on a member's salary and service) for employees who joined the Scheme before 1 April 2004 and 'money purchase' benefits (i.e. based on what a member's accumulated fund value will purchase at retirement) for all employees recruited on or after 1 April 2004 or who otherwise elected to be provided with such benefits.

During the Scheme year under review:

- Members of the Final Salary Section were contracted-out of the State Second Pension (S2P) whilst members of the Money Purchase Section participated in S2P.
- The Money Purchase Section was open to all UK companies and their employees within the Kingfisher Group, subject to certain employee eligibility conditions;
- The Scheme was governed in accordance with the terms of the Trust Deed and Rules and of all relevant legislation.

This report gives information about the Scheme and its management in the Scheme year 2009/2010.

### Financial development of the Scheme

The Financial Statements of the Scheme for the year ended 31 March 2010, as set out on pages 30 to 42 have been prepared and audited in accordance with regulations made under Section 41(1) and (6) of the Pensions Act 1995.

The value of the Scheme's net assets at 31 March 2010 was £1,606.8m, an increase of £322.6m from 31 March 2009. The Investment Report on pages 17 to 26 provides information on the investment background, strategy and performance over the year.

### Actuarial Review

The Financial Statements set out on pages 30 to 42 do not take into account the liabilities to provide pension benefits which fall due after the year end. In respect of the Final Salary Section these liabilities are considered by the Scheme Actuary who carries out an actuarial valuation of such liabilities every three years. This valuation considers the funding position of the Final Salary Section and the level of contributions payable.

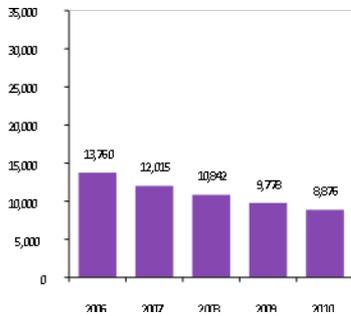
The 2007 Valuation showed that the annual rate of employer's contribution required to target full funding on a gilts basis by 2024 (including an allowance for administrative expenses over that period) is £45 million p.a. increasing in line with inflation every three years. This rate is subject to review at the next triennial valuation in 2010.

The formal actuarial certificate required by statute to be included in the Annual Report from the Scheme Actuary appears on page 45. In addition, the Trustee has included the most recent Actuarial Certificate of the calculation of the technical provisions on page 46.

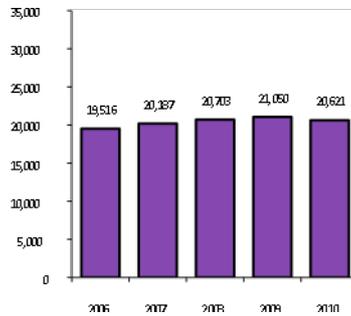
# Kingfisher Pension Scheme

## Five Year Summary at 31 March

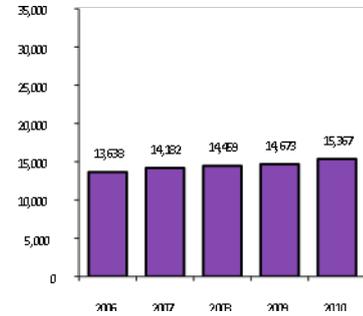
### Active Members



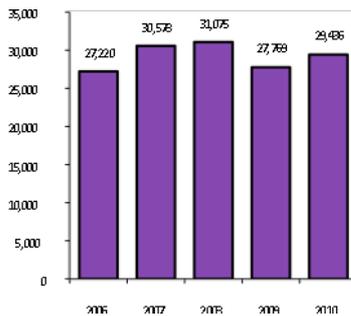
### Deferred Pensioners



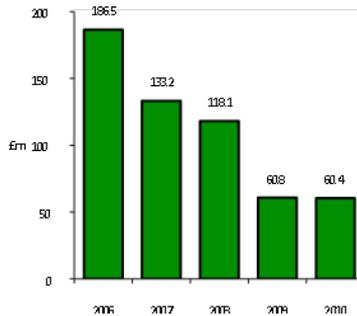
### Pensioners & Dependants



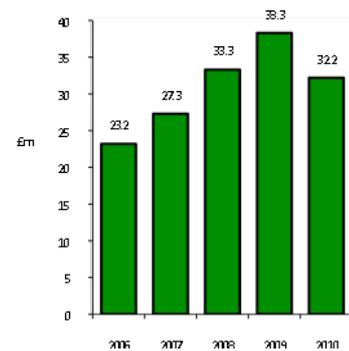
### Life Assurance Only Members <sup>1</sup>



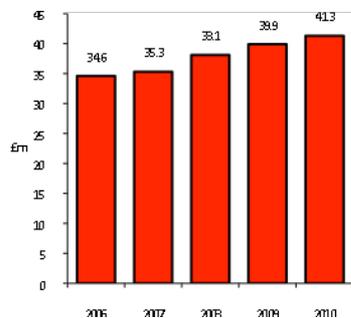
### Income – Contributions & Transfer Values



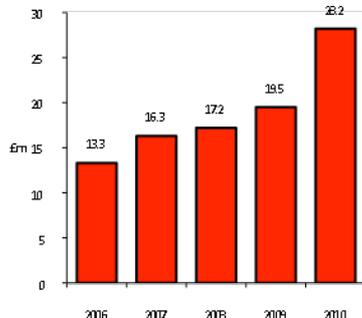
### Income – Investment



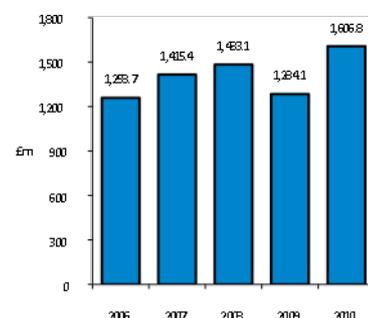
### Expenditure – Pensions



### Expenditure – Other Benefits & Expenses



### Fund Value



<sup>1</sup> From 1 April 2004, a lump sum death benefit is provided for all employees in the event of their death while still working for a participating company.

# Kingfisher Pension Scheme

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## Contributions

A Schedule of Contributions was introduced at 1 April 2004 and certified by the Scheme Actuary. Following the latest Actuarial Valuation at 31 March 2007, a new Schedule of Contributions was introduced at 1 April 2008 and certified by the Scheme Actuary.

## Final Salary Section

Members' contributions are either 7% or 5% of Pensionable Salary depending on the member's chosen option during a consultation period between 1 January and 31 March 2004, subject to any later decision to pay contributions at the lower rate.

Participating companies meet the balance of the cost to ensure that the Scheme is able to meet its estimated future commitments. During the Scheme year under review the employer contributions were £45 million.

## Money Purchase Section

Member's core contributions are 3% of Pensionable Salary. At the member's option, additional core contributions may be paid, which will be matched by the Company up to a maximum of an additional 2% (5% in certain circumstances) of Pensionable Salary.

Members, who during the consultation period between 1 January and 31 March 2004, chose to join the Money Purchase Section on terms similar to those provided by the Kingfisher Retirement Trust, do not contribute to the Money Purchase Section and the Company contributes 1% of Pensionable Salary on their behalf.

## Company Additional Contributions

It is on occasion considered appropriate by the employer to enhance a member's benefits available from the Scheme. Where an employer chooses to do this, they are required to pay an additional amount to the Scheme (in the case of a member of the Final Salary Section and where applicable, to cover the cost of providing a stated level of benefits). The amount paid is calculated in accordance with instructions provided by the Scheme Actuary.

## Additional Voluntary Contributions (AVCs)

AVCs provide an opportunity for members of the Scheme to increase their retirement benefits. AVCs are a tax-efficient way of providing extra benefits as the amount paid in contributions currently attracts tax relief at the member's highest rate of taxation and the fund builds up in a favourable tax environment.

AVCs paid by members of the Final Salary Section are invested separately from the other Scheme assets to ensure there are individual funds for each member which are clearly identifiable. Each member of the Money Purchase Section is allocated an individual clearly identifiable investment fund (known as a retirement account) and AVCs paid by such members are invested in the same retirement account.

### Final Salary Section

Members of the Final Salary Section have a choice of:

- With-Profits Fund. This aims to provide a minimum growth rate that is guaranteed for contributions invested to date. Each year, further bonuses are added but these are not guaranteed in advance. When the benefits become payable, there is the possibility of an additional Terminal Bonus. Currently, the With-Profits Fund is invested and managed by Prudential.
- Unit-linked funds. These are directly linked to stock and bond markets. Each contribution buys a number of units in the selected investment funds, upon leaving or retiring these units are sold and used to buy pension benefits. Returns are not guaranteed and fund values can fall as well as rise. Currently, unit-linked funds are invested and managed by BlackRock and Legal & General, using active and passive management approaches.

# Kingfisher Pension Scheme

At the year end, there were 782 active members with AVC accounts. There were also 2,132 deferred members and 22 opted-out members with AVC accounts.

Details of the value of members' AVC funds are included in their Personal Benefit Statements.

### Money Purchase Section

AVCs paid by members of the Money Purchase Section are invested in the same underlying funds as the investment of their core contributions.

At the year end, there were 89 active members paying AVCs.

### Transfer Values

All transfer values paid during the year were calculated as cash equivalents (within the meaning of Chapter IV Part IV of the Pension Schemes Act 1993) and verified in the manner prescribed under Section 97 of the Act. No allowance for discretionary benefits was made in the calculation of cash equivalents.

### Membership

There are three categories of membership within the Scheme:

#### Active members

These are contributing employees who are currently members of the Final Salary Section before 1 April 2004 and the Money Purchase Section after 1 April 2004.

#### Deferred pensioners

Members who have left service or otherwise ceased active membership and have the right to a future pension under the Scheme.

#### Pensioners and Dependants

Members who have retired from the Scheme and are in receipt of a pension, and dependants who are in receipt of a pension following the death of a member.

### Membership at 31 March 2010



<sup>2</sup> From 1 April 2004, a lump sum death benefit is provided for all employees in the event of their death while still working for a participating company.

# Kingfisher Pension Scheme

## Changes in Membership during the year at 31 March 2010

	Final Salary Section				Money Purchase Section	
	Active	Deferred	Pensioners & Dependants	Life Assurance only	Active	Deferred
At 31 March 2009	<b>6,587</b>	<b>19,775</b>	<b>14,673</b>	<b>27,769</b>	<b>3,191</b>	<b>1,275</b>
New	1 (*)	441	1,430	-	184	364
Deaths	(6)	(37)	(556)	-	(1)	(2)
Retirements	(248)	(996)	-	-	(11)	(40)
Leavers	(436)	(82)	(180)	-	(385)	(77)
At 31 March 2010	<b>5,898</b>	<b>19,101</b>	<b>15,367</b>	<b>29,436</b>	<b>2,978</b>	<b>1,520</b>

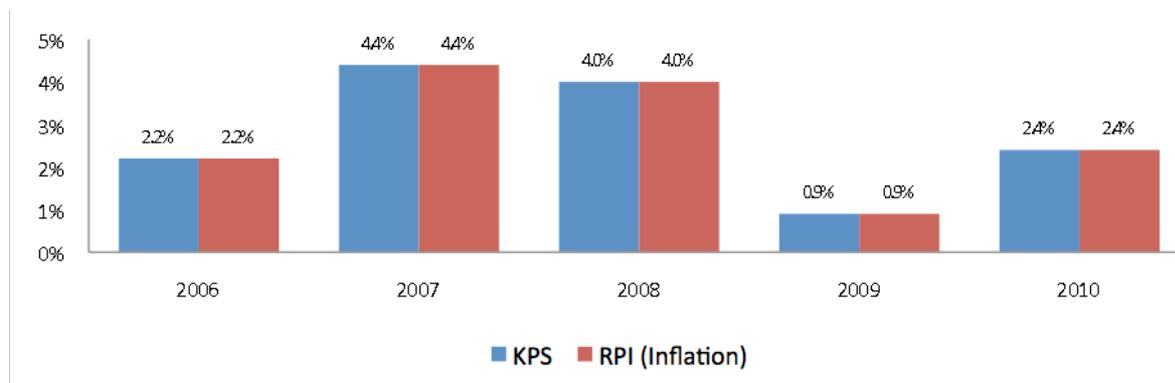
(\*) as a result of a re-instatement from deferred

### Pension Increases

Pensions in payment receive guaranteed annual increases matching the rise in the Retail Prices Index (during a calendar year) up to a maximum of 5%. Where inflation exceeds 5%, the Company may consider the payment of additional discretionary increases.

Increases from the Scheme do not apply to that element of the pension representing any Guaranteed Minimum Pension (GMP) in payment after age 60 for females or 65 for males (which the Scheme is required to provide as a consequence of contracting-out of State Earnings Related Pension Scheme (SERPS)) earned before 6 April 1988, as these increases are provided along with the State pension. The GMP element earned after April 1988 will be increased by the Scheme in line with inflation, as required by legislation, up to a limit of 3% per annum.

Pension Increases over the last five years have been;



Both Jersey and Guernsey have their own Retail Prices Index (1.7% and 2.2% respectively at December 2009) and increases for Channel Islands pensioners are calculated in accordance with these.

Since April 1978, final salary schemes have been able to contract-out of the State additional pension scheme (known until April 2002 as the State Earnings Related Pension Scheme (SERPS) and now known as the State Second Pension (S2P)); in doing so, a member and their employer pay a reduced rate NI contributions.

Because this reduced the member's SERPS pension, prior to 6 April 1997 a contracted-out scheme had to guarantee to pay a minimum pension so that the member would not be disadvantaged. Following the Pensions Act 1995, with effect from 6 April 1997 contracted-out final salary schemes no longer have to guarantee to provide a minimum pension. Instead, they are required to pass a 'Reference Scheme Test'. Consequently, members who joined after 6 April 1997 do not have a GMP, and the GMPs of members who joined before 6 April 1997 stopped accruing at that date.

Each year, the Scheme increases deferred pensions in line with inflation, up to 5% p.a. between the date of leaving and the date of retirement. These increases are non-discretionary.

# Kingfisher Pension Scheme

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## General

### Change in Participating Company

Upon the closure of Trade Depot (Kingfisher (TMB) Ltd), the Final Salary Section of the Scheme received in August 2009 the sum of £674,000 from the Company representing the equivalent of the Section 75 debt of the Pensions Act 1995. The Section 75 debt is the statutory debt due from the employer to the scheme where the assets are insufficient to meet the actuarial liabilities calculated on a prescribed basis.

### Changes to the Money Purchase Section

During the year the Trustee continued the review of the investment funds on offer to members as there were some concerns about the current range of funds (i.e. underperformance), the cash fund and the lack of a default fund.

It was decided by both the Employer and the Trustee that a 'white labelled' approach (the Trustee specifically designed investment fund structure) would be preferable as this would allow the Trustee to change an underlying fund without having to change the name of the fund being offered.

As a result, the Trustee undertook to extend the review of investment funds on offer to include new administration arrangements. The outcome of the review led the Trustee to decide to appoint a new service provider, namely The Prudential Assurance Company Limited. Active members were notified of this change taking place in November 2009 and deferred members were notified in January 2010.

The announcement to members highlighted the following;

- Prudential were replacing Standard Life as the administrator of the Money Purchase Section from December 2009 and that a new range of investment options were available to choose from.
- Previously, members had only been able to change additional core contributions in April of each year. From December 2009, members would be able to change how much they contributed at any time during the year.
- Previously, manager grade employees waited twelve months before receiving the Employer's matching contribution. From December 2009, the Employer will contribute matching contributions on a monthly basis from the date of joining.
- Previously, members who left the Company after having been in the Money Purchase Section for two years were able to transfer their benefit to another pension scheme, or remain a member up until retirement. From December 2009, if the member has not transferred their benefit to another pension scheme twelve months after leaving the Company, the Trustee will transfer the member's benefits to an individual policy with Prudential and they will no longer be a member of the Money Purchase Section.
- The Lifestyle 10 Year option has been selected by the Trustee as the default fund should members fail to make an investment choice.

From 1 December 2009, monthly contributions were paid to Prudential and invested in the fund(s) the Trustee believed best matched the members' investment choices at the time. In February 2010 members legacy funds held with Standard Life were transferred to Prudential, according to both the individual member's investment choice held by Prudential at the time of transfer and the matching of the legacy funds with Standard Life to the new funds with Prudential.

# Kingfisher Pension Scheme

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## Changes to the Trust Deed & Rules

The Trustee approved changes to the Trust Deed & Rules on 30 March 2010 which have also been agreed and executed by the Company (currently the Deed is being executed by all participating employers). The principle is to affect the Employer Covenant as briefly described below.

### Employer covenant

Kingfisher plc will assume joint and several liability for all pension obligations of the other employers in certain specific circumstances.

It also gives the Trustee the option of deciding whether, when/if an employer leaves the Scheme, the pension liabilities relating to that employer remain in the Scheme and are funded by the remaining employers (including Kingfisher plc) over the long term.

### Money Purchase Section

A number of amendments relating to the investment and administration arrangements were made in the following areas;

- The introduction of a default investment fund (the Lifestyle 10 Year option has been selected by the Trustee as the default fund should members fail to make an investment choice) and of “white labelling” (the Trustee specifically designed investment fund structure)
- Greater flexibility for members to change their core contribution rates
- Clarification of how the expenses provision for members would apply. The charges incurred are quoted in terms of the annual management charge (AMC). This includes both the charges for managing the members’ retirement accounts by Prudential and the investment manager’s fee. As well as varying by fund there are two further levels of charges, namely Scheme charges (the level of charges payable by either an active or deferred member) and individual charges (the level of charges payable for those members who are transferred to an individual policy with Prudential)
- From 1 December 2009 new rules applied allowing small occupational pensions to be cashed in under triviality rules, the following are the main qualifying criteria;
  - You must be between 60 and 75
  - You must not be a controlling director of the sponsoring employer
  - The payment must not exceed £2,000
  - The payment extinguishes your right to benefits under the scheme; and
  - There must not have been a transfer out of the scheme in the 3 years preceding the date of the payment; and
  - The first 25% of the payment is tax free, with the remaining 75% taxable under PAYE.

# Kingfisher Pension Scheme

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## Governance Report

### Scheme Management

The Kingfisher Pension Scheme is managed and administered by the Trustee, Kingfisher Pension Trustee Limited, on behalf of Scheme members in accordance with the terms of the Trust Deed and Rules of the Scheme and of all relevant legislation.

### Administration

The Trustee Board delegates day-to-day administration of the Scheme to the Group Pensions Department of Kingfisher plc. The Trustee Board also delegates aspects of the day-to-day administration of the Money Purchase Section to The Prudential Assurance Company Ltd. The delegated administration services are carried out in accordance with formal agreements governing the services to be provided. The Scheme meets all the administrative costs incurred by Kingfisher Group Pensions Department.

### Trustee Directors

The Trustee Board consists of nine Trustee Directors, known as Trustees, made up of four Employer appointed Directors, an independent Trustee Director and four Member Nominated Directors (MNDs). The MND's serve for a period of four years unless their Trusteeship is terminated or they resign or leave active membership before the end of their term. These Trustee Directors are also able to stand for re-selection for a further one term of four years, making a total of eight years maximum service.

Sarah Gerrand was appointed 1 June 2009 as an employer nominated director and Kerrin Qualters was appointed 1 July 2009 as a member nominated director. Charles Clayton resigned as an employer nominated director on 31 July 2009 and Charles Woodward retired as an independent Trustee Director on 30 September 2009. Naomi Wagner resigned as a member nominated director on 13 November 2009 and Val Struthers retired as a member nominated director on 31 March 2010. Evelyn Gleeson was appointed as an employer nominated director on 1 June 2010 and Paul Goulder was appointed as a member nominated director on 1 June 2010.

### Appointment and removal of Trustee Directors

The number of the Trustees shall never be more than 14 or (except on account of casual vacancies or where the Trustees are or include a company) fewer than three. Within these limits, the Company will have power by deed to remove Trustees from office or to appoint new or additional Trustees. A Trustee will be discharged if he is removed or replaced by the Company (provided that there is at least one Trustee remaining) or if he resigns by written notice both to the Company and to the other Trustees (provided that the Trustees continuing in office are at least three in number or include a company). A company which is not the sole Trustee will cease to be a Trustee upon going into liquidation.

### Trustee Fees

The fee payable for the services of the Chairman of the Trustee Board, Tony Stanworth, Helen Jones, Val Struthers and Kerrin Qualters are fixed by Kingfisher plc. Charles Woodward and BESTrustees plc also receive a fee as Independent Trustee Directors. The other employer and member nominated directors receive no fees as Trustee Directors but are reimbursed expenses incurred on behalf of the Scheme. The fees received by the Trustee Directors in the year ending 31 March 2010 are set out below and are included in Note 6 to the accounts on page 34.

	2010 £'000s	2009 £'000s
Tony Stanworth (Chairman)	27	25
BESTrustees plc	49	2
Charles Woodward	9	20
Helen Jones	11	3
Val Struthers	5	5
Kerrin Qualters	4	0

# Kingfisher Pension Scheme

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## Trustee Knowledge and Understanding

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with the Scheme documentation. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding to assist trustees on this matter which became effective from April 2006. On taking office, new Trustee Directors are provided with introductory trustee training facilitated by an external professional source. Update courses are made available on a regular basis. Training presentations are also made at the Trustee meetings from time to time.

## Board Committees

The Trustee Board monitors and oversees the scheme through committees, which focus on specific aspects of day to day operations. The four committees are Accounts, Audit & Governance, Benefits, DC & Retirement and Investment. Each committee has Terms of Reference and reports to the Trustee Board.

The composition of the committees is;

- **Accounts, Audit & Governance Committee**

The members are Charles Woodward (Chairman to 30 September 2009), Sally Clifton (Chair from 1 October 2009), Charles Clayton (to 31 July 2009), Helen Jones, Paul Goulder (from 1 June 2010), Naomi Wagner (to 13 November 2009) and Tony Williams (to 30 April 2009).

The role of the committee is to approve the financial statements of the Scheme and the Report to members, arrange and approve the process of auditing the Report to members, monitor financial and internal controls in the form of a risk register, record keeping, expenses and approve budgets of the Scheme.

- **Benefits Committee**

The members are Tony Stanworth (Chairman), Helen Jones, Kerrin Qualters (from 1 July 2009), Val Struthers (to 31 March 2010) and Naomi Wagner (to 13 November 2009).

The committee meets as necessary to exercise the Trustee's discretionary powers, particularly in relation to the distribution of lump sum death benefits and the granting of ill health retirement pensions.

- **DC & Retirement Committee**

The members are BESTrustees plc (represented by Clive Gilchrist, Chairman from 1 March 2009), Sarah Gerrand (from 1 June 2009), Evelyn Gleeson (from 1 June 2010), Karl Lidgley and Naomi Wagner (to 13 November 2009).

The role of the committee is to focus on the monitoring and review of all defined contribution arrangements, to monitor and review the investment performance of the money purchase section and the arrangements for member nominated directors in future years.

- **Investment Committee**

The members are Charles Woodward (Chairman to 30 September 2009), BESTrustees plc (represented by Clive Gilchrist, Chairman from 1 October 2009), Charles Clayton (to 31 July 2009), Sally Clifton, Sarah Gerrand (from 1 June 2009), Evelyn Gleeson (from 1 June 2010), Terry Hartwell (to 30 April 2009), Karl Lidgley, Kerrin Qualters (from 1 July 2009), Val Struthers (to 31 March 2010) and Tony Williams (to 30 April 2009).

The Trustee Board agrees the Scheme's Statement of Investment Principles. Day to day investment management is undertaken by external managers. The role of the committee is to make recommendations to the Trustee Board on strategic issues, monitor and review manager performance and decide on manager appointments and terminations.

# Kingfisher Pension Scheme

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## Attendance at Trustee's Meetings

The table below shows the attendance of individual Trustee Directors at the four full Trustee Board meetings held during the year.

Trustee Director	Number of meetings	Trustee Director	Number of meetings
Tony Stanworth (Chairman) (#)	4	Sally Clifton (*)	4
BESTrustees plc (represented by Clive Gilchrist) (+)	4	Karl Lidgley (*)	4
Charles Woodward (+)	1	Kerrin Qualters (*)	4
Charles Clayton (#)	1	Val Struthers (*)	4
Sarah Gerrand (#)	3	Naomi Wagner (*)	2
Helen Jones (#)	4		

(+) independent (#) employer nominated (\*) member nominated

## Advice to the Trustee

The names of the present professional advisors to the Trustee are shown on pages 3 to 4. The advisors to the Scheme are appointed by the Trustee. Each appointment of a professional advisor is agreed in accordance with formal agreements governing the services to be provided.

## Risk Management Review

The Trustee Board appointed Grant Thornton UK LLP to undertake a Risk Register review. A Risk Register provides a link from internal controls to risk assessment and risk management and allows the Scheme to focus on significant risks to the achievement of its objectives. The Risk Register was reviewed and approved by the Trustee at the Trustee Board meeting in March 2010.

## Conflicts of Interest Policy

From 1<sup>st</sup> October 2008, the Companies Act 2006 introduced a statutory obligation on a trustee director to avoid a situation in which he has or may have a direct or indirect interest that conflicts, or may conflict, with the interests of the corporate trustee of the pension scheme.

During the year no conflicts of interest were identified in accordance with the Trustee conflicts of interest policy.

## Actuarial Valuations

A full actuarial valuation of the Scheme is undertaken every three years based on assumptions as to future inflation, pension increases, salary increases, investment returns and life expectancy. These assumptions are discussed at the full Trustee Board meetings with the Scheme Actuary. The last full actuarial valuation was at 31 March 2007. Work has commenced on the valuation as at 31 March 2010.

## Custody of Assets

In respect of the Final Salary Section, although the Trustee Board has delegated day to day management of the Scheme's investments to external managers, the custody (safekeeping) of most of these assets is presently carried out independently of the managers by State Street Bank and Trust Company Limited.

## Kingfisher Pension Scheme

In respect of the Money Purchase Section, the custody (safekeeping) of these assets is carried out by the underlying investment manager's custodian, namely;

Underlying Fund	Custodian
State Street Global Advisors Limited As Of Priced Global Equity (30/70) Index sub-fund	State Street Bank and Trust Company Limited
M&G Global Leaders Fund	Northern Trust Corporation
Invesco Perpetual High Income Fund	Bank of New York Mellon Corporation
State Street Global Advisors Limited As Of Priced Diversified Beta sub-fund	State Street Bank and Trust Company Limited
Prudential Pre-Retirement Fund	HSBC plc
State Street Global Advisors Limited As Of Priced Index Linked Gilt Over 5 Year Index sub-fund	State Street Bank and Trust Company Limited
State Street Global Advisors Limited As Of Priced Sterling Liquidity sub-fund	State Street Bank and Trust Company Limited
Prudential Socially Responsible Fund	HSBC plc
Prudential HSBC Amanah Fund	RBC Dexia Investor Services

### Voting Rights

The Scheme has instructed its investment managers to, whenever possible, exercise voting rights attaching to investments. While in the majority of circumstances managers are instructed to exercise their professional judgment on how the 'vote' is exercised, in potentially contentious situations the investment committee is consulted.

The Investment Committee regularly reviews how the investment managers exercise the Scheme's voting rights and continues to debate on corporate governance and the role shareholders should play.

### Trustee Directors

- **Tony Stanworth (Chairman)**

Appointed 30 March 1992.

Tony has been a trustee since 1992 and Chairman of the Trustee Board since 2001. He was also Chairman of the Investment Committee from 1997 to 2002 and has been Chairman of the Benefits Committee since 2001. Tony also served as a trustee of the Lowndes Queensway Pension Scheme for 10 years. Before taking early retirement Tony was Group HR Director of Kingfisher from 1997 to 2005 and prior to that was HR Director of B&Q and Superdrug.

- **BESTrustees plc (represented by Clive Gilchrist)**

Appointed 1 March 2009.

Clive has over 35 years' experience of the pensions and investment industries and has been Managing Director of BESTrustees plc since its inception in 1992. His early career was in stock-broking and investment management including ten years as investment manager/Director at the Post Office S.S.F./Postel (now Hermes). He was a Member of the NAPF Council and Investment Committee for many years including two years as Investment Chairman and has also chaired the Pension Committee of The Association of Corporate Trustees.

- **Sally Clifton**

Appointed 1 March 2009.

Sally joined B&Q in 1989 and has performed a number of roles including Computer Audit Manager and Supplier Administration Controller. Sally's current role is Company Secretary, heading up the B&Q Legal Services team. Sally is an Associate member of the Institute of Chartered Secretaries and Administrators, qualifying in 1986.

- **Sarah Gerrand**

Appointed 1 June 2009.

Sarah joined Kingfisher in 2004 and her current role is Head of Investor Relations having previously spent her first two and a half years as Group Financial Reporting Manager. She is a qualified chartered accountant and is fluent in French and Spanish. Before joining Kingfisher she worked at Ernst & Young.

## Kingfisher Pension Scheme

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- **Evelyn Gleeson**  
Appointed 1 June 2010.  
Evelyn has recently joined Kingfisher as Group HR Director having spent the last four years at BP plc as HR Director, Fuels Value Chains. Before BP, Evelyn spent nine years at Mars Incorporated in senior HR operational roles, having started her career in manufacturing operations.
  
- **Paul Goulder**  
Appointed 1 June 2010.  
Paul is currently unit manager in Penrith and has been with B&Q for 30 years and has worked at all levels from customer adviser to unit manager.
  
- **Helen Jones**  
Appointed 1 September 2003.  
Helen was Director of Governance and Corporate Services, responsible for Company Secretarial, Legal and Legislative Affairs, Corporate Governance matters and Group Corporate Responsibility until July 2007. She then took on the role of Director of Government and Industry Relations until retiring in August 2008 having spent 21 years with Kingfisher. She is a Fellow of the Institute of Chartered Secretaries and Administrators, qualifying in 1976.
  
- **Karl Lidgley**  
Appointed 25 November 2005.  
Karl has worked within the B&Q business side of Kingfisher for a period of 23 years. During his career with B&Q he has worked at all levels in store, from part-time customer advisor through to unit manager, and currently works in the role of Service Manager in the Northampton Warehouse.
  
- **Kerrin Qualters**  
Appointed 1 July 2009.  
Kerrin retired from B&Q after 22 years as Director of Store Development. Prior to working on the regeneration of the warehouse format, he developed the mini warehouse concept. Kerrin also spent 3 years in Turkey developing the large store format for Koctas and has held a number of other senior operational roles. Before B&Q he spent 17 years with Woolworths in store management roles.

# Kingfisher Pension Scheme

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## Investment Report

The purpose of this report is to advise members of the Trustee Board's investment policy and provide an outline of the general economic background prevailing during the year under review.

### Investment Objectives

The Scheme's funding objective is to achieve full funding on a gilts-basis by 2024. This is to be achieved through a combination of payments into the Scheme and investment returns.

Therefore, the investment objective is to achieve a return on assets over the longer term that exceeds the growth of liabilities on a gilt matched basis with an acceptable degree of risk measured in terms of fluctuation in this funding level (defined as assets divided by liabilities).

This objective is subject to annual monitoring by the Investment Committee with a triennial review following the completion of an actuarial valuation.

The objectives form the basis from which the Investment Committee develops a strategy approved by the Trustee Board, which is discussed with the principal employer. It is then for the Investment Committee to implement that strategy in terms of asset allocation and the appointment and monitoring of the appropriate managers.

The Scheme's funding and investment objectives, together with full details of the relevant processes, are set out in the 'Statement of Investment Principles', copies of which are available by writing to the Group Pensions Department at the address shown on page 4.

The tables on pages 19 and 20 illustrate the current allocations by asset type, investment manager and geographical spread. Further details of the investment objectives and performance of each manager can be found on pages 22 to 23.

In respect of the Money Purchase Section, the Scheme's long-term investment objective can be stated as being to consider members' circumstances, protect their interests and to make available a series of funds designed to enable appropriate investment decisions to be taken.

### Socially Responsible Investment

Under the 1995 Pensions Act, from July 2000 trustees of occupational pension schemes must state in their Statement of Investment Principles (SIP) whether or not they operate an ethical investment policy. The law requires that trustees should act in the best interests of all beneficiaries, which generally means their best financial interests.

The Trustee Board believes that all companies should be run in a socially responsible way as in the long run this will contribute to the success of those companies, but equally recognises its fiduciary responsibility to act in the best financial interests of the Scheme's members. Therefore, the Trustee Board's policy is that the investment managers should take account of social, environmental and ethical considerations to the extent that they may have a financial impact on investment performance. With this in mind, the Trustee Board also encourages managers to pursue policies of engagement with the companies in which they invest funds.

The Trustee Board, however, recognises that because of the need to closely track the Index benchmarks, it is not appropriate for the Scheme's passive managers (see pages 22 to 23 for details of the investment managers) to take account of social, environmental or ethical considerations in the construction of their portfolios. However, the Trustee Board also encourages its passive managers to pursue policies of engagement with the companies in which they invest funds.

# Kingfisher Pension Scheme

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## Final Salary Section

### Investment Strategy

The Trustee Board will seek to achieve the investment objectives through investing in a suitable mixture of return seeking (e.g. UK and overseas equities and property) and matching (e.g. bonds and derivatives) assets. It is recognised that the returns on return seeking assets, while expected to be greater over the long term than those on matching assets, are likely to be more volatile and that asset allocation is one of the key decisions of pension fund investment with significant implications for long term investment return.

The interim asset allocation strategy is to have 100% investment in an appropriate bond portfolio by 2024. The Trustee Board wish to move to the target asset allocation in a cost efficient manner that is also mindful of the assumptions within the actuarial valuation. To this end, a switching strategy is in place to facilitate the transfer from the existing asset allocation to the target asset allocation. The pace and magnitude of switches from the return-seeking assets to the matching assets will be decided upon based on the monitoring of the Scheme's solvency position and the implied contribution level.

The intention is for future contributions (net of relevant payments and expenses) to be invested in bonds and for sufficient switching to occur so that the Scheme is holding no more than 20% return-seeking assets by 2014.

### Risk Measurement and Management

The Trustee recognises the following investment risks that the Scheme is exposed to and has taken the following measures to measure and manage these risks.

- **Solvency Risk and Mismatch Risk**

The risk that the Scheme's assets fail to keep pace with the liabilities (due to investment factors) is measured through qualitative and quantitative assessment of the expected development of the liabilities relative to the current and target investment policy. The results of this analysis are regularly discussed with the Actuary and the Scheme's investment advisors.

Mismatch risk can include inflation and interest rate risk. These risks are being managed through the implementation of an appropriate swap programme. Restrictions are imposed on the use of derivatives and will be used by the Scheme for risk management purposes as part of the strategic asset allocation policy.

- **Concentration Risk**

The Scheme's assets have been diversified across a range of asset classes, e.g. equities (UK and overseas), fixed interest (UK and overseas), Index Linked Gilts and cash. Within each asset class there are further diversifying conditions placed on managers, e.g. a limit on the maximum holding in any one stock and limits on the amount of cash that can be deposited in any one institution. No direct investment is permitted in the shares of Kingfisher plc or company's majority owned by Kingfisher plc.

- **Manager Risk**

The Trustees are concerned to minimise the impact of any appointed manager underperforming. So, where appropriate, the Scheme's assets are allocated in varying amounts to a number of managers in each asset class, often employing different approaches (e.g. passive and active). In addition, each manager is given a specific objective and is subject to guidelines and restrictions on what is permitted in achieving those objectives in the individual Investment Management Agreements.

In order for the Trustee to monitor the level of risk being taken by each manager, and the scheme as a whole, a forward looking portfolio analysis is undertaken independently each quarter. This highlights all areas of concern and enables the Trustee to take the appropriate action required.

- **Liquidity Risk**

The Scheme's cash flow is projected on a rolling six month. Sufficient liquidity is maintained to meet expected outflows, with assets invested in appropriately realisable classes.

## Kingfisher Pension Scheme

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- Derivative Risk**  
 Restrictions are imposed on the use of derivatives. Derivatives are used by the Scheme for risk management purposes, as part of the strategic asset allocation. Derivatives are also used on a tactical basis by the Scheme's investment managers to ensure that they are able to cover exposed positions (e.g. risk reduction) and to increase or decrease exposure to markets, other than by direct investments, following asset allocation decisions. Derivatives are not to be used for speculative purposes or to 'gear up' fund returns.
- Performance Risk**  
 The risk of the returns on the Scheme being less than anticipated is monitored by regular review of both individual manager and total fund performance. This allows action to be taken to address persistent deviation from expected levels.
- Contribution Income**  
 The Schedule of Contributions payable and their due dates, is maintained by the Trustee, allowing any late (or lower than expected) payment to be raised with the relevant operating company at an early date (delays in the payment of contributions could affect the Scheme's solvency position).
- Cash Transactions**  
 The risk of cash being transferred out of the Scheme in unauthorised circumstances is controlled by the restrictions imposed by the bank mandates and controls agreed with the Custodian and investment managers. These measures generally define the circumstances in which cash payments can be made and who is able to authorise them.

### Change in investment managers

Western Asset Management Company Ltd was terminated in May 2009 with the proceeds transferred to State Street Global Advisors passive bond portfolio. AXA Rosenberg Investment Management Ltd was terminated in February 2010 with the proceeds transferred to Rogge Global Partners plc and State Street Global Advisors passive equity portfolio.

### Current Asset Allocation

Asset Class		Mandate	Proportion of fund allocated
Equities	Wellington Management	Active – Global	9%
	Wegelin Asset Management	Active – Global	2%
	State Street Global Advisors	Passive – Global	35%
Bonds	European Credit Management	Active – Europe	3%
	Goldman Sachs	Active – Global	8%
	PIMCO	Active – Global	8%
	Rogge Global Partners	Active – Global	8%
	State Street Global Advisors	Passive – UK only	22%
Property	Aviva Investors	Active – UK & Europe	5%

## Kingfisher Pension Scheme

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### Distribution of Scheme Assets

	31 March 2010	31 March 2009
UK Equities	11%	14%
Overseas Equities	22%	18%
Fixed Interest	40%	41%
Index Linked Gilts	19%	19%
Cash & Cash Instruments	2%	2%
Property	5%	5%
AVC Funds	1%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### Distribution by Investment Manager

	31 March 2010	31 March 2009
AXA Rosenberg	0%	6%
Aviva Investors	5%	7%
European Credit Management	3%	2%
Goldman Sachs	8%	8%
PIMCO	8%	8%
Rogge Global Partners	8%	5%
State Street Global Advisors	57%	47%
Wegelin Asset Management	2%	2%
Wellington Management	9%	8%
Western Asset Management	0%	7%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### Geographical Spread of Assets

	31 March 2010	31 March 2009
UK	68%	70%
Europe	13%	12%
North America	15%	14%
Japan	2%	2%
Others	2%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>

# Kingfisher Pension Scheme

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## Investment Background

### General Market Overview

What a difference a year makes. Twelve months later every asset class has shown positive returns, albeit not at the historic levels of 2007, investor sentiment has still benefited from many market returns regaining levels that had broken down badly after the banking crisis of 2008. Investor spirits throughout the year were boosted with improving profit expectations as many companies responded by trimming cost structures and realigning operations to meet a softer demand outlook, although as the year drew to a close they seemed to ebb, relative value considerations kept equities buoyant worldwide, whilst short term investments remained singularly unappealing as G7 central banks reaffirmed their commitment to supportive policies and Libor rates eroded further. Corporate bond spreads contracted throughout the year, easing financial constraints on borrowers with access to the capital markets.

In the UK, GDP fell to record levels not seen in 50 years reflecting a fragile banking system, fiscal restraint and weak eurozone growth. The recession ended in the final quarter of 2009, although barely as GDP eked out a meagre 0.3% gain. Higher energy prices and VAT rates pushed headline inflation to 3.5% in January 2010. The Bank of England continued to retain the base rate at a record low of 0.50%.

### Equities

Global equity markets surged in the third quarter of 2009 as better than expected corporate earnings and generally improving economic data boosted investors' enthusiasm for stocks. This momentum continued into the fourth quarter as global equities recorded a third consecutive quarter of gains. With minimal cash yields and healthy credit markets the backdrop for equities persists and corrections should remain mild.

### Bonds

March 2009 proved to be a turning point in credit markets following the co-ordinated policy across North America and Europe in particular, to support the banking system and to pump liquidity into the financial system. The investment grade corporate bond market was the first credit segment to show strong positive performance, combined with record new issuance as companies re-financed bank borrowing and bonds due to mature in the next two to three years.

### Property

A marked turnaround began in July 2009 with the first positive return recorded in two years. The major driver was the huge weight of money going in to the market, attracted by reasonable yields relative to those offered by cash and gilts, combined with limited expectations of returns from cash, gilts and equities going forward. Sterling weakness has also helped to attract overseas interest, especially in Central London.

Although conditions remain less than buoyant on the high street, a recovery in retail sales has helped in the Retail sector. The pace of rental decline is easing and the void rate has begun to decline. Demand for Central London office space has picked up due to substantial rental declines and incentives, coupled with a decline in supply, rents have begun to grow, this contrasts sharply with more volatile markets outside of Central London. The UK industrial sector continues to be muted as conditions remain difficult.

# Kingfisher Pension Scheme

## Investment Performance

The performance of the Scheme's investments is measured against the Scheme specific benchmark and other UK pension schemes of various sizes by an independent external measurement service, Performance & Risk Analytics, of BNY Mellon Asset Servicing. Taking all portfolios together, the return achieved by the Scheme during the year to 31 March 2010 was 25.8%, outperforming the Scheme specific benchmark of 21.9% by 3.9%.

Reviewing performance over the longer periods is more relevant to the Scheme's long-term objectives. Over three and five year periods, the annual returns were 3% and 7.1% compared to the benchmark of 3.9% and 7.5% respectively.

### Annualised Investment Returns



### Current Managers' Objectives

As part of the Scheme's investment strategy, its assets are allocated to a number of investment managers in specific asset classes. The investment managers are given performance objectives which, when combined, are intended to enable the Scheme to achieve its overall investment objectives (see page 17).

#### Global Equities

**Wellington Management's** objective is to out-perform the MSCI World Index return by 2% per annum (net of base fees) over rolling three year periods.

**State Street Global Advisors'** objective is to deliver a return to within 0.5% of the rolling annual total return and within 0.25% per annum over rolling three-year period of its 'benchmark'.

The benchmark is made up of UK and Overseas Equity securities and comprises the following indices: 43.4% FTSE-All Share Index; 24.4% FTSE-All World North America; 19.3% FTSE-All World Europe ex-UK; 5.6% FTSE-All World Japan and 7.3% FTSE-All World Pacific Basin (ex Japan).

**Wegelin's** objective is to out-perform the benchmark by 5% after costs. The benchmark is the MSCI World Net Total return index.

## Kingfisher Pension Scheme

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### Bonds

**European Credit Management's** objective is to out-perform by 2% over three year rolling periods (net of fees) 1 month LIBOR.

**Goldman Sach's** fixed interest portfolio has the objective of out-performing its benchmark by 1.5% over rolling three year periods (net of base fees). The benchmark is made up of 70.0% Merrill Lynch Sterling Non-Gilts Index and 30.0% FTSE-A All Stocks UK Gilts Index.

**PIMCO's** fixed interest portfolio has the objective of out-performing its benchmark by 1.5% over rolling three year periods (net of base fees). The benchmark is made up of 70.0% Merrill Lynch Sterling Non-Gilts Index and 30.0% FTSE-A All Stocks UK Gilts Index.

**Rogge Global Partners'** fixed interest portfolio has the objective of out-performing its benchmark by 1.25% over rolling three year periods (net of base fees). The benchmark is made up of 70.0% Merrill Lynch Sterling Non-Gilts Index and 30.0% FTSE-A All Stocks UK Gilts Index.

**State Street Global Advisors'** objective is to deliver a return to within 0.5% of the rolling annual total return and within 0.25% per annum over rolling three-year period of its 'benchmark'. The benchmark is made up of 70.0% Merrill Lynch Sterling Non-Gilts Index and 30.0% FTSE-A All Stocks UK Gilts Index.

### Property

**Aviva Investors'** property portfolio has the objective of out-performing the IPD All Balanced Funds Index by 0.5% (net of fees) per annum over rolling three year periods.

### Trustee's Cash

The Trustee maintains a current account to meet the day-to-day benefits and expenditure payments. Any monies in the account that are not required for immediate use are placed on an overnight money market account.

### Fees

The Trustee Board believe that, in the right circumstances, a performance related fee is preferable to a traditional asset based fee as it ensures that investment managers share in both their over and under performance.

However, it is difficult to implement just one approach to fees, as managers may be inflexible on changing their standard basis. The Scheme may have to accept this if it believes a manager can add value and wishes to appoint them despite inflexibility on fees.

All investment fees are met by the Scheme.

# Kingfisher Pension Scheme

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## Money Purchase Section

### Investment Strategy

The strategy to achieve the investment objectives of the Money Purchase Section involves the Scheme's assets being spread across a number of asset classes and geographic areas. The asset classes contain a number of underlying unit linked funds.

The Trustee Board makes available a range of investments via pooled funds, which seek to:

- Establish a financially efficient scheme that provides attractive and robust long term investment options to members that recognise their investment challenge and incorporate institutional best practices
- Enable members to protect their benefits as they approach retirement
- Limit the scope of members to need to take detailed investment decisions.

Currently the Trustee Board offer two Lifestyle strategies which involve automatic switches from predominantly equities to gilts, corporate bonds and cash as the target retirement date approaches from either a 5 year or 10 year start date before retirement . In addition, the Trustee Board offer a number of funds offering specific equity, bond or cash investments which may be selected by members instead of the Lifestyle options.

The Money Purchase Section does not hold shares directly in Kingfisher plc.

### Risk Measurement

The Trustee is aware of a number of risks for the Money Purchase Section of the scheme, which include;

- **Underperformance risk**  
The members are invested in low risk/low return assets for too much of their working lifetime. The fund manager fails to add value compared to passive (index tracking) investment. Passive management is a money management strategy that seeks to match the return and risk characteristics of a market segment or index by mirroring its composition.
- **Annuity risk**  
Close to retirement the members are invested in assets that do not protect against annuity rate changes.
- **Volatility**  
At retirement the members are invested in assets which are too volatile.
- **Switching risk**  
That wholesale switches between asset classes expose the members to market risk.

The Trustee is satisfied that the spread of assets by type and the investment manager's policies on investing in individual securities within each type provides adequate diversification of investments. The Trustee believes that the investment strategies (the mix of asset type) inherent in the managers' funds are currently appropriate for achieving their objectives.

# Kingfisher Pension Scheme

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## Investment Approach

**Passive management** (also known as index tracking), aims to reduce the risk of poor share selection in individual companies and instead invest in most of the companies within a market/index (e.g. the FTSE or All-Share index). In this way they aim to deliver returns that are close to the overall market returns.

**Active Management** aims to use analysis of the markets to achieve above-average returns. The investment manager will do this by choosing shares that are either undervalued (to buy) or overvalued (to sell) and choosing the right time to do this. Actively managed investments have the potential to bring in higher returns than passively managed investments but they also carry a higher risk of underperforming if the investment manager’s decisions prove unsuccessful. Actively managed funds usually incur higher annual management charges.

## Investment Performance

All the assets attributed to the Money Purchase Section, including members’ AVCs but excluding cash required for transaction purposes, are presently invested in a range of asset classes administered by Prudential. Members have the option to invest in one of two lifestyle approaches or select from a range of asset classes, listed below. It is not possible to compare the performance of each lifestyle approach with a stated objective.

### Option A – Lifestyle 5 Year

This option has been designed to fit the ‘average’ member’s requirements, attempting to balance the opportunity for maximizing returns, whilst reducing the volatility of returns as retirement approaches.

### Option B – Lifestyle 10 Year

This option has been designed for members who wish to take a more cautious approach to investing whilst attempting to still deliver above average returns in the early years.

The difference between the two lifestyle approaches is when the transition is made from investing in higher risk funds investing mainly in company shares (accumulation phase) to lower risk funds investing in gilts, corporate bonds and cash (pre retirement phase).

	Lifestyle 5 Year	Lifestyle 10 Year*
Accumulation Phase	50% Passive Global Equity (inc. UK) 50% Diversified Return	50% Passive Global Equity (inc. UK) 50% Diversified Return
Pre-Retirement Phase	75% Pre Retirement 25% Money Market	75% Pre Retirement 25% Money Market
Transition Start Date	5 years before retirement	10 years before retirement
Cash Transition Date	2.5 years before retirement	5 years before retirement

\* The Lifestyle 10 Year has been selected by the Trustee as the default fund should members fail to make an investment choice

## Kingfisher Pension Scheme

Asset Class & Fund Name	Fund Description	Underlying Fund	Performance Objective & Benchmark
<b>Global Equity (Passive)</b> Passive Global Equity (inc. UK) Fund	This fund invests in a combination of funds which invest in stock markets around the world. To reduce the impact of currency movements on the returns generated by the fund, 75% of its non sterling currency exposure is hedged back to Sterling	State Street Global Advisors Limited As Of Priced Global Equity (30/70) Index sub-fund	To track the performance of the benchmark.  70% FTSE World ex UK (hedged 75%) Index 30% FTSE All Share Index
<b>Global Equity (Active)</b> Active Global Equity (inc. UK) Fund	This fund invests approximately 30-40% in the shares of UK companies and the remainder in the shares of overseas companies	70% M&G Global Leaders Fund  30% Invesco Perpetual High Income Fund	70% FTSE World Index 30% FTSE All Share Index
<b>Multi-Asset (Passive)</b> Diversified Return Fund	This fund invests in a wide range of assets, including company shares, high yield bonds, property, commodities and specialised alternative assets	State Street Global Advisors Limited As Of Priced Diversified Beta sub-fund	To target returns in line with the benchmark.  60% FTSE All-World Developed Index 40% FTSE Gilts All Stocks Index
<b>Corporate Bond &amp; Fixed Interest (Active &amp; Passive)</b> Pre-Retirement Fund	This fund invests in UK government bonds (Gilts) and UK corporate bonds with an average maturity period of 15 years or longer	Prudential Pre-Retirement Fund	To track the performance of the benchmark.  Mirrors the benchmark of the underlying fund (currently 50% FTSE A British Government Over 15 Year Gilt Index and 50% iBOXX Sterling Non-Gilts Over 15 Years Index).
<b>Index-Linked (Passive)</b> Pre-Retirement Inflation Linked Fund	This fund invests in UK government bonds (Gilts) where the interest payable on the bond is linked to the rate of inflation	State Street Global Advisors Limited As Of Priced Index Linked Gilt Over 5 Year Index sub-fund	To track the performance of the benchmark.  Mirrors the benchmark of the underlying fund (currently the FTSE Actuaries British Government Over 5 Years Indexed Linked Gilts Index).
<b>Cash (Active)</b> Money Market Fund	This fund aims to provide a high level of security by investing in short-term money market instruments and fixed deposits. While this is a low risk fund, no investment strategy is without risk. As such there is a small chance this fund could have a negative return	State Street Global Advisors Limited As Of Priced Sterling Liquidity sub-fund	The fund is actively managed to outperform the benchmark.  7 Day LIBID
<b>UK Equity (Active)</b> Ethical Fund	This fund invests in shares of companies that meet a set of ethical criteria	Prudential Socially Responsible Fund	Mirrors the benchmark of the underlying fund (currently FTSE All-Share Index subset defined by EIRIS)
<b>Global Equity (Passive)</b> Shariah Fund	This fund invests in shares of companies around the world whose practices are consistent with Shariah principles	Prudential HSBC Amanah Fund	To track the performance of the benchmark.  Mirrors the benchmark of the underlying fund (currently the DOW Jones Islamic Titans 100 Index).

### Statement of Trustee's Responsibilities for the Financial Statements

The audited financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties the audited financial statements for each Scheme year which:

- show a true and fair view of the financial transactions of the scheme during the Scheme year, and of the amount and disposition at the end of the scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the year end; and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the 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 estimates and judgements on a reasonable and prudent basis. The Trustee is also responsible for making available each year, commonly in the form of a Trustee's Annual Report, information about the Scheme prescribed by pensions legislation, which it should ensure is consistent with the audited financial statements it accompanies.

The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of the Trustee's responsibilities accompanying the Trustee's Summary of Contributions.

The Trustee has a general responsibility for ensuring that adequate accounting records are kept, and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of appropriate internal controls.

# Kingfisher Pension Scheme

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## Independent Auditor's Report

### To the Trustee of the Kingfisher Pension Scheme

We have audited the financial statements of the Kingfisher Pension Scheme for the year ended 31 March 2010 which comprise the fund account, the net assets statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Scheme Trustee, as a body in accordance with the Pensions Act 1995 and Regulations made there under.

Our audit work has been undertaken so that we might state to the Scheme Trustee those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme Trustee, as a body for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of Trustee and Auditor

As described in the Statement of Trustee's Responsibilities on page 27, the Scheme Trustee is responsible for obtaining an annual report, including audited financial statements prepared in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements show a true and fair view and contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

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

### Basis of audit opinion

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

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

## Kingfisher Pension Scheme

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### Opinion

In our opinion the financial statements:

- show a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the financial transactions of the scheme during the scheme year ended 31 March 2010 and of the amount and disposition at that date of its assets and liabilities (other than liabilities to pay pensions and benefits after the end of the scheme year); and
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995.



Kevin Clark  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London E14 5GL

30 June 2010

# Kingfisher Pension Scheme

## Fund Account

For the year ended 31 March 2010

	Notes	Final Salary £'000s	Money Purchase £'000s	Total 2010 £'000s	Total 2009 £'000s
<b>Contributions &amp; Benefits</b>					
Contributions	2	55,250	4,759	60,009	60,400
Transfers in	3	320	50	370	406
		<b>55,570</b>	<b>4,809</b>	<b>60,379</b>	<b>60,806</b>
Benefits	4	(60,996)	(218)	(61,214)	(53,166)
Leavers	5	(4,260)	(581)	(4,841)	(2,730)
Administrative expenses	6	(3,529)	0	(3,529)	(3,551)
		<b>(68,785)</b>	<b>(799)</b>	<b>(69,584)</b>	<b>(59,447)</b>
<b>Net (withdrawals) / additions from dealings with members</b>		<b>(13,215)</b>	<b>4,010</b>	<b>(9,205)</b>	<b>1,359</b>
<b>Returns on Investments</b>					
Investment income	7	32,163	0	32,163	38,334
Change in market value of investments	8	298,182	3,580	301,762	(236,425)
Investment management expenses	9	(2,088)	0	(2,088)	(2,215)
<b>Net returns on investments</b>		<b>328,257</b>	<b>3,580</b>	<b>331,837</b>	<b>(200,306)</b>
<b>Net increase / (decrease) in the Scheme during the year</b>		<b>315,042</b>	<b>7,590</b>	<b>322,632</b>	<b>(198,947)</b>
<b>Net assets of the Scheme</b>					
At 1 April		1,272,400	11,735	1,284,135	1,483,082
<b>At 31 March</b>		<b>1,587,442</b>	<b>19,325</b>	<b>1,606,767</b>	<b>1,284,135</b>

The notes on pages 32 to 42 form part of these financial statements.

# Kingfisher Pension Scheme

## Net assets statement

At 31 March 2010

	Notes	Total 2010 £'000s	Total 2009 £'000s
<b>Final Salary Section</b>			
<b>Investment assets:</b>	8		
Fixed interest securities		346,598	330,186
Equities		132,334	173,857
Index linked securities		297,866	237,569
Pooled investment vehicles		709,238	399,049
Derivative assets		94,867	120,621
AVC investments		16,896	17,221
Cash & cash instruments		14,299	27,649
Other investment balances		7,972	(2,417)
		<b>1,620,070</b>	<b>1,303,735</b>
<b>Investment liabilities:</b>	8		
Derivative liabilities		(42,093)	(38,496)
<b>Total net investments</b>		<b>1,577,977</b>	<b>1,265,239</b>
Current assets	10	13,649	10,155
Current liabilities	11	(4,184)	(2,994)
<b>Net assets of the Final Salary Section</b>		<b>1,587,442</b>	<b>1,272,400</b>
<b>Money Purchase Section</b>			
<b>Investment assets:</b>	8		
Pooled investment vehicles		19,260	11,586
Current assets	10	74	250
Current liabilities	11	(9)	(101)
<b>Net assets of the Money Purchase Section</b>		<b>19,325</b>	<b>11,735</b>
<b>Net assets of the Scheme at 31 March</b>		<b>1,606,767</b>	<b>1,284,135</b>

The notes on pages 32 to 42 form part of these financial statements.

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations included on pages 45 to 48 of the annual report and these financial statements should be read in conjunction with the Summary Funding Statement and actuarial certificates.

Signed for and on behalf of  
The Trustee of the Kingfisher Pension Scheme on 30 June 2010.



AJ Stanworth



S Clifton

## Notes to the Financial Statements

### Basis of preparation

The Financial Statements have been prepared in accordance with the provisions of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and with the guidelines set out in the Statement of Recommended Practice (SORP), Financial Reports of Pension Schemes (revised May 2007).

### 1. Accounting policies

The principal accounting policies of the scheme are as follows:

- a) Employee contributions are accounted for from the date of deduction from payroll and employer contributions are accounted for in the period to which the corresponding pay relates. Employer special contributions are accounted for in accordance with the agreement under which they are being paid.
- b) Benefits are accounted for on the date of leaving, or if a member has a choice of benefits, on notification of choice to the Scheme.
- c) Individual transfer values to or from other schemes are accounted for on a cash basis.
- d) Quoted securities are valued at the bid price at 31 March 2010. Where an up to date valuation is not available the latest market price is used to value the security. Pooled Investment Vehicles are valued at the bid price quoted by the managers or at the single price if only one price is quoted. Futures contracts are valued at the exchange price for closing out the contract at the year end and this represents the unrealised profit or loss of the contract. Amounts due from the broker represent the amounts outstanding in respect of the initial margin and any variation margin which is due to or from the broker. The fair value of swap contracts is calculated using pricing models, where inputs are based on market data at the year end. Net receipts or payments on swap contracts are reported within investment income. Forward foreign exchange contracts are stated at fair value which is determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.
- e) Foreign income is translated into sterling at the rate ruling on the date the income is received. Investment and current assets and liabilities denominated in foreign currencies are translated using the sterling rate of exchange ruling at the year end.
- f) Exchange gains and losses arising on translation of investments are included as part of the change in market value of investments.
- g) Dividends, fixed interest income, deposit interest and other investment income receivable have been accounted for on an accruals basis. Irrecoverable withholding taxes are reported as a separate tax charge.
- h) Administration and investment management expenses are accounted for on an accruals basis.

## Kingfisher Pension Scheme

### 2. Contributions

	Final Salary £'000s	Money Purchase £'000s	Total 2010 £'000s	Total 2009 £'000s
<b>Employers</b>				
Normal	45,717	2,536	48,253	47,157
Augmentations	142	55	197	1,538
<b>Members</b>				
Normal	8,178	1,949	10,127	10,714
Additional voluntary contributions	1,213	219	1,432	991
<b>Total</b>	<b>55,250</b>	<b>4,759</b>	<b>60,009</b>	<b>60,400</b>

Employer augmentations were paid on occasions where the employer considered it to be appropriate to enhance members' benefits available from the Scheme. On each occasion, the employer paid an additional amount to the Scheme to cover the cost of providing these benefits. In the case of the Final Salary Section, the amount paid was calculated in accordance with instructions provided by the Scheme Actuary.

### 3. Transfers In

	Final Salary £'000s	Money Purchase £'000s	Total 2010 £'000s	Total 2009 £'000s
Individual transfers-in from other Schemes	161	50	211	402
Inter Scheme transfers from Money Purchase	159	0	159	4
<b>Total</b>	<b>320</b>	<b>50</b>	<b>370</b>	<b>406</b>

### 4. Benefits

	Final Salary £'000s	Money Purchase £'000s	Total 2010 £'000s	Total 2009 £'000s
Pensions	41,332	0	41,332	39,947
Commutations and lump sum retirement benefits	18,658	156	18,814	11,396
Lump sum death benefits	1,200	1	1,201	2,006
Purchase of annuities	(194)	17	(177)	(221)
Money Purchase life premiums paid to Final Salary	0	44	44	38
<b>Total</b>	<b>60,996</b>	<b>218</b>	<b>61,214</b>	<b>53,166</b>

### 5. Payments to and on account for leavers

	Final Salary £'000s	Money Purchase £'000s	Total 2010 £'000s	Total 2009 £'000s
Individual transfers to other Schemes	4,251	325	4,576	2,630
Inter Scheme transfers to Final Salary	0	159	159	4
Refunds to members leaving service	10	97	107	98
Payments for members joining state scheme	(1)	0	(1)	(2)
<b>Total</b>	<b>4,260</b>	<b>581</b>	<b>4,841</b>	<b>2,730</b>

## Kingfisher Pension Scheme

### 6. Administrative expenses

	Final Salary £'000s	Money Purchase £'000s	Total 2010 £'000s	Total 2009 £'000s
Administration and processing	2,934	0	2,934	2,887
Actuarial fees	174	0	174	210
Audit fees	47	0	47	56
Legal and other professional fees	269	0	269	343
Trustee fees	105	0	105	55
<b>Total</b>	<b>3,529</b>	<b>0</b>	<b>3,529</b>	<b>3,551</b>

The Scheme bears all of the costs of administration, which are then charged to the Final Salary Section and consists of the costs incurred by the Group Pensions Department on behalf of the Trustee Board.

### 7. Investment Income

	Final Salary £'000s	Money Purchase £'000s	Total 2010 £'000s	Total 2009 £'000s
Income from fixed interest securities	16,500	0	16,500	19,838
Dividends from equities	6,069	0	6,069	8,551
Income from index-linked securities	5,743	0	5,743	5,008
Income from pooled investment vehicles	3,267	0	3,267	3,807
Interest on cash and cash instruments	129	0	129	884
Income from derivatives	(75)	0	(75)	(138)
Other	675	0	675	606
<b>Sub total</b>	<b>32,308</b>	<b>0</b>	<b>32,308</b>	<b>38,556</b>
Irrecoverable taxation	(145)	0	(145)	(222)
<b>Total</b>	<b>32,163</b>	<b>0</b>	<b>32,163</b>	<b>38,334</b>

Investment income arising on the SSGA pooled investment vehicles is reinvested and reflected in the unit price.

### 8. Investments

#### a. Reconciliation of investments held at beginning and end of year

##### Final Salary Section

	Value at 31 March 2009 £'000s	Purchases at cost and derivative payments £'000s	Sales proceeds and derivative receipts £'000s	Change in Market Value £'000s	Value at 31 March 2010 £'000s
Fixed interest securities	330,186	405,268	(425,466)	36,610	346,598
Equities	173,857	223,831	(334,320)	68,966	132,334
Index linked securities	237,569	38,687	0	21,610	297,866
Pooled investment vehicles	399,049	206,469	(58,998)	162,718	709,238
Derivative assets					
Futures – exchange traded	(38)	35,594	(36,888)	1,241	(91)
Options	98	135	(1,005)	674	(98)
Forward foreign exchange	(2,234)	458	(3,706)	6,638	1,156
Swaps – over the counter	84,299	0	(29,243)	(3,249)	51,807
AVC investments	17,221	1,215	(2,958)	1,418	16,896
	<b>1,240,007</b>	<b>911,657</b>	<b>(892,584)</b>	<b>296,626</b>	<b>1,555,706</b>
Cash & cash instruments	27,649			1,399	14,299
Other investment balances	(2,417)			157	7,972
<b>Total</b>	<b>1,265,239</b>			<b>298,182</b>	<b>1,577,977</b>

## Kingfisher Pension Scheme

The change in market value of investments during the year comprises all increases and decreases in market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the scheme such as commissions. Transaction costs incurred during the year amounted to £357,000 (2009: £458,000). The amount of stamp duty and other fees are not separately provided to the scheme.

### Money Purchase Section

	Value at 31 March 2009 £'000s	Purchases £'000s	Sales £'000s	Change in Market Value £'000s	Value at 31 March 2010 £'000s
Pooled Investment Vehicles	11,586	20,821	(16,727)	3,580	19,260
<b>Total</b>	<b>11,586</b>	<b>20,821</b>	<b>(16,727)</b>	<b>3,580</b>	<b>19,260</b>

	2010 £'000s
Passive Global Equity (inc UK) Fund	7,218
Diversified Return Fund	6,636
Money Market Fund	2,789
Pre Retirement Fund	1,743
Active Global Equity (inc UK) Fund	786
Pre Retirement Inflation Linked	88
<b>Total</b>	<b>19,260</b>

	2009 £'000s
Invesco Perpetual High Income Fund	163
Standard Life Managed Cash Fund	2,189
Standard Life Pension Corporate Bond Fund	911
Standard Life Pension FTSE Tracker One Fund	2,319
Standard Life Pension Global Equity 50:50 One Fund	88
Standard Life Pension Global Equity 50:50 Tracker One Fund	121
Standard Life Pension Global Equity Manager Of Managers One Fund	72
Standard Life Pension Index Linked One Fund	913
Standard Life Pension Long Corporate Bond Fund	4
Standard Life Pension Overseas Tracker One Fund	3,707
Standard Life Pension Protection One Fund	52
Standard Life Pension UK Equity Manager Of Managers One Fund	70
Standard Life UK Gilt Tracker Fund	925
UBS Global Optimal Fund	52
<b>Total</b>	<b>11,586</b>

Money Purchase assets are allocated to provide benefits to the individuals on whose behalf the contributions were paid and assets identified as designated to members in the Net Asset Statement do not form a common pool of assets available for members generally. Members receive an annual statement confirming the contributions paid on their behalf and the value of money purchase rights.

## Kingfisher Pension Scheme

### b. Details of investments held at year end

	Final Salary £'000s	Money Purchase £'000s	Total 2010 £'000s	Total 2009 £'000s
<b>Fixed interest securities</b>				
UK public sector quoted	63,324	0	63,324	88,395
UK quoted	203,099	0	203,099	153,848
Overseas public quoted	9,993	0	9,993	11,618
Overseas quoted	70,182	0	70,182	76,325
	<b>346,598</b>	<b>0</b>	<b>346,598</b>	<b>330,186</b>
<b>Equities</b>				
UK quoted	16,585	0	16,585	84,034
Overseas quoted	115,749	0	115,749	89,823
	<b>132,334</b>	<b>0</b>	<b>132,334</b>	<b>173,857</b>
<b>Index linked securities</b>				
UK public sector	297,866	0	297,866	237,569
	<b>297,866</b>	<b>0</b>	<b>297,866</b>	<b>237,569</b>
<b>Pooled Investment Vehicles</b>				
<b>Unit trusts</b>				
- Property	57,227	0	57,227	48,446
- Other				
Equity	62	0	62	19,151
<b>Managed funds</b>				
Property	19,486	0	19,486	19,207
Fixed interest	235,897	0	235,897	94,260
Equity	396,566	0	396,566	217,985
<b>Unitised insurance policies - other</b>	0	19,260	19,260	11,586
	<b>709,238</b>	<b>19,260</b>	<b>728,498</b>	<b>410,635</b>
<b>Derivative assets</b>				
Futures – exchange traded	(91)	0	(91)	(38)
Options	(98)	0	(98)	98
Forward foreign exchange	1,156	0	1,156	(2,234)
Swaps – over the counter	51,807	0	51,807	84,299
	<b>52,774</b>	<b>0</b>	<b>52,774</b>	<b>82,125</b>
<b>Cash &amp; cash equivalents</b>				
Cash deposits	4,797	0	4,797	8,156
Short term liquidity funds	9,502	0	9,502	19,493
	<b>14,299</b>	<b>0</b>	<b>14,299</b>	<b>27,649</b>
<b>Other investment balances</b>				
Amounts due from brokers	12,533	0	12,533	72,926
Amounts due to brokers	(14,185)	0	(14,185)	(85,591)
Outstanding dividend entitlements and recoverable withholding tax	9,624	0	9,624	10,248
	<b>7,972</b>	<b>0</b>	<b>7,972</b>	<b>(2,417)</b>
<b>AVC investments</b>	16,896	0	16,896	17,221
<b>Total investment assets</b>	<b>1,577,977</b>	<b>19,260</b>	<b>1,597,237</b>	<b>1,276,825</b>

Pooled investment vehicles with a market value of £630,650,000 were operated by companies registered in the UK. Pooled investment vehicles with a market value of £78,588,000 were operated by non UK registered companies.

## Kingfisher Pension Scheme

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### c. Derivative Contracts

The Trustee has authorised the use of derivatives by their investment managers as part of their investment strategy for the pension scheme. The strategy consists of two main derivative components;

- A liability hedging swap portfolio that is designed to match liabilities of the scheme by nature, term, amount and frequency of cash flows having regard to the scheme's assets.
- A hedging portfolio that is designed to hedge external bond manager's benchmarks to a LIBOR position.

In addition to the liability hedging programme, derivatives are also used by the Scheme's investment managers for hedging purposes and to enhance the efficient management of portfolios. They provide the opportunities to achieve the objective of the portfolio more efficiently than would be the case through direct dealing in the underlying security.

The main objectives for the use of key classes of derivatives and the policies followed during the year are summarised as follows;

#### Futures

Used to adjust interest rate exposures and replicate bond positions. They may offer the opportunity to outperform due to active management of the liquid portfolio backing the exposure.

#### Options

These are used to manage credit exposure without buying or selling securities exposures outright.

#### Forward foreign exchange

Forwards are used to hedge currency risk against exchange rate movements.

#### Swaps

The Scheme has entered into derivative interest rate and inflation swap contracts, to alter the duration and inflation exposure of the bond assets to better reflect the scheme's liabilities and cash flow profile, in order to ensure that the investment manager's are able to cover exposed positions (e.g. risk reduction) and to increase or decrease exposure to markets, other than by direct investment, following asset allocation decisions.

### i. Derivative contracts

	<b>Total 2010 £'000s</b>	<b>Total 2009 £'000s</b>
<b>Assets</b>		
Futures – exchange traded	138	739
Options	0	130
Forward foreign exchange	773	362
Swaps – over the counter	93,956	119,390
<b>Total</b>	<b>94,867</b>	<b>120,621</b>
<b>Liabilities</b>		
Futures – exchange traded	(229)	(777)
Options	(98)	(32)
Forward foreign exchange	383	(2,596)
Swaps – over the counter	(42,149)	(35,091)
<b>Total</b>	<b>(42,093)</b>	<b>(38,496)</b>

## Kingfisher Pension Scheme

### ii. Futures – exchange traded

The Scheme had exchange traded UK and overseas fixed interest futures outstanding at the year end as follows:

	2010		2009	
	Asset £'000s	Liability £'000s	Asset £'000s	Liability £'000s
UK fixed interest	86	(95)	342	(258)
Overseas fixed interest	52	(134)	397	(519)
<b>Total</b>	<b>138</b>	<b>(229)</b>	<b>739</b>	<b>(777)</b>

### iii. Options

The Scheme has outstanding options at the year end as follows:

Type of options	Expiration	Underlying investment	Notional local amount of outstanding contracts	2010	
				Asset £'000s	Liability £'000s
<b>UK</b>					
Written calls	1 month	Interest rate calls	(3,800,000)	0	(3)
Written calls	2 months	Interest rate calls	(2,800,000)	0	(4)
Written calls	3 months	Interest rate calls	(3,700,000)	0	(6)
Written puts	3 months	Interest rate puts	(3,700,000)	0	(3)
<b>Overseas</b>					
Written calls	2 months	Interest rate calls	(1,300,000)	0	(3)
Written calls	2 months	Bonds calls	(77,000)	0	(9)
Written calls	3 months	Interest rate calls	(1,300,000)	0	(3)
Written calls	5 months	Interest rate calls	(1,300,000)	0	(3)
Written puts	1 month	Interest rate puts	(7,500,000)	0	(2)
Written puts	1 month	Bonds puts	(72,000)	0	(16)
Written puts	2 months	Interest rate puts	(1,300,000)	0	(5)
Written puts	2 months	Bonds puts	(5,000)	0	(2)
Written puts	3 months	Interest rate puts	(1,300,000)	0	(2)
Written puts	5 months	Interest rate puts	(6,000,000)	0	(5)
Written puts	6 months	Interest rate puts	(455,000)	0	(32)
<b>Total</b>				<b>0</b>	<b>(98)</b>

Type of options	Expiration	Underlying investment	Notional local amount of outstanding contracts	2009	
				Asset £'000s	Liability £'000s
<b>UK</b>					
Purchased calls	3 months	Interest rate calls	38,750	62	0
Purchased calls	6 months	Interest rate calls	55,000	61	0
<b>Overseas</b>					
Purchased calls	1 month	Bonds calls	47,000	4	0
Purchased puts	1 month	Bonds puts	131,000	3	0
Written calls	2 months	Bonds calls	(4,000,000)	0	(22)
Written puts	2 months	Interest rate puts	(1,253,000)	0	(10)
<b>Total</b>				<b>130</b>	<b>(32)</b>

## Kingfisher Pension Scheme

### iv. Forward foreign exchange

The Scheme had open FX contracts at the year end as follows:

	2010		Asset £'000s	Liability £'000s
	Local Purchased million	Local Sold million		
AUD - Australian Dollar	8,082	6,901	(46)	(8)
BRL - Brazilian Real	5,232	1,706	1	8
CAD - Canadian Dollar	6,965	2,583	44	4
CHF - Swiss Franc	3,163	8,041	13	(71)
CLP - Chilean Peso	159,000	0	18	0
CNY - Yuan Renminbi	42,371	10,737	265	(58)
DKK - Danish Krone	152	0	0	0
EUR - Euro	14,978	71,592	(92)	288
HKD - Hong Kong Dollar	0	2,775	0	3
INR - Indian Rupee	48,900	0	92	0
JPY - Japanese Yen	236,521	1,335,146	(33)	495
KRW - South Korean Won	4,285,499	819,700	281	(36)
MXN - Mexican Peso	33,786	0	32	0
NOK - Norwegian Krone	61,934	19,275	(116)	(2)
NZD - New Zealand Dollar	12,989	3,553	(27)	9
PEN - Peruvian Nouveau Sol	430	0	13	0
PHP - Philippine Peso	48,300	0	84	0
RUB - Russian Ruble	30,600	0	41	0
SEK - Swedish Krona	32,281	12,279	19	(3)
SGD - Singapore Dollar	1,336	1,437	(42)	11
TRY - Turkish Lira	167	0	2	0
USD - US Dollar	83,514	152,032	224	(257)
ZAR - South African Rand	0	1,985	0	0
<b>Total</b>			<b>773</b>	<b>383</b>

	2009		Asset £'000s	Liability £'000s
	Local Purchased million	Local Sold million		
AUD - Australian Dollar	11,364	3,544	349	(127)
BRL - Brazilian Real	1,050	0	1	0
CAD - Canadian Dollar	1,380	10,952	7	44
CHF - Swiss Franc	5,270	2,948	109	(8)
CNY - Yuan Renminbi	33,701	26,101	532	(178)
DKK - Danish Krone	0	34,684	0	(232)
EUR - Euro	35,530	85,424	336	(1,117)
HKD - Hong Kong Dollar	958	0	(1)	0
JPY - Japanese Yen	505,047	986,112	(168)	338
MXN - Mexican Peso	140	21,075	0	(42)
MYR - Malaysian Ringgit	2,246	0	12	0
NOK - Norwegian Krone	19,893	2,672	(25)	(1)
NZD - New Zealand Dollar	2,262	2,495	43	(66)
PLN - Polish Zloty	2,561	3,929	(6)	61
RUB - Russian Ruble	73,884	59,884	(76)	60
SEK - Swedish Krona	21,391	34,450	(19)	(97)
SGD - Singapore Dollar	1,927	1,927	62	(49)
TRY - Turkish Lira	72	24	(1)	0
USD - US Dollar	111,703	175,144	(792)	(1,182)
ZAR - South African Rand	228	0	(1)	0
<b>Total</b>			<b>362</b>	<b>(2,596)</b>

## Kingfisher Pension Scheme

### v. Swaps – over the counter

The scheme had derivative contracts outstanding at the year end relating to its fixed interest investment portfolio. These contracts are traded over the counter. The details are:

Type of Contract	Number of Contracts	Maturity	2010	
			Asset £'000s	Liability £'000s
<b>UK</b>				
Interest rate swap	7	0-5 Years	11,378	(3,381)
	13	5-10 Years	1,863	(11,775)
	18	10-20 Years	4,023	(8,639)
	12	20-30 Years	3,674	(17,337)
	19	30-40 Years	22,256	(574)
Credit default swap	11	40-50 Years	9,631	0
	1	0-5 Years	0	(39)
LPI swap	1	5-10 Years	0	(121)
	1	5-10 Years	978	0
	2	10-20 Years	2,314	0
RPI swap	4	20-30 Years	8,113	0
	1	5-10 Years	435	0
	6	10-20 Years	3,750	0
	8	20-30 Years	7,274	0
Credit default swap	18	30-40 Years	10,525	0
	10	40-50 Years	6,818	0
	2	0-5 Years	221	(12)
<b>Overseas</b>				
Interest rate swap	12	5-10 Years	212	(226)
	7	10-20 Years	69	(6)
	1	20-30 Years	19	0
	2	30-40 Years	359	0
	18	0-5 Years	41	(38)
Credit default swap	2	5-10 Years	3	(1)
<b>Total</b>			<b>93,956</b>	<b>(42,149)</b>

Type of Contract	Number of Contracts	Maturity	2009	
			Asset £'000s	Liability £'000s
<b>UK</b>				
Interest rate swap	15	0-5 Years	11,054	(2,987)
	22	5-10 Years	10,173	(6,611)
	11	10-20 Years	11,451	(7,345)
	17	20-30 Years	14,266	(13,780)
	19	30-40 Years	33,505	0
	13	40-50 Years	10,923	0
Credit default swap	2	5-10 Years	5	(20)
LPI swap	3	10-20 Years	3,318	0
	4	20-30 Years	6,956	0
RPI swap	6	10-20 Years	3,093	0
	8	20-30 Years	6,979	0
	17	30-40 Years	4,253	(1,309)
Credit default swap	12	40-50 Years	1,800	(514)
<b>Overseas</b>				
Interest rate swap	22	0-5 Years	541	(470)
	35	5-10 Years	673	(153)
	13	10-20 Years	47	(932)
	1	20-30 Years	348	(970)
Credit default swap	30	0-5 Years	5	0
<b>Total</b>			<b>119,390</b>	<b>(35,091)</b>

## Kingfisher Pension Scheme

### d. Final Salary Section - AVC Investments

The Trustee holds assets invested separately from the main fund in the form of individual insurance policies, with-profits (Prudential and London Life) and unit linked (BlackRock and Legal & General), securing additional benefits on a money purchase basis for those members electing to pay Additional Voluntary Contributions. Each member participating in this arrangement receives an annual statement confirming the amounts held in their account. The aggregate amount of AVC investments is as follows;

	<b>Total 2010 £'000s</b>	<b>Total 2009 £'000s</b>
Prudential	14,310	15,248
Legal & General	1,271	877
BlackRock	942	643
London Life	373	453
<b>Total</b>	<b>16,896</b>	<b>17,221</b>

### e. Stock lending

The Scheme lends certain fixed interest, index linked and equity securities under a Trustee approved stock lending programme. At the year end the Scheme had lent £342,856,391, of fixed interest £78,431,352, index linked £260,766,137, equities £3,658,902 and held collateral delivered to secure obligations in respect of loaned securities consisting of cash and other securities with a market value of not less than 102% of the market value of the transferred securities. If the transferred market value of the collateral falls below 100%, the Scheme will require prompt delivery of additional collateral.

During the year the Scheme received income from stock lending of £605,000 (2009: £582,000).

## 9. Investment Management Expenses

	<b>Final Salary £'000s</b>	<b>Money Purchase £'000s</b>	<b>Total 2010 £'000s</b>	<b>Total 2009 £'000s</b>
Administration, management and custody	2,007	0	2,007	2,133
Performance measurement services	76	0	76	77
Other advisory fees	5	0	5	5
<b>Total</b>	<b>2,088</b>	<b>0</b>	<b>2,088</b>	<b>2,215</b>

Investment manager expenses for the Money Purchase Section are reflected in the unit price.

## 10. Current assets

	<b>Final Salary £'000s</b>	<b>Money Purchase £'000s</b>	<b>Total 2010 £'000s</b>	<b>Total 2009 £'000s</b>
Cash balances	13,072	74	13,146	10,249
AVC payments due from Prudential	265	0	265	0
Sundry prepaid benefits	212	0	212	0
Contributions	0	0	0	55
VAT recoverable	66	0	66	39
Others	34	0	34	62
<b>Total</b>	<b>13,649</b>	<b>74</b>	<b>13,723</b>	<b>10,405</b>

The Money Purchase cash balance of £74,000 (2009: £193,000) is not allocated to members.

## Kingfisher Pension Scheme

### 11. Current liabilities

	Final Salary £'000s	Money Purchase £'000s	Total 2010 £'000s	Total 2009 £'000s
Sundry unpaid benefits	2,410	7	2,417	1,202
Expenses	1,053	0	1,053	1,112
Investment manager fees	446	0	446	411
Inter-company expenses due to Kingfisher plc	271	0	271	264
Others	0	2	2	101
Tax payable	4	0	4	5
<b>Total</b>	<b>4,184</b>	<b>9</b>	<b>4,193</b>	<b>3,095</b>

### 12. Employer-related investment

The Scheme does not invest in, or make loans to, Kingfisher plc or any of its subsidiary or associated undertakings and does not own any properties occupied by any of the companies in the Kingfisher Group.

### 13. Concentration of investment

Securities, pooled investment vehicles and equity holdings, which are either significant or exceed 5% of the total net assets of the Scheme are as follows;

	£'000s	%
SSgA MPF UK Equity Enhanced	159,664	10.05
SSgA MPF Sterling Corporate Bond All Stocks Fund	131,968	8.31
SSgA MPF North America (100% hedged) Equity	90,075	5.67
UK Index Linked Gilts 22 July 2030	87,018	5.45

There is no direct equity holding by the Scheme that constitutes 3% or more of the relevant company's issued share capital.

### 14. Related party transactions

Transactions with related parties of the Scheme have been disclosed in the annual report as follows;

The Scheme has received employer contributions in respect of seven of the directors of the Trustee Board who are or were contributing members of the Scheme. These were paid in accordance with the Schedule of Contributions and the Rules of the Scheme.

Kingfisher plc pays some administration expenses on behalf of the Scheme, £1,240,000 for this year (2009: £1,245,000), and subsequently recharges these to the Scheme. The balance owing to Kingfisher plc at year end is £271,000.

B&Q plc pays the pensioner payroll expenses on behalf of the Scheme, £42,597,000 for this year (2009: £41,189,000), and subsequently recharges these to the Scheme. B&Q plc also re-imburses pensions no longer payable and at the year end the balance owing to the Scheme is £34,000 (2009: £39,000).

Pension payments to Tony Stanworth, Helen Jones and Val Struthers are included within gross pensions. The amounts of pensions are calculated in accordance with the Rules of the Scheme.

Transfer values of £nil (2009: £113,000) were received into the scheme from the Kingfisher Retirement Trust.

Trustee Director fees for BESTrustees plc, Helen Jones, Kerrin Qualters, Tony Stanworth, Val Struthers and Charles Woodward are included in Trustee fees of £105,000 (2009: £55,000) on page 34.

# Kingfisher Pension Scheme

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## Independent Auditor's Statement about Contributions

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

We have examined the Summary of Contributions payable under the Schedule of Contributions, to the Kingfisher Pension Scheme in respect of the scheme year ended 31 March 2010, which is set out on page 44.

This statement is made solely to the Trustee, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to it in an Auditor's Statement about Contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our work, for this statement, or the opinion we have formed.

### **Respective responsibilities of Trustee and Auditor**

As described on page 44, the Scheme's Trustee is responsible, under the Pensions Act 2004 for ensuring that there is prepared maintained and from time to time revised a Schedule of Contributions which sets out the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active Members of the scheme. The Trustee has a general responsibility for procuring that contributions are made to the Scheme in accordance with the Schedule of Contributions.

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

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

### **Basis of statement about contributions**

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

### **Statement about contributions payable under the schedule**

In our opinion, contributions for the Scheme year ended 31 March 2010 as reported in the summary of contributions and payable under the schedule have in all material respects been paid at least in accordance with the schedule of contributions certified by the actuary on 30 May 2008.



Kevin Clark  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London E14 5GL

30 June 2010

# Kingfisher Pension Scheme

## Statement of Trustee's responsibilities in respect of contributions

The Scheme 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 Scheme's Trustee is also responsible for keeping records of contributions received and for procuring that contributions are made to the Scheme in accordance with the Schedule.

### Trustee's Summary of contributions payable under the Schedule in respect of the Scheme year ended 31 March 2010

This Summary of Contributions has been prepared by, and is the responsibility of, the Trustee. It sets out the employer and member contributions payable to the Scheme under the Schedule of Contributions certified by the actuary on 30 May 2008 in respect of the scheme year ended 31 March 2010. The Scheme auditor reports on contributions payable under the schedule in the Auditors' Statement about Contributions.

Contributions payable under the schedules in respect of the scheme year	£'000s
<b>Employer</b>	
FS normal contributions	45,717
MP normal contributions	2,536
FS special contributions	142
MP special contributions	55
<b>Member</b>	
FS normal contributions	8,178
MP normal contributions	1,949
<b>Contributions payable under the Schedules</b>	<b>58,577</b>
<b>Reconciliation of Contributions Payable under the Schedules of Contributions to Total Contributions reported in the Financial Statements</b>	
Contributions payable under the Schedules (as above)	
Contributions payable in addition to those due under the Schedules	
Member additional voluntary contributions	1,432
<b>Total contributions reported in the financial statements</b>	<b>60,009</b>

Signed for and on behalf of  
The Trustee of the Kingfisher Pension Scheme on 30 June 2010.



AJ Stanworth



S Clifton

## Kingfisher Pension Scheme

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### Actuary's Certification of Schedule of Contributions

**Name of Section: Kingfisher Pension Scheme**

#### **Adequacy of rates of contributions**

- 1 I certify that, in my opinion, the rates of contributions shown in the schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2007 to continue to be met for the period for which the schedule is to be in force.
- 2 I hereby certify that, in my opinion, the schedule of contributions is consistent with the Statement of Funding Principles dated 6 March 2008.

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.

N G Mobbs  
Fellow of the Institute of Actuaries

**Watson Wyatt Limited**  
**Watson House, London Road,**  
**Reigate, Surrey RH2 9PQ**  
**Phone: +44 (0) 1737 241144**  
**Fax: +44 (0) 01737 241496**

30 May 2008

# Kingfisher Pension Scheme

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## Actuary's Statutory Certificate

Actuarial certification for the purposes of regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of Scheme: Kingfisher Pension Scheme

### Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 31 March 2007 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the Statement of Funding Principles dated 6 March 2008.

N G Mobbs  
Fellow of the Institute of Actuaries

**Watson Wyatt Limited**  
**Watson House, London Road,**  
**Reigate, Surrey RH2 9PQ**  
**Phone: +44 (0) 1737 241144**  
**Fax: +44 (0) 01737 241496**

12 June 2008

# Kingfisher Pension Scheme

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## Summary Funding Statement

### The Annual Funding Position for the Scheme

The last full actuarial valuation for the Scheme was at 31 March 2007. The annual funding position since then has been:

Results (£m)	31.03.07	31.03.08	31.03.09
Assets	1,391	1,455	1,254
Technical Provisions	1,369	1,440	1,502
Surplus / (deficit)	22	15	(248)
Funding level	102%	101%	83%

*(NB. Excluding AVCs & KPS-MP)*

The main reason for the significant deterioration in the funding position over the last year is the unprecedented global fall in stock markets, which has resulted in negative investment returns.

As reported last year, the Trustee and Scheme's Actuary have been monitoring the funding level on a more regular basis. This informal monitoring indicates a change in the funding level to around 87% at 30 September 2009.

### What is the Scheme invested in?

The Trustee has adopted a policy of de-risking (i.e. by increasing bond holdings and reducing exposure to equity markets). And funds have been invested in a broad range of assets which are designed to ensure that investment objectives are achieved.

Asset Allocation	31.03.07	31.03.08	31.03.09
Government securities	23%	24%	29%
Company shares	44%	45%	33%
Corporate bonds and liquid assets	26%	24%	33%
Commercial property	7%	7%	5%

### What would happen if the Scheme started to wind up?

If the Scheme winds up you might not get the full amount of pension you have built up even if the Scheme's funding level was over 100% on an ongoing basis.

As part of the valuation, the Scheme's Actuary estimated what the funding position would have been, had the Trustee wound up the Scheme and secured members' benefits with individual policies with an insurance company.

Had the Scheme wound up at 31 March 2007 the fund would have represented approximately 66% of the cost of the benefits. This increased to 68% by 31 March 2008 but had fallen to around 58% at 31 March 2009 as a result of investment market movements.

The Trustee considers the possibility of the Scheme being wound up as remote, but it is legal requirement to disclose this information as part of the Summary Funding Statement. It in no way indicated the Company's intentions.

If the Scheme were to wind up, the participating companies are required to pay enough into the Scheme to enable the members' benefits to be completely secured with an insurance company. It may be, however, that the participating companies would not be able to pay this full amount. If the participating companies became insolvent, the Pension Protection Fund might be able to take over the Scheme and pay compensation to members. Kingfisher plc currently has strong finances and the possibility of it becoming insolvent seems very unlikely.

## Kingfisher Pension Scheme

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### Further information

Further information and guidance is available on the Pension Protection Fund's website at [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk), or you can write to the Pension Protection Fund at Knollys House, 17 Addiscombe Road, Croydon, Surrey CR0 6SR.

Contact Kingfisher Group Pensions Department

By writing to:

Kingfisher Pension Trustee Limited,  
3 Sheldon Square, Paddington, London W2 6PX

By faxing:  
08456 80 85 28

By emailing:  
[pensions@kingfisher.com](mailto:pensions@kingfisher.com)

By phoning:  
08456 80 70 60

You can also visit the Pensions Website at  
[www.kingfisherpensions.com](http://www.kingfisherpensions.com)

# Kingfisher Pension Scheme

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## Compliance Statement

### Participating Companies

Company	Date of Participation in Pension Scheme	Company	Date of Participation in Pension Scheme
Kingfisher plc	1 February 1987	Screwfix Direct Ltd	1 August 2000
B&Q plc	1 February 1988	Kingfisher (TMB) Ltd	1 May 2005 – 31 May 2009
B&Q (Guernsey) Ltd	1 February 1988	Castorama Rus LLC	1 February 2007
B&Q (Retail) Jersey Ltd	1 February 1988	Kingfisher Information Technology Services (UK) Ltd	1 March 2007

### Enquiries about the Scheme

Any enquiries concerning the Scheme or requests for copies of this Report, individual benefit statements, the Trust Deed and Rules or the latest report on the Actuarial Valuation of the Scheme should be addressed to the Head of Group Pensions at the office of Kingfisher plc.

### Internal Disputes Resolution Procedure

If you raised a complaint and remain dissatisfied you should raise a complaint through the Internal Disputes Resolution Procedure (IDRP) via Kingfisher Group Pensions Department.

Any questions you have should be directed to the Administrators first of all, as they have full details of your membership of the Scheme. The Administrators will make every attempt to answer your questions, but if you have a complaint or dispute that you cannot resolve with the Administrators, you should use the Internal Dispute Resolution Procedure.

This is a formal procedure, put in place by the Trustee, to settle any complaints and disputes about the Scheme. It's available on request to all members and beneficiaries, including leavers who still have rights in the Scheme, pensioners and other individuals who have an entitlement or possible entitlement in the Scheme. There are two stages:

#### Stage one

Kingfisher Group Pensions Department will give you a form to complete to register your complaint. If you wish, you may nominate a representative to make the complaint on your behalf. Your complaint will be investigated by the Head of Group Pensions and you will normally receive a response within 10 days. The response will include details about how you progress to Stage two of the procedure, if your complaint is not resolved at Stage one.

#### Stage two

If you are unhappy with the response from the Head of Group Pensions, you can refer your complaint to the Trustee. You should do this within six months of receiving the Head of Group Pensions response. You will normally be sent a response within two months of your complaint.

At any time, you can ask for help from The Pensions Advisory Service (TPAS), a voluntary organisation providing free help to individuals who are having problems with their pension scheme. If TPAS cannot resolve your dispute, you can refer your complaint to the Pensions Ombudsman.

## Kingfisher Pension Scheme

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### **The Pensions Advisory Service (TPAS)**

If your complaint is not resolved through the IDRPs you can take it further by contacting The Pensions Advisory Service. Making a complaint to them will not affect your right to take legal action later.

TPAS is available to help members and beneficiaries of occupational pension schemes with any pension query they may have, or any difficulties they have been unable to resolve with the Trustees or administrators. They can be contacted either through your local Citizens Advice Bureau if you wish or direct:

The Pensions Advisory Service  
11 Belgrave Road  
London SW1V 1RB

Tel: 0845 6012923 (Mon-Fri 9am-5pm)  
Email: [enquiries@thepensionsadvisoryservice.org.uk](mailto:enquiries@thepensionsadvisoryservice.org.uk)  
Web: [www.thepensionsadvisoryservice.org.uk](http://www.thepensionsadvisoryservice.org.uk)

### **Pensions Ombudsman**

If you are still not satisfied, you can refer the complaint to the Pensions Ombudsman. The Pensions Ombudsman is appointed to investigate complaints and judge the facts of a case, in relation to a pension scheme's rules and statutory regulations. Normally the Ombudsman will ask TPAS to consider the complaint first. Their address is:

The Office of the Pensions Ombudsman  
11 Belgrave Road  
London SW1V 1RB

Tel: 0207 6302200 (Mon-Fri 9am-5pm)  
Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)  
Web: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

### **Other Pensions Organisations**

#### **The Pensions Regulator**

Kingfisher Pension Scheme is regulated by the Pensions Regulator who regulates the running of occupational pension schemes and can intervene if those responsible have failed in their duties. Their address is:

The Pensions Regulator  
Napier House  
Trafalgar Place  
Brighton BN1 4DW

Tel: 0870 6063636 (Mon-Fri 9am-5.30pm)  
Email: [customersupport@thepensionsregulator.gov.uk](mailto:customersupport@thepensionsregulator.gov.uk)  
Web: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

# Kingfisher Pension Scheme

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## Pension Protection Fund (PPF)

The PPF was set up in April 2005 to protect the pensions of most members of defined benefit schemes where employers get into financial difficulties and leave a scheme without enough funds to pay the pensions in full. Their address is:

Pension Protection Fund  
Knollys House  
17 Addiscombe Road  
Croydon  
Surrey CRO 6SR

Tel: 0845 6002541 (Mon-Fri 9am-5.30pm)  
Email: [information@ppf-gsi.gov.uk](mailto:information@ppf-gsi.gov.uk)  
Web: [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk)

## Scheme Registration

The Scheme is registered with the Registrar of Occupational and Personal Pension Schemes. The address of the Pension Schemes Registry is:

P O Box 1NN, Newcastle upon Tyne NE99 1NN

Scheme registration number: 100797763

## Tax Status with HM Revenue & Customs

The Scheme is a 'registered pension scheme' for tax purposes under the Finance Act 2004. As such most of its income and investment gains are free of taxation. However, the Scheme cannot reclaim certain amounts of withholding taxes relating to overseas investment income.

## Constitution

The Kingfisher Pension Scheme is constituted by a Trust Deed and is administered in accordance with the Rules contained in the Deed. Members may inspect this Trust Deed on application to the Trustee or Scheme Administrator. The Scheme is contracted-out of the State Second Pension.

## Member Information

Membership of the Pension Scheme is voluntary. The Trustee Board, together with the participating companies, is committed to providing easy-to-understand information to existing members and those eligible to join. This information includes:

- Personal Benefit Statements, which give individual members information annually on the benefits they may receive.
- 'Talking Pensions', a magazine explaining in an informal way the options open to employees.
- 'Member Guide', the explanatory booklet for the Money Purchase Section.
- 'Member Guide', the explanatory booklet for the Final Salary Section.
- 'AVC Fund Fact Sheets' for members of the Final Salary Section giving full details of the available AVC options.

All of these publications are online at our website [www.kingfisherpensions.com](http://www.kingfisherpensions.com); alternatively they may be obtained from the relevant company contacts.

# Kingfisher Pension Scheme

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## Contacts

B&Q	
	<p>B&amp;Q plc Portswood House 1 Hampshire Business Park Chandlers Ford Eastleigh Hampshire SO53 3YX</p> <p>Tel: 02380 818122</p>
Kingfisher	
	<p>Kingfisher plc Group Pensions Department 3 Sheldon Square Paddington London W2 6PX</p> <p>Tel: 08456 807060</p>
Screwfix	
	<p>Screwfix Direct Ltd Mead Avenue Houndstone Business Park Yeovil Somerset BA22 8RT</p> <p>Tel: 01935 414100</p>
KITS	
 <p>KINGFISHER Information Technology Services</p>	<p>KITS Hutwood Court Bournemouth Road Chandlers Ford Eastleigh Hampshire SO53 3QD</p> <p>Tel: 02380 818551</p>

# Who to Contact

If you have any questions please contact us by writing to:

Group Pensions Department  
Kingfisher Pension Trustee Limited  
3 Sheldon Square  
Paddington  
London W2 6PX

By emailing: pensions@kingfisher.com  
By phoning: 08456 80 70 60  
By faxing: 08456 80 85 28

You can also visit the Pensions Website at  
**[www.kingfisherpensions.com](http://www.kingfisherpensions.com)**